

Annual report 2022

Klesch Refining Denmark A/S
Melbyvej 17, 4400 Kalundborg

CVR No. 42 13 41 63

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

Kalundborg, 29 June 2023

Chairman

Joseph Zammit Tabona

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Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Klesch Refining Denmark 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 be approved at the annual general meeting.

29 June 2023

CEO

Joseph Zammit Tabona

Board of Directors:

Allan Gary Edward Klesch, chair

Joseph Zammit Tabona

Ian David Slack

Independent auditor's report

To the shareholders of Klesch Refining A/S

Opinion

We have audited the financial statements of Klesch Refining A/S for the financial year 1 January – 31 December 2022, comprising income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 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 responsibility for the financial statements

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

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

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

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

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

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

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

Klesch Refining Denmark A/S
Melbyvej 17
4400 Kalundborg
Denmark

CVR no: 42 13 41 63

Board of Directors

Allan Edward Gary Klesch, chair
Joseph Zammit Tabona
Ian Slack

CEO

Joseph Zammit Tabona

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28, 2100 København Ø
CVR no.25 57 81 98

Management's review

The annual report covers the financial results of operations and the balance sheet of Klesch Refining Denmark A/S for year 1st January – 31st December 2022.

Primary activities in 2022

The principal activity of the Company was to act as a holding company.

Results and dividends

In 2022 result for the year was a profit of EUR 114,481 thousand and equity end of year was EUR 398 thousand.

A dividend of approximately EUR 96,637 thousand was declared during the year ended 31 December 2022.

Post balance sheet events

There were no post balance sheet events.

Financial statements 1st January – 31st December

Income statement

EUR'000

Note		2022	2021
	Gross profit	(37)	0
3	Financial income	117,981	-
4	Financial expenses	(3,463)	(0.2)
	Profit / (Loss) before tax	114,481	(0.2)
	Tax on profit / loss for the year	-	-
	Profit / (Loss) after tax	114,481	(0.2)
	Profit appropriation		
	Extraordinary dividend	96,637	0
	Retained earnings	17,844	0.2
		<u>114,481</u>	<u>0.2</u>

Financial statements at 31st December

Balance sheet

EUR'000

Note		2022	2021
	Assets		
	Non-current assets		
5	Investment in Subsidiaries	74,607	74,607
	Total non-current assets	74,606	74,607
	Current assets		
	Receivables		
	Other receivables	104	2,002
		104	2,002
	Cash at bank and in hand	1,124	110
	Total current assets	1,228	2,112
	TOTAL ASSETS	75,835	76,719
	Equity		
	Share capital	54	54
	Retained earnings	17,844	0
		17,897	54
	Non-current liabilities		
6	Borrowing and other liabilities	21,040	19,800
	Current liabilities		
7	Loans payable to related parties	23,571	44,376
	Accrued purchase price of shares	13,271	12,489
	Other Payables	55	-
	Total liabilities	57,937	76,665
	TOTAL EQUITY AND LIABILITIES	75,835	76,719

Note 1 Accounting policies and estimates

Note 8 Related party disclosures

Note 9 Subsequent events

Statement of changes in equity

EUR'000

	Share capital	Retained earnings	Total equity
Equity at 1 January 2022	54	-	54
Profit for the year	-	114,481	114,481
Dividend distributed	-	(96,637)	(96,637)
Equity at 31 December 2022	54	17,844	17,898

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 of the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Klesch Refining Denmark AS and group entities are included in the consolidated financial statements of Klesch Group Limited, Victoria Building No2A, Triq I -Ghenieq, Naxxar NXR 2622 Malta, CVR C41548.

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 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.

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.

Financial statements 1st January – 31st December

Notes

1. Accounting policies (continued)

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 recognized in the income statement as financial income or financial expenses.

Gross profit/(loss)

The Gross profit/(loss) represents the results for the year from the activities of the company before any financing income or charges.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Company, including expenses for office expenses, consultancy expenses etc., 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, and any leasing services.

Financial statements 1st January – 31st December

Notes

1. Accounting policies (continued)

Tax on profit / (loss) for the year

Tax for the year comprising current tax for the year and tax relating to previous years is recognized in the income statement.

Receivables

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

Trade and other receivables are measured at amortized 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.

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.

Investment in subsidiary

Investments held by the Company in subsidiary undertakings are accounted for using the cost method of accounting. As at each reporting date, the company determines whether there is objective evidence that the investment in subsidiary is impaired.

The results of Group undertakings are reflected in these financial statements only to the extent of dividends received.

Financial statements 1st January – 31st December

Notes

1. 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.

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 amortized cost, usually corresponding to the nominal value.

Notes

EUR'000

(Continued)

		2022	2021
2	Average number of employees	Nil	Nil
3	Financial income		
	Dividend received from subsidiary	117,981	0
		117,981	0
4	Financial expenses		
	Interest expense paid to related party	1	0
	Currency Gain/ (Losses)	3,462	0
		3,463	0

5 Investment in subsidiary

The investment in subsidiaries of the Company at 31 December 2022 comprises investment in Kalundborg Refinery A/S, which is owned 100% and incorporated in Denmark.

In 2022, Kalundborg Refinery A/S delivered a net result after tax of EUR 357,095 thousand and had an equity balance of EUR 629,784 thousand at 31 December 2022.

The purchase price of the shares are recognized as investments in accordance with the Share Purchase Agreement (SPA) and the Purchase Price calculation. Discussions with Seller (Equinor) has in respect of the final Purchase Price not yet been finalized.

6 Borrowings and other liabilities Long Term

	2022	2021
Deferred purchase price of shares	21,040	19,800
	21,040	19,800

Notes

The deferred payments relate to amounts payable for the acquisition of Kalundborg Refinery A/S by the Company.

7 Loans payables from Related Parties Short terms

	2022	2021
Loans payable to Related Parties	23,571	44,376
	23,571	44,376

As of 31 December 2022, borrowings comprised of loans provided by group companies. The loans are unsecured, and repayable on demand.

8 Related party transactions

Sale of services to related parties	184	90
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Klesch Refining Denmark A/S' related parties at 31 December 2022, comprise the following:

- Klesch Group Limited, Malta
- KGC Holdings Limited, Malta
- Klesch Chemicals Limited, Malta
- Klesch Commodities Overseas Limited, Malta
- Klesch Metals B.V.
- 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

Notes

- Raffinerie Heide Finance LLC, USA
- Klesch Petroleum SA, Switzerland
- Klesch Petroleum Services Limited, United Kingdom

Kalundborg Refinery A/S financial statements are included in the consolidated financial statements of Klesch Group Limited, Naxxar, Malta as of 31 December 2022 which prepares the consolidated financial statements for both the smallest and the largest group of companies.

9 Subsequent events

There were no significant events after reporting date.