Annual report 2021

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 9 June 2022

Wouter Rudolf de Jong

CEO

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 2021.

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 2021 and of the results of its operations and cash flows for the financial year 1st January – 31st December 2021.

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 be approved at the annual general meeting.

Kalundborg 9 June 2022

CEO:

Wouter Rudolf de Jong

Board of Directors:

Allan Edward Gary Klesch Chair	Juergen Wollschlaeger	Jesus Tamara Velasco
Joseph Zammit Tabona	Annette Munch	Mikkel Pagh
Niels Bech		

Independent auditor’s report

Independent auditor’s report on the financial statements

To the shareholder 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 2021, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement 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 2021 and of the results of the Company's operations for the financial year 1st January – 31st December 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

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.

Independent auditor’s report (continued)

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements 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 based on 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 are 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.

Copenhagen, 9 June 2022
EY Godkendt Revisionspartnerskab
CVR no. 30 70 02 28

Mogens Andreasen
State Authorised Public Accountant
mne 28603

Karsten Bøgel

State Authorised Public Accountant
mne 27849

Independent auditor's 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.

Independent auditor's report (continued)

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.

Copenhagen, 9 June 2022
EY Godkendt Revisionspartnerskab
CVR no. 30 70 02 28

Mogens Andreasen
State Authorised Public Accountant
mne 28603

Karsten Bøgel

State Authorised Public Accountant
mne 27849

Company details

Name and address

Kalundborg Refinery A/S
Melbyvej 17
4400 Kalundborg
Denmark
CVR no.: 29 97 58 84
Financial year: 16

Board of Directors

Allan Edward Gary Klesch, chair
Juergen Wollschlaeger
Jesus Tamara Velasco
Joseph Zammit Tabona
Mikkel Pagh
Annette Munch
Niels Bech

CEO

Wouter Rudolf de Jong

Parent company

Klesch Refining Denmark A/S
c/o Accura Advokatpartnerselskab
Tuborg Boulevard 1, 2900 Hellerup,
Denmark
Ownership: 100%
CVR no. 42 13 41 63

Auditors

EY
Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg,
Denmark
CVR no. 30 70 02 28

Management's review

The annual report covers the financial results of operations and the balance sheet of Kalundborg Refinery A/S for the year ended 31 December 2021. Kalundborg Refinery A/S was owned by Equinor ASA Group during 2021 and the name was Equinor Refining Denmark A/S. The ownership of Kalundborg Refinery A/S transferred to Klesch Refinery Denmark A/S at the close of business on 31 December 2021.

About the company

We are a Danish energy company with more than 345 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 a tank capacity of 1.2 million cubic meters. Our primary markets are Denmark and Scandinavia.

The refinery produces naphtha, gasoline, diesel and ultra-low sulfur fuel oil. 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 operate our own harbor facilities in connection with the refinery.

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.

Financial and operational business risk

The refinery industry is in general challenged by large fluctuations in margins. These margin fluctuations affect profitability and occur due to refinery supply from various regions, fluctuations in demand, shut down cycles and shut down timing.

Like the prior year, 2021 was dominated by the COVID-19 pandemic and its impact on global economic output. In most countries, the measures implemented by the government to combat and curb the pandemic led to contact and travel restrictions and continued to dampen economic activity and mobility. Under these circumstances, demand for petroleum products has not yet recovered and remained far lower than in the last pre-pandemic year.

Exposure related to price fluctuations on inventory of crude, condensate, feedstock, and product levels are mitigated through a hedging policy. Crude, condensate, feedstock, and products above operational stock are hedged. The hedging program will be further expanded in 2022 to cover margins and input costs, where possible, to provide protection against the volatility in market prices and to preserve liquidity.

The refining industry is undergoing structural change and decarbonization efforts will lead to a decline in demand for fossil fuels in the long term. The Company believes that the impact will be limited in the short to medium term, given the recent market developments and its strategic location and local market. In the long term, management consider the Company to be well positioned to actively contribute to the energy transition through its plans for co-processing, industrial symbiosis with circular approach to production and by aligning its decarbonization strategy with Raffinerie Heide GmbH, which is a part of the Klesch Group.

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

Primary activities in 2021

As with 2020, our financial results were significantly impacted by the Covid-19 pandemic, but especially the dramatic increase in the energy prices has had a big impact on our financial result.

Despite the COVID-19 pandemic, we have been able to produce the planned quantities and qualities in accordance with market requirements. Every day, we have worked hard to optimize the various parts of the plant to achieve the best possible earnings. In addition, the plant has a very high availability of 99,0%, which has only been affected by the planned shutdown for decoking purposes. Through cooperation and hard work, it was possible to reduce the duration of the shutdown to 15 days instead of 23 days.

These factors combined with the use of new technology and digital tools means that the refinery is prepared to cope in a highly competitive market. We utilize new technology and digital tools to improve our competitiveness. By implementing and creating value from new digital tools, we are able to increase efficiency and generate the best solutions for our company in the future.

We work with continuous improvements to ensure simplification and standardisation of our work processes. We believe these initiatives through learning and cooperation will contribute to increased safety, reliability, and value creation in a highly competitive market.

In 2021, the refinery celebrated its 60th anniversary, which is an impressive achievement. Throughout the years, the refinery has evolved and adapted its business to the market and the societal expectations. The refinery is heavily involved in local community activities, making Kalundborg an attractive place to study, live, and work.

We wish to be known as a safe and sustainable company, and each day we work hard to be part of the green transition. The environmental performance has improved in 2021 compared to 2020, which is a direct result of our continuous and proactive work to achieve environmentally responsible operations. We also strive to be among the most energy efficient and CO2 reducing refineries.

Safety has top priority in everything that we do. We have improved our safety results compared to 2020. Unfortunately, we have not reached our safety goal. In 2021, the number of person related injuries has not been satisfactory and ended with 11 injuries needing medical treatment and / or absence from work.

Financial results in 2021

The financial statements for 2021 have been prepared under the accounting policies adopted by the Company under the previous owner of the company, Equinor ASA. The transfer of ownership of Kalundborg Refinery A/S to Klesch Refinery Denmark A/S was completed at the close of business on 31 December 2021. Management will apply Klesch accounting principles going forward to be aligned with the Klesch Group reporting.

In 2021, Kalundborg Refinery A/S delivered a net result after tax of DKK 114 million compared to a loss of DKK (1.565) million in 2020. The 2021 result was impacted by recognised impairment of buildings, plant and machinery of DKK 297 million compared to recognised impairments of DKK 1.157 million in 2020. The underlying improvement of profitability was in general driven by an improvement on the refining margins and higher utilisation rates.

The financial results were significantly influenced by the COVID-19 pandemic, which caused a high degree of volatility with fluctuations in demand and prices of both raw materials and our products.

Even with the difficult market conditions in 2021 we have still been able to generate a positive result for the year.

In preparation of the change in ownership, the former owner of the Company during December 2021 distributed a dividend and completed a capital reduction in the total amount of DKK 2,200 million.

Events after the balance sheet date

In parallel with the completion of the acquisition of Kalundborg Refinery A/S by the Klesch Group, Kalundborg Refinery A/S has financed a significant portion of its trade receivables under a Financing Program and has financed substantially all of its crude oil supply and most of its product inventory under an Inventory Program.

On 5 January 2022, Kalundborg Refinery A/S paid a dividend to Klesch Refining Denmark A/S of approximately DKK 152 million.

Outlook

At the end of February 2022, Russia launched a military offensive against Ukraine and thus escalated existing geopolitical tensions. Russia's assault, the extensive economic sanctions imposed by the EU, USA and other countries against Russia in response to Russia's actions have led to significant uncertainty and volatility on the markets for commodities such as crude oil and natural gas. Given a significant portion of crude and oil products in Europe are sourced from Russia, subsequent boycotts of Russian products have led to a drop of these supplies onto Europe. Combined with the market recovery from the pandemic and additional demand in order to substitute Russian gas, the market is currently short of middle distillates, creating an above mid-cycle margin environment.

Based on the approved budget for 2022, we expect that Kalundborg Refinery A/S will also in 2022 generate a positive result. Revenue is estimated to be approximately DKK 20 billion and gross profit, excluding any impairment or any reversal on impairment in respect of building, plant and machinery, is estimated to be in the level of DKK 300 million. Estimation of both revenue and gross profit is subject to uncertainty as e.g. fluctuation in market conditions and the USD exchange rate may have a significant impact. As such actual results will deviate from the foregoing 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 2021 which is available at www.kalundborgrefinery.com:

URL link for the sustainability report 2021:

https://static1.squarespace.com/static/615ee75f5cc0b172921a0edd/t/62694b8c15fb316524d05688/1651067809194/KalundborgRefinery_2022_SustainabilityReport2021_V09_US_V04_LOW.pdf

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

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 any gender, without prejudice towards ethnic origin, age, sexual, religious, or political orientation, and likewise.

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 under-represented gender in the management.

Gender representation by end of December 2021:

- Total number of representatives in management with personnel responsibilities is 30, 5 (16,7%) female representatives and 25 (83,3%) male representatives.
- Total number of representatives in management is 43, 9 (21,0%) female representatives and 34 (79,0%) male representatives.
- Total number of representatives in senior management is 9, 4 (44,4%) female representatives and 5 (55,6%) male representatives.
- Total representatives in the Board of Directors elected by the general assembly are 7, 1 (14%) female representative and 6 (40%) male representatives.
- Of the total Board of Directors, the employee representatives in the Board of Directors are 3, 1 (33,3%) female representative and 2 (67,7%) male representative.

During the financial year the company made changes to the board of directors which resulted in two of the female board members being replaced by male candidates. The new male candidates elected were found to have the best qualifications among the potential candidates for the posts.

It is the company's target to increase the representation of female board members to three out of seven board members by 2025.

Data Ethics, Danish Financial Statements Act §99d

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

DKKm	2021	2020	2019	2018	2017
Revenue	21.977	12.389	20.588	23.007	20.910
Ordinary operating profit/loss	320	(1.572)	788	868	1.033
Profit/loss from financial income and expenses	(96)	5	1	(40)	(29)
Profit/loss before tax	224	(1.566)	789	828	1.004
Tax on profit/loss for the year	(110)	1	(231)	9	11
Profit/loss for the year	114	(1.565)	558	837	1.015
Total assets	4.851	5.716	7.787	5.510	6.557
Equity	813	2.899	4.464	3.906	3.770
Investment in property, plant and equipment	390	901	721	147	163
Average number of full-time employees	346	348	338	339	329

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Ratios".

Comparatives in the years 2017-2018 have not been restated following the adoption of IFRS 16 as of 1 January 2019.

The financial ratios have been calculated as follows:

Key financial ratios

	2021	2020	2019	2018	2017
Operating margin *Operating profit/loss x 100 / Revenue*	1%	(13)%	4%	4%	5%
Return on invested capital *Operating profit/loss x 100 / Average invested capital*	17%	(43)%	19%	23%	27%
Return on equity *Profit/loss for the year x 100 / Average equity*	6%	(43)%	13%	22%	26%
Solvency ratio *Equity at year end x 100 / Total equity and liabilities at year end*	17%	51%	57%	71%	57%

KALUNDBORG REFINERY

Financial statements 1st January – 31st December
Income statement

DKK'000

Note		2021	2020
2	Revenue	21.976.947	12.388.787
3	Production costs	(21.475.662	(13.876.142)
	Gross profit / (loss)	**501.285**	**(1.487.355)**
5	Other operating income	41.480	52.406
3	Administrative expenses	(222.939)	(136.586)
	Operating income / (loss)	**319.826**	**(1.571.535)**
6	Financial income	10.125	49.833
7	Financial expenses	(105.859)	(44.388)
	Profit / (loss) before tax	**224.092**	**(1.566.090)**
8	Tax on profit / (loss) for the year	(109.690)	779
	Profit / (loss) after tax	**114.402**	**(1.565.311)**

Financial statements 1st January – 31st December
Balance sheet

DKK'000

Note			2021	2020
	Assets			
	Non-current assets			
9	Intangible assets			
		Software	5.723	5.747
10	Property, plant and equipment			
		Land	64.251	64.251
		Buildings, plant and machinery	932.516	1.536.242
		Assets under construction	257.003	166.710
		Right of Use assets	205.004	211.525
			1.458.774	1.978.728
	Other non-current assets			
8		Deferred tax asset	18.600	87.000
	Total non-current assets		**1.483.097**	**2.071.475**
	Current assets			
	Inventories			
		Raw materials and consumables	925.841	741.716
		Finished goods and goods for resale	1.113.339	722.744
			2.039.180	1.464.460
	Receivables			
		Trade receivables	1.304.505	661.158
		Receivables from Equinor ASA group companies (owner until 31 December 2021)	1.664	1.432.563
		Other receivables	257	277
		Tax receivable	11.059	85.743
			1.317.485	2.179.741
	Cash at bank and in hand		11.129	0
	Total current assets		3.367.794	3.644.201
	TOTAL ASSETS		**4.850.891**	**5.715.676**

KALUNDBORG REFINERY

Financial statements 1st January – 31st December
Balance sheet

DKK'000

Note			2021	2020
	Equity			
12		Share capital	195.700	1.288.200
		Retained earnings	617.375	1.610.473
			813.075	**2.898.673**
13	Non-current liabilities			
		Non-current asset retirement obligation provisions	1.095.000	1.362.362
		IFRS 16 lease liability	163.128	142.599
			1.258.128	**1.504.961**
	Current liabilities			
		Trade payables	135.088	193.260
		Payables to Equinor ASA Group companies (owner until 31 December 2021)	2.247.613	793.212
		VAT and taxes payable	190.050	107.368
		Other payables	160.219	142.580
		Prepayments received from customers	2.781	1.587
		IFRS 16 lease liability	43.937	74.035
			2.779.688	1.312.042
	Total liabilities		**4.037.816**	**2.817.003**
	TOTAL EQUITY AND LIABILITIES		**4.850.891**	**5.715.676**

Note 1 Accounting policies and estimates

Note 3 Specifications of salaries and social costs

Note 3 Specifications of depreciations

Note 4 Fees to auditors

Note 14 Contingent assets and liabilities

Note 16 Related party disclosures

Note 18 Subsequent events

Financial statements 1st January – 31st December
Statement of changes in equity

DKK'000

	Share capital	Retained earnings	Proposed dividend	Total equity
Equity at 1 January 2021	1.288.200	1.610.473	0	2.898.673
Distributed dividend	0	(1.107.500)	0	(1.107.500)
Capital reduction	(1.092.500)	0	0	(1.092.500)
Transferred over the profit appropriation	0	114.402	0	114.402
Equity at 31 December 2021	**195.700**	**617.375**	**0**	**813.075**

On 26 November 2021, Kalundborg Refinery A/S (previously named Equinor Refining Denmark A/S) declared a dividend and capital reduction of DKK 1.107.500 thousand and DKK 1.092.500 thousand respectively. These amounts were paid to its previous owner Equinor Denmark A/S on 17 December 2021 and 30 December 2021, respectively.

On 5 January 2022, Kalundborg Refinery A/S paid a dividend to Klesch Refining Denmark A/S of DKK 151,799 thousand.

KALUNDBORG REFINERY

Financial statements 1st January – 31st December
Statement of cash flows

DKK'000

	2021	2020
Profit / (loss) before tax	**224.092**	**(1.566.090)**
Adjustments to reconcile profit/loss before taxes to net cash flows:		
Depreciation	231.319	247.303
Impairment	296.627	1.157.000
Loss (+)/gain (-) on the disposal of non-current assets	1.938	1.887
Finance income	(10.125)	(49.833)
Finance costs	105.859	44.388
Working capital adjustments (Note 11):	417.523	921.341
Net interest received/(paid)	(6)	595
Net income tax received/(paid)	(51.335)	(5.965)
Cash flow from operating activities	**1.215.892**	**750.626**
Investing activities:		
Proceeds from the sale of property, plant and equipment	0	0
Purchase of property, plant and equipment	(223.445)	(237.078)
Cash flow from investing activities	**(223.445)**	**(237.078)**
Financing activities:		
Payment of principal portion of lease liabilities	(74.715)	(60.695)
Dividends paid to former parent company	(1.107.500)	0
Distributions to former parent company for capital reduction	(1.092.500)	0
Cash flows used in financing activities	(1.426)	(12.133)
Decrease/(increase) in cash pooling arrangements (1)	1.294.823	(440.720)
Cash flows from financing activities	**(981.318)**	**(513.548)**
Cash flows for the year	**11.129**	**0**
Cash and cash equivalent at the beginning of the year	0	0
Cash and cash equivalent at the end of the year1	**11.129**	**0**

(1) Cash in cash pooling arrangements presented as Intercompany Receivables amounted to DKK 1.294.823 as of 31 December 2020 (31 December 2019: DKK 834.103). The cash pooling arrangement was terminated with Equinor Group in 2021 as a part of the acquisition of the Company by the Klesch Group.

Financial statements 1st January – 31st December
Notes

1. Accounting policies and estimates

Basis of Preparation

The financial statements for 2021 have been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

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.

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the Company and the cost can be measured reliably.

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described below.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognized in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies which have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose is recognised in the income statement as financial income or financial expenses.

Estimates

The preparation of the financial statements requires that management make estimates and assumptions that affect reported amounts of assets, liabilities, income and expenses. The estimates are based on experience from the industry, external sources of information and various factors that management assess to be reasonable under the current conditions and circumstances. The estimates and underlying assumptions are reviewed on an on-going basis considering the current and expected future set of conditions and the actual results may differ from these estimates. Kalundborg Refinery is exposed to a number of underlying economic factors which affect the overall results, such as crude and oil product prices, refining margins, foreign currency exchange rates, market risk premiums and interest rates. In addition, the Company´s results are influenced by

Financial statements 1st January – 31st December
Notes

1. Accounting policies and estimates (continued)

the level of production, which in short term may be influenced by for instance maintenance programs and in the long term-term the operating activities. Especially the Company's asset retirement obligation and the valuation of buildings, plant and machinery is subject to estimation uncertainty as further described under their respective headings later on in this section.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognized in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognized as other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments designated as or qualifying for recognition as a fair value hedge of a recognized asset or liability are recognized in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as or qualifying for recognition as a hedge of future transactions are recognised as other receivables or other payables and in equity until the realisation of the hedged transactions. If the future transaction results in the recognition of assets or liabilities, amounts that were previously recognised in equity are transferred to the cost of the assets or liabilities. If the future transaction results in income or costs, amounts that were previously recognised in equity are transferred to the income statement for the period when the hedged item affects the income statement.

For derivative financial instruments not qualifying for treatment as hedging instruments, changes in fair value are recognised in the income statement on an ongoing basis.

Financial statements 1st January – 31st December
Notes

1. Accounting policies and estimates (continued)

Income statement

Revenue

The Company has chosen IFRS15 as interpretation for revenue recognition.

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. Revenue from the sale of petroleum products 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.

Trading strategies are presented on a gross basis as revenues from contracts with customers and purchases (net of inventory variation) in the statement of income. Revenue is presented net of customs and excise taxes.

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 as well as sale of surplus compulsory stock obligation (CSO) tickets.

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 within finance income and expenses and disclosed in the notes. Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

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1. Accounting policies and estimates (continued)

Tax on profit / (loss) for the year

Tax for the year comprising current tax for the year, deferred tax provisions and tax relating to previous years is recognised in the income statement. Tax on entries directly in equity are recognised in equity.

Provisions for deferred tax comprise the differences between carrying amounts and tax values measured according to the balance sheet liability method at the tax rate applicable at the balance sheet date. Deferred tax may be an asset but is solely included in the financial statements as such if it is considered probable that the amount can be utilised within the foreseeable future.

As a part of the acquisition of Kalundborg Refinery A/S by Klesch Refining Denmark A/S on 31 December 2021, the joint taxation arrangement between Kalundborg Refinery A/S and Equinor Danmark A/S was terminated at year-end.

Balance sheet

Software

Intangible assets are initially recognised at cost and subsequently measured at cost less accumulated amortisation.

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 is recognised on a straight-line basis over the expected useful life of the assets. The expected useful life and residual value are determined based on past experience and expectations of the future use of the assets.

Property, plant and equipment

Land and buildings, plant and machinery, fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated. The basis of depreciation is cost less expected residual value after the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. In connection with large refinery projects, cost comprises costs of materials, components, sub suppliers, direct cost of labor and a share of indirect production overheads comprising costs for own workforce.

Assets in the course of their construction are recognised at the carrying amount of an item of property, plant and equipment and not depreciated.

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1. Accounting policies and estimates (continued)

Interest expenses on loans to finance the construction of property, plant and equipment relating to the production period are included in cost. All other borrowing costs are recognised in the income statement.

Depreciation is provided on a straight-line basis based on the estimated useful lives of the assets:

Buildings and storage tanks (incl. ARO) -	20-50 years
Plant and machinery -	10-20 years
Fixtures & fittings, tools & equipment -	4-10 years

Right of Use assets

The Company has chosen IFRS16 as interpretation for classification and recognition of leases.

Leases - IFRS 16

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under a residual value guarantee.

Financial statements 1st January – 31st December
Notes

1. Accounting policies and estimates (continued)

- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

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

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

Short term leases (12 months or less) and leases of low value assets are not recognized 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 are disclosed under non-current and current liabilities in the statement of financial position.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to at least a yearly 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 fair value less cost to sell (estimated net selling price) and its value in use. The value in use is determined as the present value of the forecast cash flows from operation of the asset or the group of assets and the disposal of the asset or the group of assets after the end of the useful life, which is currently estimate to be in 2042. The net fair value less cost to sell is estimated as the value set by initial reference to transactions or discounted cash flows based on market assumptions and not including any company/group specific factors.

Financial statements 1st January – 31st December
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1. Accounting policies and estimates (continued)

Estimation uncertainty regarding impairment

Changes in the circumstances or expectations of future performance of an individual asset may be an indicator that an asset is impaired, requiring it carrying amount to be written down to its recoverable amount. Impairments are reversed if conditions for impairment are no longer present. Evaluation whether an asset is impaired or if an impairment should be reversed requires a high degree of judgement and may to a large extent depend upon the selection of key assumptions of the future.

The key assumptions used will bear a risk of change based on the inherent volatile nature of macro-economic factors such as future commodity prices or discount rate and uncertainty in respect of asset specific factors such as operational, including maintenance, decisions impacting the production profile or activity levels for our refinery. Changes in foreign currency exchange rates will also affect value in use. When estimating a recoverable amount the expected cash flow approach is applied to reflect uncertainties in timing and amounts inherent in the assumptions used in the estimated future cash flows including climate related matters affecting the assumptions. Climate related matters are expected to have a pervasive effect on energy industry affecting not only supply, demand and commodity prices but also technology changes, increased emissions-related levies and other matters with mainly mid-term and long-term effects.

Where recoverable amounts are based on estimated future cash flows, reflecting market participants and other external sources assumptions about the future and discounted to their present value, the estimates involve complexity. Impairment testing requires long-term assumptions to be made concerning a number of economic factors such as future marked prices, refinery margins, foreign currency exchange rates and future output, discount rates, impact of the timing of political and country risk among others in order to establish relevant future cash flows.

Asset retirement obligations (ARO)

Provisions for ARO costs are recognised when the Company has an obligation (legal or constructive) to dismantle and remove a facility or an item of property, plant and equipment and to restore the site on which it is located, and when a reliable estimate of that liability can be made. The amount recognised is the present value of the estimated future expenditures determined in accordance with local conditions and requirements. Cost is estimated based on current regulations and technology, considering relevant risks and uncertainties as well as expected inflation levels. The discount rate used in the calculation of the ARO is a risk-free rate based on the applicable currency and time horizon of the underlying cash flows. Normally an obligation arises for a new facility, such as an oil and natural gas production or transportation facility, upon construction or installation.

Financial statements 1st January – 31st December
Notes

1. Accounting policies and estimates (continued)

An obligation may also arise during the period of operation of a facility through a change in legislation or through a decision to terminate operations or be based on commitments associated with the Company's ongoing use of pipeline transport systems where removal obligations rest with the volume shippers. The provisions are classified under provisions in the balance sheet.

When a provision for ARO costs is recognised, a corresponding amount is recognised to increase the related item of property, plant and equipment and is subsequently depreciated as part of the costs of the facility or item of property, plant and equipment. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding item of property, plant and equipment.

Estimation uncertainty regarding asset retirement obligation
Establishing the appropriate estimates for such obligations are based on historical knowledge combined with knowledge of ongoing technological developments and involve the applications of judgement and involve an inherent risk of significant adjustments. The costs of decommissioning and removal activities require revisions due to changes in current regulations and technology while considering relevant risks and uncertainties. Most of the removal activities are many years into the future and the removal technology and costs are constantly changing. The speed of the transition to new renewable energy may also influence the timing of the production period, hence the timing of the removal activities. Currently, such are estimated to be initiated by the end of 2042. The estimates include assumption of norms, rates and time required which can vary considerably depending on the assumed removal complexity. Moreover, changes in the discount rate and foreign currency exchange rates may impact the estimates significantly. As a result, the initial recognition of the liability and the capitalized cost associated with decommissioning and removal obligations, and the subsequent adjustment of these balance sheet items, involve the application of significant judgement.

Inventories
Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management.

Financial statements 1st January – 31st December
Notes

1. Accounting policies and estimates (continued)

The net realisable value of inventories is calculated as the selling price less costs of completion and costs necessary to make the sale.

Receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business.

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.

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.

In 2020, the Company does not have qualifying cash and cash equivalents due to existing cash pooling arrangement with Equinor Group. As a part of the acquisition on 31 December 2021 of Kalundborg Refinery A/S by Klesch Refining Denmark A/S, the joint cash pooling arrangement between Kalundborg Refinery A/S and Equinor Danmark A/S was terminated.

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.

Liabilities other than provisions
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables and payables to group entities as well as other payables are measured at amortised cost, usually corresponding to the nominal value.

Prepayments received from customers

Prepayments received from customers comprise payments received regarding subsequent financial years. Income is measured at amortised cost, usually corresponding to nominal value.

Financial statements 1st January – 31st December
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1. Accounting policies and estimates (continued)

Statement of cash flows

The cash flow statement shows the Company's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

In the statement of cash flows, operating activities are presented using the indirect method, where profit or loss before tax is adjusted for: (a) changes in working capital such as inventories, receivables and payables and (b) the effects of non-cash items.

Interest paid and received, and dividends paid

Interest paid and received are classified as cashflows from operating activities while dividends paid are classified as cashflows from investing activities.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with activities and intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividend to shareholders.

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(Continued)

		2021	2020
2	Revenue:		
	Domestic sales of oil products	10.018.413	5.316.865
	Export sales of oil products	11.958.534	7.071.922
		21.976.947	**12.388.787**
3	Specification of salaries and social costs:		
	Wages and salaries	266.303	251.240
	Pensions	22.834	22.637
	Other social security costs	6.237	4.008
		295.374	**277.885**

Salaries and social costs are included in production costs and administrative expenses and not separately disclosed in the income statement. The production cost includes DKK 250,717 thousand (2020: DKK 242.086 thousand) of salaries and social costs with the remaining balance included in administrative expenses.

No remuneration is paid to the Board of Directors. Remunerations paid to Company management is DKK 1,828 thousand (2020: With reference to section 98B (3) of the Danish Financial Statements Act, remuneration to Company management is not disclosed.)

	2021	2020
Average number of full-time employees	**346**	**348**

The production costs include depreciation and amortisation charge of DKK 231.319 for 2021 (2020: DKK 247.303).

4 Fees to auditors appointed at the general meeting have 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 and Equinor Denmark A/S in 2021 and 2020, respectively.

		2021	2020
5	Other operating income:		
	Service and rental income	41.850	52.406
		41.850	**52.406**

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(Continued)

		2021	2020
6	Financial income:		
	Exchange rate income from Equinor entities	9.143	40.356
	Other financial income	982	9.477
		10.125	**49.833**
7	Financial expenses:		
	Exchange rate expenses to Equinor entities	(88.484)	(12.742)
	Interest expenses to Equinor entities	(4.241)	(5.283)
	Interest component, asset retirement obligation	(11.323)	(23.792)
	Interest expense, leases	(1.737)	(2.432)
	Other financial expenses	(74)	(139)
		(105.859)	**(44.388)**
8	Tax on profit for the year:		
	Deferred tax at 1 January	87.000	154.652
	Provisions for deferred tax	(68.400)	(67.652)
	Deferred tax at 31 December	**18.600**	**87.000**
	Tax prior year	(4.930)	(22.666)
	Tax on (loss) / profit for the year	29.941	(79.778)
	Payment for tax loss utilization, joint taxation	16.279	34.013
	Total Tax on profit for the year	**(109.690)**	**779**

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(Continued)

			Software
9	**Intangible assets**		
		Cost at 1 January 2021	56.769
		Additions	0
		Cost at 31 December 2021	56.769
		Amortisation and impairment losses at 1 January 2021	51.022
		Amortisation	24
		Amortisation and impairment losses at 31 December 2021	51.046
	Carrying amount at 31 December 2021		**5.723**

		Land	Buildings, plant and machinery	Assets under construction	Right of Use assets	Total
10	**Property, plant and equipment**					
	Cost at 1 January 2021	64.251	11.881.482	166.710	305.234	12.417.677
	Additions	0	160.591	163.867	66.146	389.604
	Retirements	0	(8.906)	(6)	0	(8.912)
	Reversal asset retirement obligation	0	(379.698)	0	0	(379.698)
	Transferred	0	73.568	(73.568)	0	0
	Cost at 31 December 2021	64.251	11.727.037	257.003	370.380	12.418.671
	Depreciation and impairment losses at 1 January 2021	0	10.345.240	0	93.709	10.438.949
	Depreciation	0	159.628	0	71.667	231.295
	Impairment	0	296.627	0	0	296.627
	Retirements	0	(6.974)	0	0	(6.974)
	Depreciation and impairment losses at 31 December 2021	0	10.794.521		165.376	10.959.897
	Carrying amount at 31 December 2021	**64.251**	**932.516**	**257.003**	**205.004**	**1.458.774**

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Building, plant and machinery was at year-end 2020 valued at their estimated value in use. At year-end 2021, these assets have been valued at estimated fair value less cost to sell which predominantly has been based on the recent transaction of the Company and which value is higher than the estimate value in use at year-end 2021.

11	2021	2020
Working capital changes:		
Decrease/(increase) in inventories	(574.719)	475.249
Decrease/(increase) in trade receivables and other assets	(420.978)	1.405.539
Increase/(decrease) in trade payables and other liabilities	1.330.538	(1.199.807)
Increase/(decrease) in energy tax and VAT liabilities	82.682	240.360
Total changes in working capital	**417.523**	**921.341**

The asset retirement obligation is recognized as the present value of future expenditures. Inflation rate is set at 2% (2020: 2%) and the discount rate is set at 2% (2020: 0,11%) according to accounting policies.

12 Share capital at year-end during the past five years are specified as follow:	2021	2020	2019	2018	2017
2,300.000 shares of DKK 85.09	195.700	1.288.200	1.288.200	1.288.200	1.288.200
	195.700	**1.288.200**	**1.288.200**	**1.288.200**	**1.288.200**

All shares rank equally.

13		2021	2020
	Asset retirement obligation provisions	1.095.000	1.362.362
	IFRS 16 lease liability	163.128	142.599
		1.258.128	**1.504.961**

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(Continued)

The asset retirement obligation is recognized as the present value of future expenditures. Inflation rate is set at 2% (2020: 2%) and the discount rate is set at 2% (2020: 0,11%) according to accounting policies. Changes are due to market and updated estimates prepared by management. The asset retirement obligation has in 2021 decreased by DKK 380 million with a corresponding amount recognized to decrease the related item of property, plant and equipment.

14 Contingent assets and liabilities

Contingent assets

At 31 December 2021, the Company had an unrecognized deferred tax asset of DKK 448.600 thousand (2020: DKK 404.754 thousand). A significant part of the unrecognized deferred tax asset is related to the provision for the asset retirement obligation.

Contingent liabilities

Rental and lease obligations amounted to 9.220 thousand (2020: DKK 9.364 thousand) at 31 December 2021.

15 Joint taxation

As a part of the acquisition of Kalundborg Refinery A/S by Klesch Refining Denmark A/S on 31 December 2021, the joint taxation arrangement between Kalundborg Refinery A/S and Equinor Danmark A/S was terminated at year-end. Prior to acquisition, the Company was part of a joint taxation arrangement wherein Equinor Companies under the arrangement were jointly and severally liable for tax on the Equinor Danish Group's income that are subjected to joint taxation which includes, among others, payment of income taxes as well as dividends due for payment. At year end joint taxation with Klesch Refining Denmark A/S was established,

16 Related party disclosures

The related parties of Kalundborg Refinery A/S for 2021 and 2020 as shown in the financial statements are based on the ownership of the Company by Equinor ASA.

Kalundborg Refinery A/S had transactions with companies owned by Equinor ASA during 2021.

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(Continued)

Related party transactions

	2021	2020
Purchase of goods from related parties (Equinor ASA-group)	16.015.952	9.272.791
Purchase of energy (gross) from related parties (Equinor ASA-group)	340.084	219,491
Purchase of services from related parties (Equinor ASA-group)	142.509	105.603
Purchases from related parties	**16.498.545**	**9.597.885**

	2021	2020
Sale of goods to related parties (Equinor ASA-group)	1.134.719	1.672.307
Sale of services to related parties (Equinor ASA-group)	16.958	18.434
Sale to related parties	**1.151.677**	**1.690.741**

Receivables and payables to affiliated companies are disclosed in the balance sheet, and financial Kalundborg Refinery A/S' income and expenses are disclosed in Notes 6 and 7.

Kalundborg Refinery A/S' related parties for 2020 and until 31 December 2021 comprised Equinor ASA (Forusbeen 50, N-4035 Stavanger, Norway). Equinor ASA held the majority of the share capital in the Company through the holding company Equinor Denmark A/S (sub-group). Kalundborg Refinery A/S was part of the consolidated financial statements of Equinor ASA (Forusbeen 50, N-4035 Stavanger, Norway), which was the largest group in which the Company was included as a subsidiary.

Kalundborg Refinery A/S' related parties until 31 December 2021comprise the following:

- Equinor ASA, Forusbeen 50, N-4035 Stavanger, Norway and companies within this group

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(Continued)

16 Related party disclosures - continued

	2021	2020
Sale of goods to related parties (Equinor ASA-group)	1.134.719	1.672.307
Sale of services to related parties (Equinor ASA-group)	16.958	18.434
Sale to related parties	**1.151.677**	**1.690.741**

Receivables and payables to affiliated companies are disclosed in the balance sheet, and financial Kalundborg Refinery A/S' income and expenses are disclosed in Notes 6 and 7.

Kalundborg Refinery A/S' related parties for 2020 and until 31 December 2021 comprised Equinor ASA (Forusbeen 50, N-4035 Stavanger, Norway). Equinor ASA held the majority of the share capital in the Company through the holding company Equinor Denmark A/S (sub-group). Kalundborg Refinery A/S was part of the consolidated financial statements of Equinor ASA (Forusbeen 50, N-4035 Stavanger, Norway), which was the largest group in which the Company was included as a subsidiary.

Kalundborg Refinery A/S' related parties until 31 December 2021, comprise the following:

- Equinor ASA, Forusbeen 50, N-4035 Stavanger, Norway and companies within this group

Kalundborg Refinery A/S' related parties at 31 December 2021, comprise the following:

- Klesch Group Limited, Malta
- KRD Holdings Limited, Malta
- Klesch Refining Denmark A/S
- Klesch Petroleum Holding Limited, Malta
- Klesch Energy Holding Plc, UK
- Klesch Energy Plc, UK
- Raffinerie Heide GMBH, Germany
- Raffinerie Heide Assets GMBH & Co, Germany
- Raffinerie Heide Logistic GMBH, Germany
- Raffinerie Heide Finance LLC, USA
- Klesch Petroleum SA, Switzerland
- Klesch Petroleum Services Limited, United Kingdom

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(Continued)

Kalundborg Refinery A/S financial statements are included in the consolidated financial statements of Klesch Group Limited, Naxxar, Malta as of 31 December 2021 which prepares the consolidated financial statements for both the smallest and the largest group of companies.

18 Subsequent events

- Following the completion of the acquisition of the Kalundborg Refinery A/S by the Klesch Group, the Company sold the majority of its inventory to Aramco Trading Limited ("ATL") and entered into an ongoing crude supply, product services and storage services agreements with ATL. Accordingly, ATL will own the majority of the inventory at the refinery going forward and will both supply (and purchase) crude and products to (and from) the refinery at its discretion. Further, the Company has in the beginning of the new year entered into a Financing Program in respect of its trade receivables with Coface Finanz GmbH, which comprises an ongoing factoring facility with a limit of $300m.

- The Company has issued a floating company charge comprising plant, equipment, raw materials and consumables, finished goods and goods for resale and trade receivables in the amount of USD 362 million in favor of Aramco Trading Ltd.

- On 5 January 2022, Kalundborg Refinery A/S paid a dividend to Klesch Refining Denmark A/S of DKK 152 million.

- At the end of February 2022, Russia launched a military offensive against Ukraine and thus escalated existing geopolitical tensions. Russia's assault, the extensive economic sanctions imposed by the EU, NATO and other countries against Russia in response to Russia's actions as well as fears of broader conflicts have already led to significant uncertainty and volatility on the financial markets including the markets for commodities such as crude oil and natural gas. This could have a severe negative impact on our home market as well as the European and global economy.

- In light of the market development, excess refinery capacities, high energy prices, at least in the near future, and political demands for an energy transition, the Company expects a challenging refining margin environment.