A new world of energy

MFT Energy A/S

Annual Report 2022

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Trading with a purpose

We trade energy to make markets efficient & to facilitate the green transition

Contents

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LETTER FROM THE CEO AND CHAIRMAN

We have reached many important milestones in 2022 – a year in which the need for affordable, secure, and sustainable energy became even more prevalent.

Torben Nordal Clausen, Group CEO and Eivind Kolding, Chairman of the Board

STRATEGY

The goal of our new growth strategy is to become a leading global energy trader, and we will continue to invest in talent, technology and platform excellence to achieve this position.

Bo Palmgren, Co-CEO

RISK MANAGEMENT

Trading activities are closely monitored through a systematic risk management approach to ensure alignment with our risk appetite as defined by the Board of Directors.

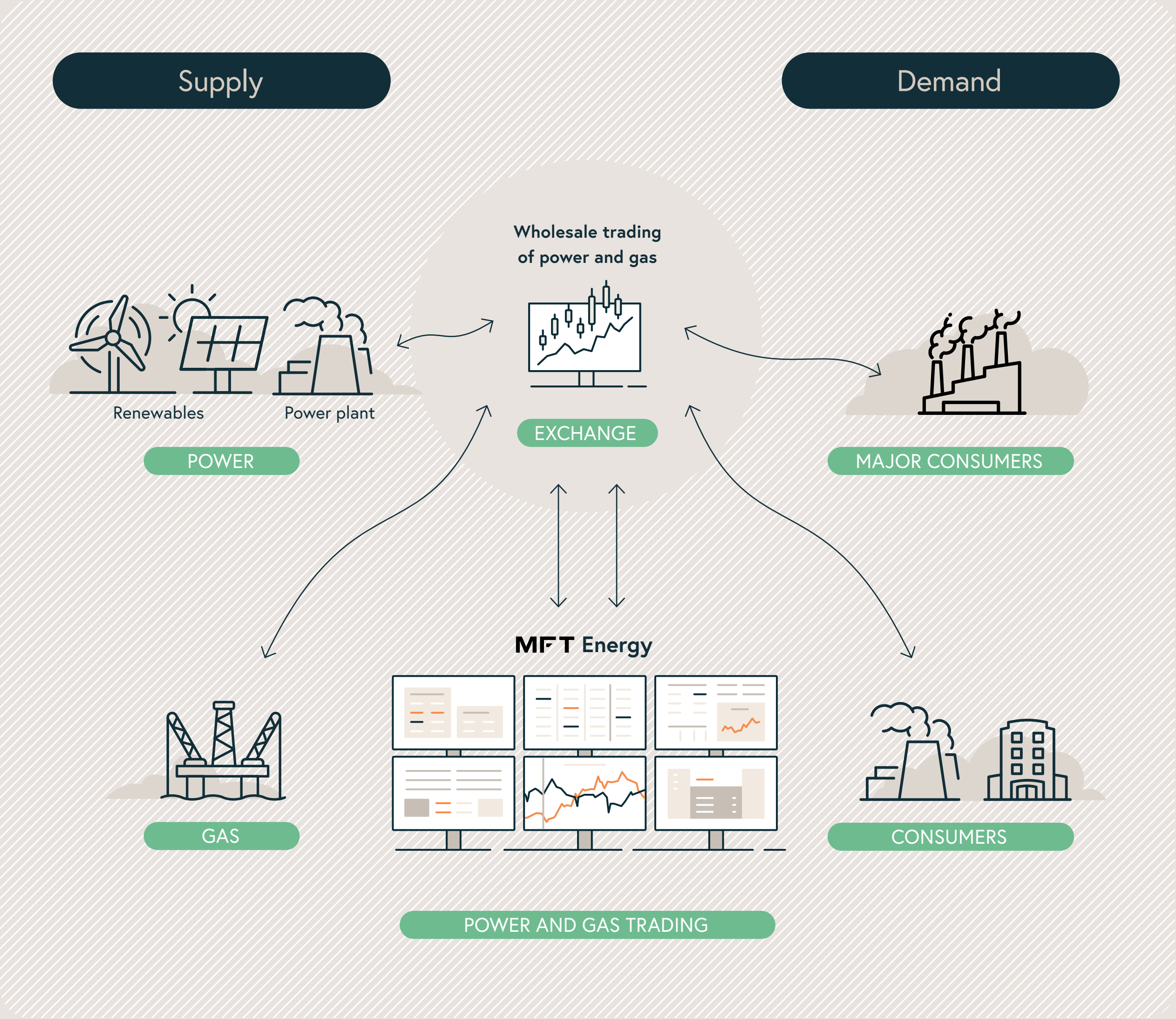
Per Hjorth Poulsen, CRO

MFT Energy at a glance

At MFT Energy, we are experts in trading power and gas. We match the interests of supply and demand in terms of timing and place of delivery.

Our 10 specialized Trading Teams apply in-depth market knowledge and comprehensive data sets to analyze, build and execute their trading strategies. MFT Energy is active in Intraday, Day Ahead and Forward trading and focused on both physical and financial products.

Established in 2016, MFT Energy is headquartered in Aarhus, Denmark, and by the end of 2022, we had 130 employees working out of our offices in Europe, Türkiye, Singapore, and Australia.



Supply

Demand

Wholesale trading of power and gas

Renewables

Power plant

POWER

EXCHANGE

MAJOR CONSUMERS

MFT Energy

GAS

CONSUMERS

POWER AND GAS TRADING

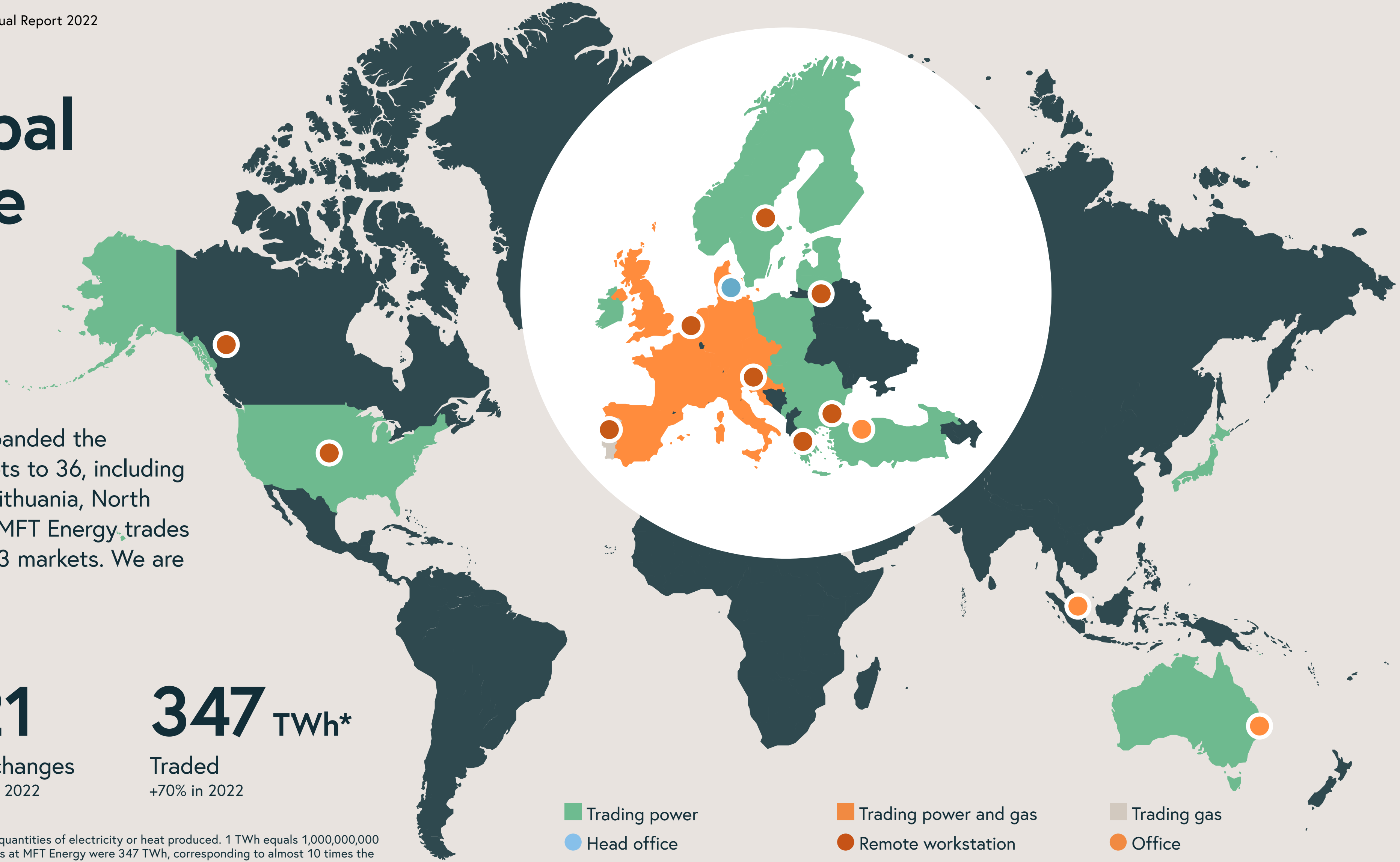
Our global presence

In 2022, MFT Energy expanded the number of trading markets to 36, including Georgia, Japan, Latvia, Lithuania, North Macedonia, and Poland. MFT Energy trades both power and gas in 13 markets. We are active on 21 exchanges.

36
Trading markets
+6 in 2022

21
Exchanges
+2 in 2022

347 TWh*
Traded
+70% in 2022



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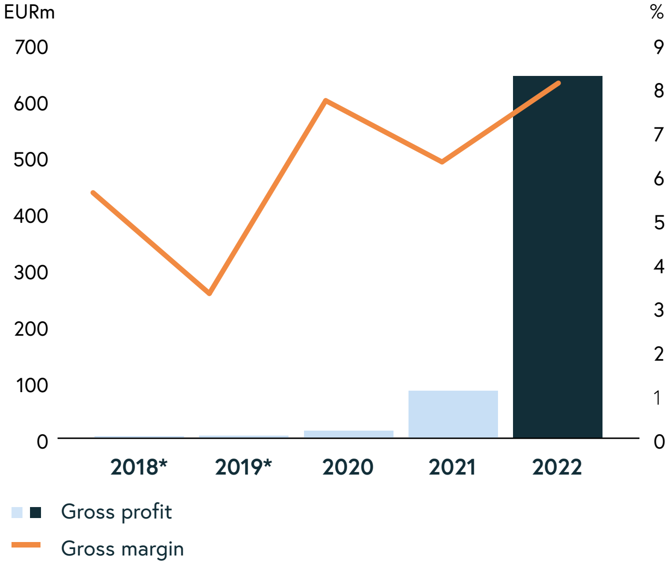
* TWh (Terawatt-hours) are used in measuring quantities of electricity or heat produced. 1 TWh equals 1,000,000,000 kilowatt-hours (kWh). In 2022, traded volumes at MFT Energy were 347 TWh, corresponding to almost 10 times the Danish electricity consumption of 35,2 TWh in 2022. Source: GreenPowerDenmark

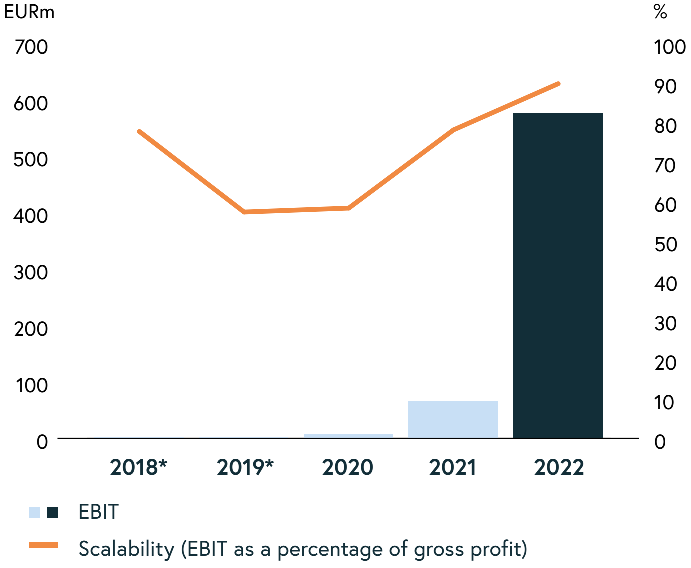
Performance highlights 2022

In 2022, MFT Energy delivered solid results in an extraordinary market situation with high volatility. Our scalable business platform combined with our solid risk management setup secured a gross profit of EUR 641.9m and EBIT of EUR 576.2m, corresponding to a scalability of 89.8%.

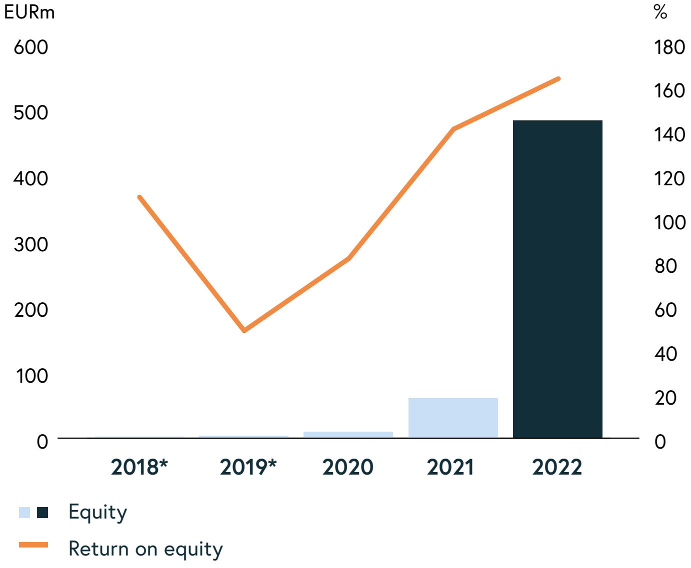
Gross profit and gross margin, 2018 - 2022



EBIT and scalability, 2018 - 2022



Equity and return on equity, 2018 - 2022



* The implementation of IFRS as from January 1, 2020 had an impact on the financial statements and key ratios for 2020 and onwards. Comparative figures for 2018 and 2019 have not been restated and were prepared in accordance with Danish GAAP.

Financial highlights and key ratios 2022

			GROUP		
EUR '000	**2022**	**2021**	**2020**	**2019***	**2018***
Income statement					
Revenue	7,875,685	1,338,762	173,480	115,960	53,729
Gross profit	641,864	83,702	13,408	3,877	2,992
Profit before financial income and expenses and tax (EBIT)	576,194	65,390	7,815	2,221	2,325
Net financials	-3,065	-1,573	-740	-256	-193
Profit before tax (EBT)	573,129	63,817	7,075	1,965	2,131
Profit for the year	446,787	49,907	5,524	1,525	1,850
Profit for the year attributable to					
- Shareholders in MFT Energy A/S	*260,214*	*34,587*	*4,703*	*1,442*	*1,816*
- Non-controlling interests	*186,524*	*15,320*	*821*	*83*	*34*
Balance sheet					
Balance sheet total	910,263	481,328	41,716	11,043	6,518
Equity	483,050	61,409	9,582	3,925	2,332
Equity attributable to					
- Shareholders in MFT Energy A/S	*288,778*	*45,000*	*8,493*	*3,789*	*2,297*
- Non-controlling interest	*194,272*	*16,409*	*1,089*	*136*	*35*
Current asset investments	348,888	0	0	0	0
Cash and cash equivalents	134,344	34,511	12,618	3,382	4,434

			GROUP		
EUR '000	**2022**	**2021**	**2020**	**2019***	**2018***
Cash flows					
Cash flows from operating activities	476,936	22,494	5,176	-2,705	2,733
Cash flows from investing activities	-349,067	-977	-280	-140	-35
- hereof investments in intangible assets	*0*	*0*	*0*	*76*	*0*
- hereof investments in property, plant and equipment	*115*	*60*	*82*	*62*	*7*
Cash flows from financing activities	-28,036	376	5,707	1,794	-550
Change in cash and cash equivalents for the year	99,833	21,893	10,603	-1,051	2,148
Number of employees - average for the year	94	70	34	22	9
Key ratios					
Gross margin	8.1%	6.3%	7.7%	3.3%	5.6%
EBIT margin	7.3%	4.9%	4.5%	1.9%	4.3%
Scalability	89.8%	78.1%	58.3%	57.3%	77.7%
Equity ratio	53.1%	12.8%	23.0%	35.5%	35.8%
Return on equity	164.1%	140.6%	81.8%	48.7%	110.0%

For definitions of financial key figures and ratios, please refer to note 31.

* The implementation of IFRS as from January 1, 2020 had an impact on the financial statements and key ratios for 2020 and onwards. Comparative figures for 2018 and 2019 have not been restated and are presented in accordance with Danish GAAP.

Letter from the CEO and Chairman

Many years of experience and our strict focus on risk management led us successfully through yet another year of fast-changing energy markets.

In 2022, we delivered solid results and reached many important milestones by expanding our global footprint and strengthening our organization. We consider it a privilege to be doing business in a new world of energy using our knowledge every single day to make the power and gas markets more efficient and by contributing to the green transition.

Torben Nordal Clausen
Group CEO

Eivind Kolding
Chairman of the Board

A new world of energy

Building a solid foundation prepared for all kinds of fluctuations was key to the just completed three-year strategy we were pursuing in 2020-2022. We have exceeded our most ambitious expectations establishing a global presence and delivering strong financial results. We are ready to become a leading global energy trader!

85%

of global power generation is expected to be renewables by 2050

Source: McKinsey & Company, Global Energy Perspective 2022

Navigating volatile markets

In 2022, the geopolitical realities led to rising energy prices and a reversal of the gas market. Our Gas Team played a vital role throughout the year moving gas volume to where it was most needed in Europe. We also have numerous examples from our Power Teams distributing power across borders from areas with a surplus to areas with shortage.

The need for affordable, secure, and sustainable energy has become more prevalent, and we expect the energy transition towards a sustainable energy production will be accelerated in many countries. According to McKinsey, 85% of the global power generation is expected to be renewables by 2050 (2019: 19%). This will lead to a continued high level of volatility due to the unpredictability of renewable energy. In addition, we expect the general demand for renewable energy to increase sharply driven by a significant increase in electrification.

Market trends support multiple growth opportunities ahead of us due to our strong ability to respond swiftly to market volatility, identify trading opportunities, shift focus, and allocate funds promptly with acceptable risk. This is also reflected in the 2022 performance.

Strong performance in 2022

We delivered very solid results in 2022 due to the close collaboration between our Trading and Risk Management Teams. Liquidity and equity requirements have been controlled and managed on a daily basis.

Traded volumes increased by 70% to 347 TWh in 2022 delivering a strong gross profit of EUR 642m (2021: EUR 84m) and EBIT of EUR 576m (2021: EUR 65m).

In 2022, around 20% of our trades involved the use of machine learning or algorithms, providing us with a more scalable trading model. As a result, scalability, measured as our ability to convert gross profit to EBIT, increased to 90% (2021: 78%).

Our financial robustness was also strengthened in 2022 with equity rising to EUR 483m at the end of

> "We have reached many important milestones in 2022 and I can proudly say that it all comes down to our very special culture and skilled employees that make us go the extra mile, focus on our responsibilities, and deliver as promised."
>
> **Torben Nordal Clausen**
> Group CEO

"Compliance, risk management and framing MFT Energy's new growth strategy have been of highest priority to the Board of Directors. We are confident that MFT Energy has what it takes to become a leading global energy trader."

Eivind Kolding
Chairman of the Board

the year (year-end 2021: EUR 61m). Our high solvency ratio and cash reserves enable us to remain self-funded throughout our current strategy period.

Strengthening the organization

At MFT Energy, we aim to be the best place for the best people. Our highly skilled employees carry our unique culture and drive our performance. During the year, we welcomed many new colleagues, growing the organization by 49% from 87 to 130 employees. It was a milestone and a great day of celebration when we reached 100 employees.

By offering MFT Energy employees the opportunity to become a partner, we emphasize that great results are created together - in a team effort and with common goals and a shared vision. At the beginning of 2023, we were very pleased to announce that an additional 16 employees had been promoted, bringing the total number of partners to 62.

During the year, a professional Board of Directors was established chaired by Eivind Kolding. The strengthening of the overall governance at MFT Energy by important competencies within strategy and compliance is essential for our continued development.

In November 2022, we also announced the appointment of Bo Palmgren as Co-CEO of MFT Energy. Bo will take over the CEO responsibility as per June 1, 2023, and drive our new two-year strategy. It has been important to MFT Energy's Board of Directors that a well-planned management change was carried out.

Becoming a leading energy trader globally

At the end of 2022, we launched our new growth strategy for 2023-2024, with the goal of becoming a leading global energy trader.

We are well prepared to capture the global market potential with our presence in 38 markets across Europe, North America, and Asia-Pacific. In 2022, we entered six new markets, and in 2023 an additional two markets. With a structured approach, we will go deeper into all our markets, and we will still have the possibility to add new geographies.

We are also ready to move from only power and gas trading to including trading with enviromentals such as guarantee of origin certificates.

Our unique, scalable platform and partnership model remain a cornerstone attracting entrepreneurial talent by providing capital, market access, as well as software and technology that are not easily available elsewhere.

Sustainability as a growth driver

As part of our strategic focus, we are anchoring our everyday trading activities in an overall goal of making a positive impact on both people and the environment.

In 2022, we decided to map our Scope 1, 2, and 3 emissions and undertake a double materiality assessment in compliance with the EU's forthcoming European Sustainability Reporting Standards. MFT Energy is among the first energy traders to do so.

Outlook for 2023

We have seen signs of moderation in the energy markets during the first half of 2023. However, the underlying supply issues that drove volatility in 2022 are still present. We are prepared to navigate in uncertain energy markets and will exploit both the opportunities and handle the risks while delivering on our goals set out in our new strategy.

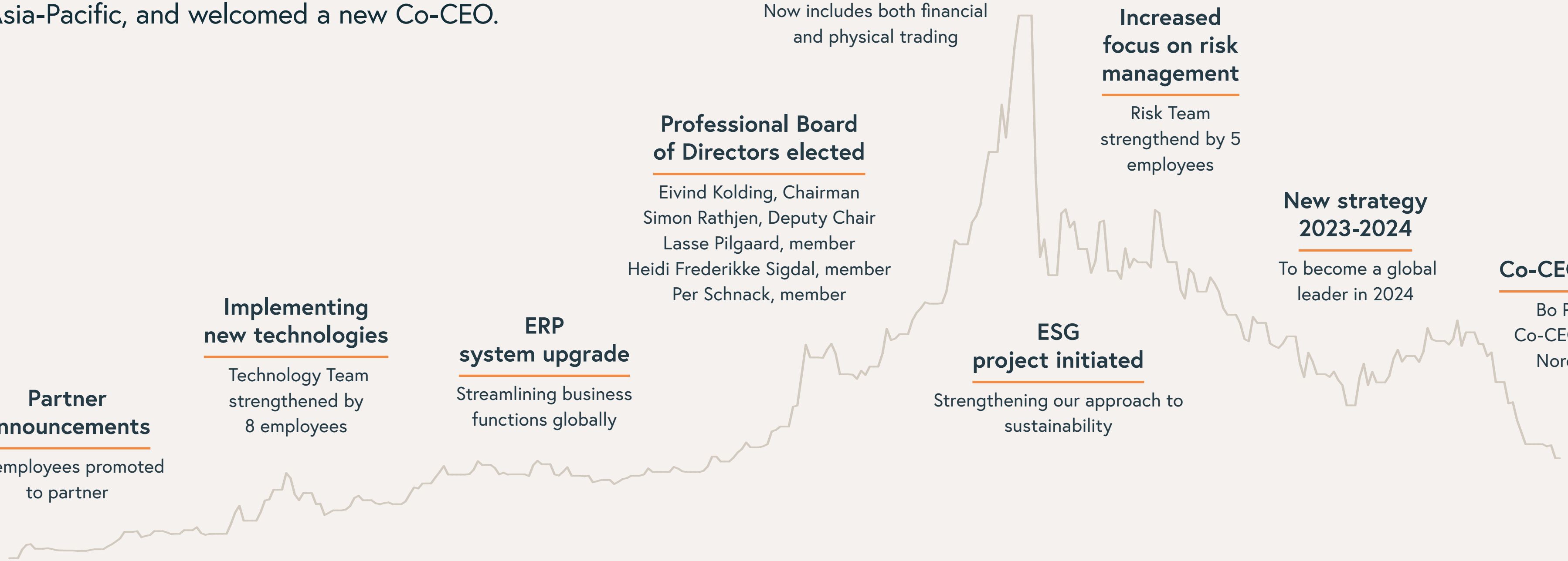
On behalf of the Executive Leadership Team and Board of Directors, we would like to thank all our talented and loyal colleagues for a strong team effort in 2022. We are now entering a new era with an even bigger global foothold.

Torben Nordal Clausen
Group CEO

Eivind Kolding
Chairman of the Board

Business highlights in 2022

What a year! We entered new markets, formalized our ESG approach, strengthened our business platform globally, executed on our strategy for the USA and Asia-Pacific, and welcomed a new Co-CEO.



Partner announcements

10 employees promoted to partner

Implementing new technologies

Technology Team strengthened by 8 employees

ERP system upgrade

Streamlining business functions globally

Professional Board of Directors elected

Eivind Kolding, Chairman
Simon Rathjen, Deputy Chair
Lasse Pilgaard, member
Heidi Frederikke Sigdal, member
Per Schnack, member

North American trading expanded

Now includes both financial and physical trading

ESG project initiated

Strengthening our approach to sustainability

Increased focus on risk management

Risk Team strengthend by 5 employees

New strategy 2023-2024

To become a global leader in 2024

Co-CEO appointed

Bo Palmgren as Co-CEO with Torben Nordal Clausen

Source: Refinitiv: TTF front month January 1 - December 27, 2022

New markets

- Poland
- Lithuania
- Latvia
- Georgia
- Japan
- North Marcedonia

Strategy

Strategy

Becoming a leading global energy trader

We have pursued our 2020-2022 strategy with great success, building a global presence and a solid platform. At the end of 2022, we launched our new strategy 2023-2024 focusing on exploiting and sizing our opportunities in existing markets and we will also continue to add new geographies as well as environmentals to our trading portfolio. Profitable sustainable growth will always be imperative to our ambition of becoming a leading global energy trader.

Leveraging our strong foundation
2022 was the last year of our three-year growth strategy, 2020-2022, focusing first on "Strengthening the platform" and on "Growing the business" in the two following years by expanding all our Trading and Support Teams as well as our global market presence.

It has required a disciplined approach to exploit the large business opportunities and at the same time professionalize and build a strong trading engine, but we can proudly look back on a fantastic period delivering on all our goals and exceeding our most ambitious expectations.

In the past three years, we have grown:

- Our **market** presence from 24 in 2019 to 36 markets in 2022
- Our **people** from 29 in 2019 to 130 employees in 2022
- Our **partners** from 14 in 2019 to 46 partners in 2022
- Our **teams** from 6 in 2019 to 10 teams in 2022
- Our **equity** from EUR 4m in 2019 to EUR 483m in 2022

2020-2022	2023-2024
EXPANDING THE BUSINESS	BECOMING TRULY GLOBAL
• European roll-out of power business model	• Strengthening position as global trading hub
• Expansion into gas trading	• Aiming for growth and expansion in key markets
• Building of foundation for expansion outside Europe	• Expanding and scaling business model into new products such as environmentals
• Implementation of advanced IT systems and focus on scalability	• Increasing algorithmic trading and sophisticated data handling for analytics

Our financial performance over the years confirms the robustness and scalability of our platform by handling significant growth rates while at the same time improving profitability.

At the beginning of 2023, MFT Energy had a global presence with offices and workstations in Europe, Türkiye, the USA, Singapore, and Australia. With this starting point and in consideratation of our scalable business platform, we are confident that we are ready to bring MFT Energy to the next level of becoming a leading global energy trader – a truly global energy house.

MFT Energy's core strengths

- **Recognized international energy trader**
- **In-depth trading expertise**
- **Strong risk management setup**
- **Skilled and dedicated employees**
- **Highly scalable business platform**

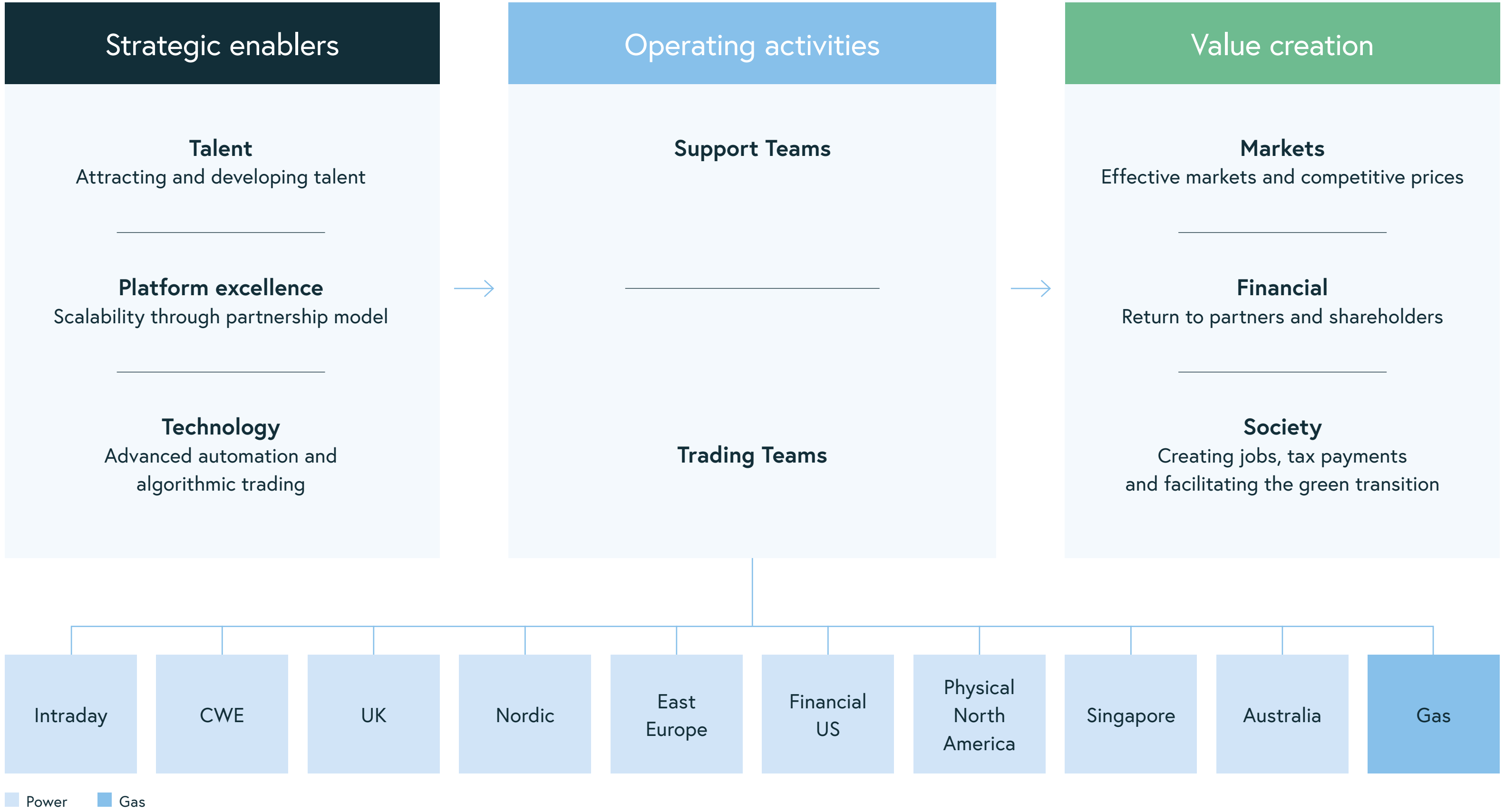
Platform excellence

MFT Energy has built a successful business platform based on a highly scalable, tech-driven and asset-light business model.

Since our establishment in 2016, we have continuously invested in platform excellence – the core of our business – and we will continue to optimize the platform and our processes. The platform includes risk management, finance, technology, legal assistance, and market access – in other words: all the support our Trading Teams need.

By using in-depth market knowledge, comprehensive data sets, automation, analytical capabilities, and capital, MFT Energy turns knowledge and data into trading strategies and business opportunities, and our strategic focus is to expand all operating activities within trading and support to be available 24/7.

We know that our systematic approach, constant focus on documentation and compliance have ensured a high level of governance. Our overall ability to manage the implicit risk of trading in the power and gas markets across borders has given us a proven track record and a unique ability to create value.



Strategic enablers

Talent
Attracting and developing talent

Platform excellence
Scalability through partnership model

Technology
Advanced automation and algorithmic trading

→

Operating activities

Support Teams

Trading Teams

→

Value creation

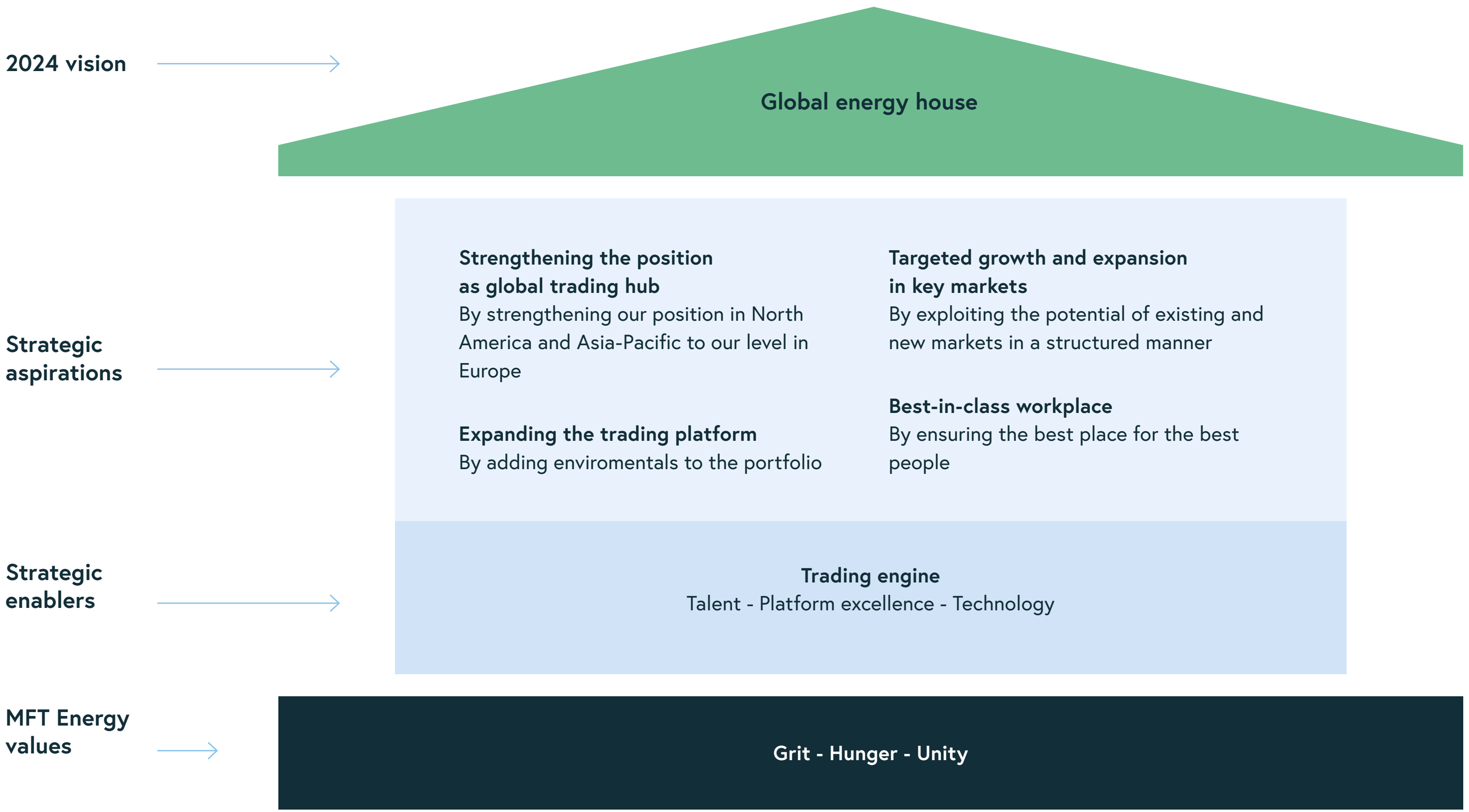
Markets
Effective markets and competitive prices

Financial
Return to partners and shareholders

Society
Creating jobs, tax payments and facilitating the green transition

> In our new strategy, we continue the line of investing in our people, technology, and platform excellence. Furthermore, we are excited to continue our growth outside of Europe and utilize our extensive knowledge of environmental products.

Bo Palmgren
Co-CEO



2024 vision

Global energy house

Strategic aspirations

Strengthening the position as global trading hub
By strengthening our position in North America and Asia-Pacific to our level in Europe

Expanding the trading platform
By adding enviromentals to the portfolio

Targeted growth and expansion in key markets
By exploiting the potential of existing and new markets in a structured manner

Best-in-class workplace
By ensuring the best place for the best people

Strategic enablers

Trading engine
Talent - Platform excellence - Technology

MFT Energy values

Grit - Hunger - Unity

New two-year strategy 2023-2024

MFT Energy is well prepared to capture the opportunities in the global energy markets. With a structured approach, we have the potential to bring MFT Energy to the next level and gain market shares and become a leading global energy trader within both power, gas and environmentals.

At the end of 2022, we launched our new growth strategy, 2023-2024, which focuses on utilizing our current global presence and our strong business platform to go deeper into the regions and markets where we are already established, and we will still have the option to add new geographies. We are also ready to expand our playing field and move from only power and gas trading to also trading in environmentals.

The transition from a primarily regional player to a truly global and independent energy trader will be anchored in:

- Strengthening the position as a global trading hub
- Targeted growth and expansion in key markets
- Expanding the trading platform
- Best-in-class workplace

Strengthening the position as a global trading hub

At the end of 2022, we were established in 36 markets in Europe, North America and Asia-Pacific, and in the coming years, we will exploit the potential in each of these markets. We have only been operational for a short time in several of these markets, and we know by experience that it takes years to reach the full potential.

To become a leading global energy trader, we will also be focusing on identifying new markets based on our strict selection criteria. We have extensive experience in carefully selecting the right markets at the right time. With our strong platform setup, we will gain market share in the rapidly growing energy markets.

Our overall goal is to almost double our share of traded volume of global power and gas consumption from 0.6% in 2022 to 1% in 2024. We have also set a goal of becoming more balanced in our international profile by increasing our share of traded volume outside of Europe from 2.3% to 10%. In 2024, we expect to have 8 international offices up from 4 at the end of 2022.

MFT Energy's global footprint 2022

0.6%	MFT Energy-traded volume of global power and gas consumption
2.3%	MFT Energy-traded volume outside of Europe
20%	Algorithmic share of power trading
4	Global offices

Trading areas

Power Gas

Strategic enablers

Talent
Focus on training, development and moving talent geographically

Platform excellence
Scaling the support platform to be available 24/7 to traders

Technology
Leverage tech platform to e.g. increase share of algorithmic trading

MFT Energy's 2024 vision

1.0%	MFT Energy-traded volume of global power and gas consumption
10%	MFT Energy-traded volume outside of Europe
40%	Algorithmic share of trading
8	Global offices

Trading areas

Power Gas Environmentals

Targeted growth and expansion in key markets

Growth initiatives to go deeper into the existing markets as well as new untapped geographies have been defined, and our strong track record from Europe can be used in North America and Asia-Pacific. We are also ready to expand our playing field and move from only power and gas trading to also trading in environmentals.

In **North America**, we will expand existing power trading activities to the rest of North America entering the Canadian market to create cross-border possibilities with the USA. We will also evaluate the possibility of entering the gas market in the USA.

In **Europe**, we will be taking a larger share of wallet by expanding our Trading Teams and volumes in existing markets, and we also plan to enter environmental trading. In addition, we will leverage our tech platform to increase the share of algorithmic trading from 20% to 40%.

In the **Asia-Pacific** region, we will capture untapped potential. As we entered Australia in 2022, we are now focusing on expanding our power trading to Japan, where MFT Energy can readily apply its knowledge base.

Expanding the trading platform with environmentals

MFT Energy will support the green transition by strategically adding renewable products like EU allowances (EUAs) and guarantees of origin (GoOs) to the trading portfolio. These products are starting to be organized on the markets we trade in, and we expect this area to become more liquid over time.

We have been active in the market for environmentals for some time, but going forward, we will include environmentals as a prioritized trading area. The timing is right and MFT Energy has the distribution in place at the same time as the price setting of power and gas is highly influenced by environmentals.

Best-in-class workplace

MFT Energy's potential can only be unleashed by the efforts of highly skilled employees around the world. They are the true engine in our trading activities and value-creation moving the company in the right, successful direction.

By the end of 2024, we expect the organization to have grown to 175+ employees working from 8 offices and different locations in the world. This means we will invest in narrowing any culture gaps across locations and make sure that the whole organization takes on the role of facilitating values.

We believe in togetherness, and this is also reflected in our unique partnership model creating a

Power demand is expected to triple towards 2050, with renewables to fill a greater role

... driving increased unpredictability in national energy markets...

... leading to more power needing to be transferred between countries

competitive advantage and a win-win approach for scaling MFT Energy even further.

A new world of energy

The global energy markets are undergoing structural changes these years. The demand for power is expected to increase significantly due to electrification and renewables are expected to become the dominant energy source to meet energy needs and climate goals.

As renewables take up a larger share, and energy consumption grows, supply and demand will more often be out of balance because of the weather-dependent assets such as wind and solar power. Thus, we will be experiencing increased volatility creating a growing need for power and gas trading to match demand and supply in an efficient way.

We expect that the robust decarbonization agenda, the global interconnectivity, and the increasing penetration of renewables will be driving the development. In short, a new world of energy is being shaped.

Source: McKinsey & Company, Global Energy Perspective 2022

Some of the market trends as we see them are:

- **Energy transition**
  Renewables are expected to represent 85% of global power generation in 2050
- **Demand for power**
  Driven by a significant increase in electrification, demand for power is expected to triple towards 2050
- **Gas consumption**
  Gas consumption for power generation is projected to increase by ~30% towards 2035
- **Increased unpredictability**
  A growing share of renewables will elevate volatility and supply/demand differences across markets
- **Market liberalization**
  New market places are opening as part of their transition into renewables

Ready for the future

Based on the expected strong market growth and our strength profile, we see good opportunities and are ready for the future - a future that we will also use to support the green agenda and be sustainable in everything we do with clear sustainability goals. The way forward will be to invest in talent, platform excellence, and technology making it possible to go deeper in existing markets as well as new untapped possibilities in North America and Asia-Pacific.

> We have a clear strategy to use our experience from Europe to grow in Asia-Pacific and North America. The offices are well underway in Singapore and Australia, so now it is time to further exploit the North American opportunities.

Simon Rathjen
CVO

Talent

Attracting and developing talent

MFT Energy has a clear HR aspiration – we want to be the best place for the best people. We have a unique culture with a common focus on creating great results together and we will use this to attract and develop talent and competencies.

53

employees onboarded in 2022

MFT Energy is a place where people come together to make the most of their talents and create amazing results in a challenging, empowering, and fun work environment.

We are always focused on hiring the best candidate for the job, regardless of geography, gender or nationality and the MFT Workspace Model allows us to do so as our employees can work remotely, providing us a global reach of talents. At the end of 2022, we counted 25 nationalities working out of 13 countries.

We are proud of having onboarded 53 new employees in 2022 as we expanded our organization to 130 employees by the end of 2022.

High employee satisfaction

MFT Energy has a high level of employee satisfaction as reflected in a low employee turnover rate of 8.1% in 2022. The feedback we get is good working environment, good opportunities for development and great diversified working environment not only in respect of nationalities but also age, skills and gender.

At MFT Energy, 22% of the employees have 8+ years of industry experience and a further 41% have between two and eight years of industry experience. It is important to MFT Energy that our Trading and Support Teams have comprehensive industry seniority.

Making culture a priority

At MFT Energy, culture is a strategic priority. We strive to facilitate an innovative, ambitious, and inclusive work environment that allows people to make the most of their talent.

Our culture is solidly rooted in an entrepreneurial mindset backed by a visionary idea that all employees should be able to own a part of the company. We call this the MFT Partnership Model.

> MFT Energy's HR aspiration is clear - we want to be the best place for the best people!
>
> **Anja Linneberg**
> Director, HR & Communication

In 2022, we welcomed 10 new partners as owners of the company, and by the end of 2022, our partner number reached 46 out of 130 employees.

With an ambition to be at the forefront of modern work-life, we offer our employees a professional career that respects family life, with the ability to work remotely and benefits that include paid maternity/paternity leave, health insurance, and pension schemes.

Our organizational structure is flat, and colleagues and leaders work together in an inclusive and respectful environment.

Learning and development

MFT Energy has a dedicated focus on developing our talented people. We continuously offer next level training for our specialists and leaders. Our company is built by specialists; 73% of our people have a Master's, or Ph.D. degree and we have a strategic focal point to further develop our specialists and leaders and actively contribute to their learning journey.

Our Graduate Program, a 2-year learning journey, has been a great success in relation to visibility at important educational institutions offering in-depth knowledge of the energy markets on an international scale.

Moving our talents around the world

MFT Energy is a truly international organization adding new offices and trading activities in Asia-Pacific and the USA. To support that, we launched a new concept called MFT Globetrotters for the purpose of moving our talents around the world. This will help us acquire global understanding, streamline operations, gain new perspectives and bolster MFT Energy's global presence.

Digitalized HR processes

We reached a new level of maturity in 2022 with the implementation of structured and digitalized HR processes, automated master data handling, and solid onboarding methods.

We have now secured a robust and scalable HR platform ready to mitigate risks and further support MFT Energy in becoming a leading global energy trader by 2024.

Our 2023-2024 strategy

In the coming years, we will have a constant focus on developing our offerings to attract and retain talents as we expect to grow the number of employees to more than 175 and at the same time double our global offices from 4 to 8 by 2024.

8.1%

Low turnover rate by the end of 2022

31 years

Average age in 2022

25

Nationalities in a truly global organization

130

Highly skilled employees by the end of 2022

Technology

Advanced automation and algorithmic trading

MFT Energy has a cutting-edge technology platform. We have automated most of the trading process and by employing algorithmic trading, we have increased our execution speed and strengthened our decision-making, which is pivotal for our performance globally. By 2024, we expect algorithmic trading will be representing 40% of total volume traded.

Technology is one of MFT Energy's strategy enablers and by leveraging the knowledge of advanced automation, algorithmic trading, and machine learning competencies, we will be able to exploit and unfold the growth possibilities much faster and in a controlled manner.

MFT Energy executes thousands of trades every day across markets, interacting with parties trading on energy exchanges.

Expanding our technology expertise
New markets, new Trading Teams and many new employees were added to the organization in 2022, and that also goes for the Technology Team with the employment of an additional 8 experts within data, software, and technology, bringing the core Technology Team to a total of 13 employees by the end of 2022.

MFT Energy has an innovation-led IT organization with a clear focus on R&D and service excellence. With the introduction of a Center of Excellence in 2022, our ambition is to provide the necessary training and development to our tech profiles in the Trading and Support Teams allowing them to stay up to date with the latest policies and technologies.

As such, our data scientists and quant analysts in the various Trading Teams are continuously being educated and trained by the core Technology Team to enable them to utilize the technology platform creating solutions for their specific energy domain. All together, more than 25 tech profiles are employed in the Trading Teams.

+25

tech profiles in our Trading Teams in 2022

> The strength and success of MFT Energy's trading platform is anchored in our ongoing software development in close and effective collaboration with our centralized teams and quant analysts.

Jacob Vald Guldberg
CIO

40%

algorithmic trading in 2024

Data are a core asset

In 2022, we expanded our organization by a Data Value Team to be on the forefront of leveraging data to the best possible extent. We want to ensure that our leverage of data in combination with algorithmic trading, trading tools and analysis software are as efficient and provide as real-time feeds as possible.

Algorithmic trading has increased the execution speed of our Trading Teams and has allowed more complex trading strategies to thrive in the markets. The combination of core trading know-how, extensive data and technical competencies is a highly prioritized focus area for MFT Energy.

In 2022, algorithmic trading executed 49% and 20% of the deals in power and gas, respectively. According to our new strategy, we have set a goal for algorithmic trading of 40% of the total trading volume by 2024.

Data-driven trading

Every day, 30 million datapoints related to consumption, production, weather and markets are gathered and structured to ensure high-data quality and easy access.

Data are being analyzed by the Trading Teams where almost 40% of employees are analysts, who are responsible for the develoment of analytical models and tools. Data provided by MFT Energy's data models are used to feed machine learning models, and to feed algorithms and other models. Also our Risk and Treasury Teams are analysing the data on a daily basis to ensure risk and capital are within approved mandates and policies.

The data models provide more than 1,300 trade signals daily, which form the basis of the trader's execution of the trades. In MFT Energy, trades are executed either automatically via algorithms or manually.

IT security

IT security is a top priority for MFT Energy, and we have taken extensive measures to ensure that our platform and data are secure and protected. Reactive and proactive surveillance tools are in place, and our technical platform is regularly audited by independent security firms to ensure we keep strengthening our security roadmap.

Our 2023-2024 strategy

On all execution levels of our new strategy, data and technology will be needed. Data are a central part of the value chain, and MFT Energy's Trading Teams constantly push the technical boundaries for their trading models and usage.

Data gathering and processing

Data analysis

Trade execution

Business

Business development

Creating value trading power and gas

A strong focus on business development has shaped our success and growth both in terms of market access and to ensure the full potential is utilized in the markets, where we are actively trading.

The trading activities of MFT Energy are organized in 10 Trading Teams covering power and gas. Each team manages its own geographical area within Intraday, Day Ahead and Forward trading.

By the end of 2022, we were trading on 36 markets and on 21 exchanges. Altogether, 76 employees were employed in the Trading Teams. The partnership model has ensured a high level of commitment and a strong joint focus on risk management.

It has required great focus and a structured business development process to grow the business as rapidly as we have for the past six years.

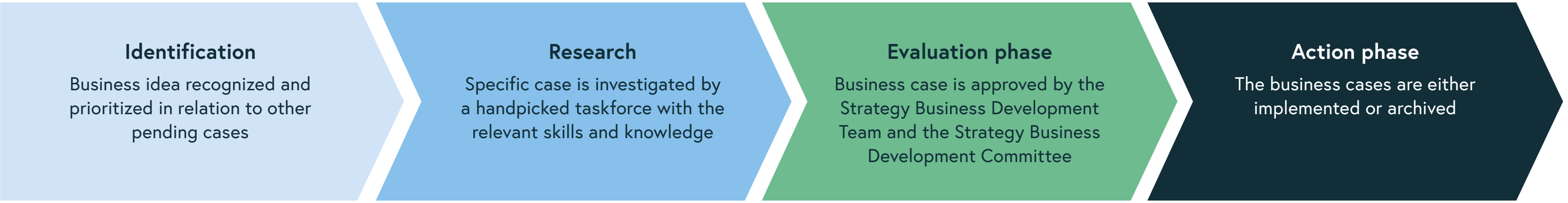
Structured innovation

Strong collaboration between the Business Development Team and the Trading Teams has strengthened our ability to create value trading power and gas. Our experienced Business Development Team facilitates a structured approach to business innovation to ensure value creation, both on a strategic and operational level.

MFT Energy is continously evaluating the market development in all current and prospect markets to ensure we adapt to potential changes in market conditions. By doing this, we ensure seamless development of current markets and onboarding of new markets and new business areas.

Our 2023-2024 strategy

In line with our 2023-2024 strategy, we plan to complete our market access process in North America and go deeper into all the markets in which we operate gaining knowledge and identifying more opportunities that our traders can act on.



Identification

Business idea recognized and prioritized in relation to other pending cases

Research

Specific case is investigated by a handpicked taskforce with the relevant skills and knowledge

Evaluation phase

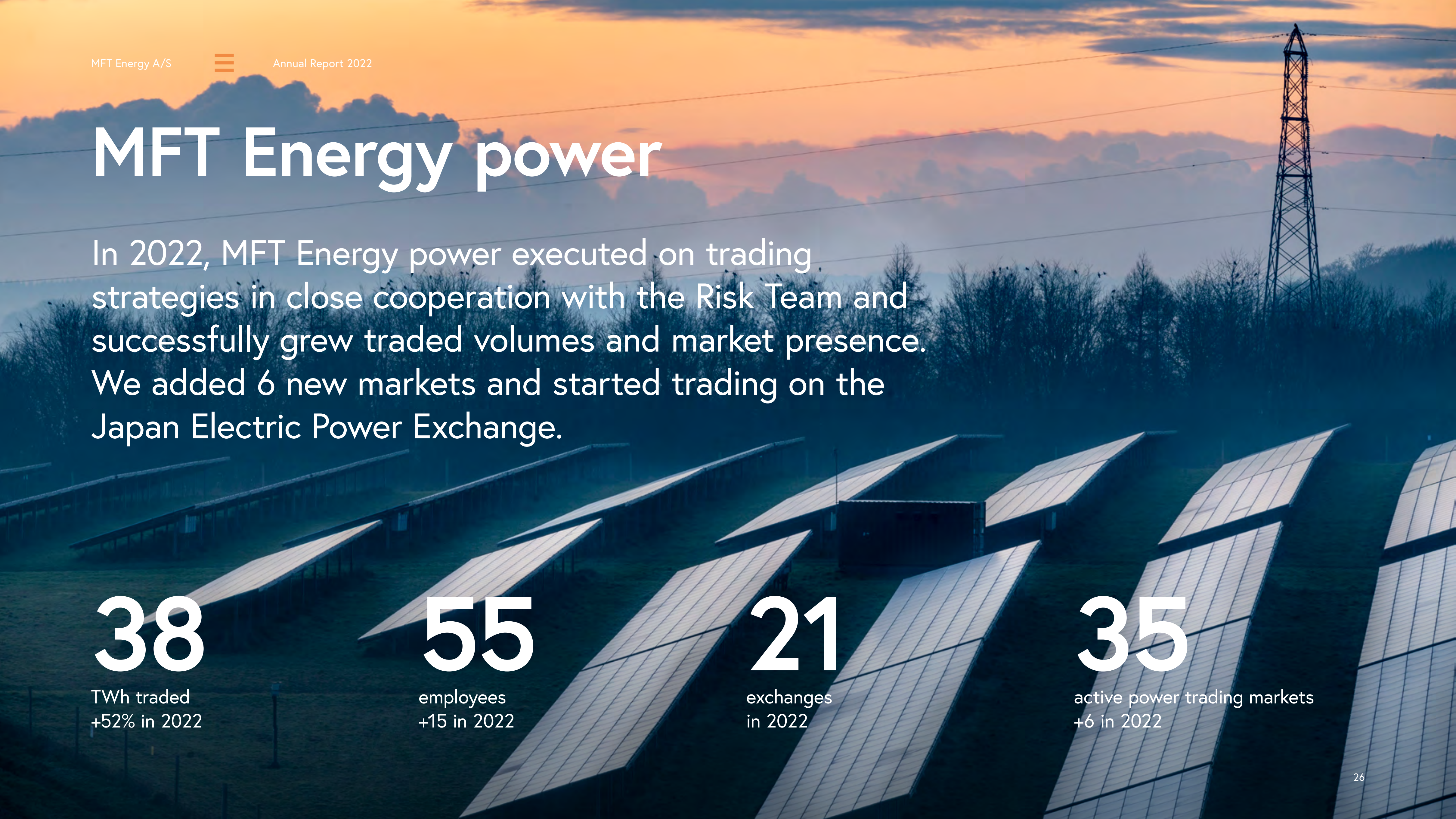
Business case is approved by the Strategy Business Development Team and the Strategy Business Development Committee

Action phase

The business cases are either implemented or archived

> Our structured approach and experience from past market openings ensure a robust process for new markets.

Angela Protić
Director, Business Development



MFT Energy power

In 2022, MFT Energy power executed on trading strategies in close cooperation with the Risk Team and successfully grew traded volumes and market presence. We added 6 new markets and started trading on the Japan Electric Power Exchange.

38
TWh traded
+52% in 2022

55
employees
+15 in 2022

21
exchanges
in 2022

35
active power trading markets
+6 in 2022

MFT Energy power

Controlled acceleration

Power markets across Europe had severe supply challenges in 2022, and MFT Energy's Power Teams participated actively in balancing the supply and demand situation. In 2022, volumes traded by MFT Energy power increased by 52% to 38 TWh.

Trading for energy security

Increasing prices and high volatility were experienced throughout 2022, and distribution of power across borders was necessary to prevent power shortage in Europe.

MFT Energy power is specialized in handling these imbalances between supply and demand and moved power between the markets to ensure power at the right place at the right time. By doing so, MFT Energy participates actively in providing energy security and affordability across the markets in which we trade.

Focusing on short-term power products

MFT Energy power's trading activities are primarily in short-term Intraday and Day Ahead products. As transactions within the short end of the market are settled on the same or the following day, these products are more predictable and considered lower risk than the longer-term products traded in the Forward markets.

In 2022, all Trading Teams were highly successful in executing their respective trading strategies in close cooperation with the Risk Team to ensure that both liquidity risk and market risk remained within the approved risk level at any time.

Growing volumes and market presence

MFT Energy power consists of nine highly skilled Trading Teams in Europe, the USA, and Asia-Pacific. All Trading Teams are focusing on deepening our presence in existing markets to gain higher volumes on a global level.

Our Power Teams already hold strong positions in Germany, the UK, France, Benelux, and Türkiye. In addition, we expanded our market presence by gaining access to financial power markets in the USA. In Asia-Pacific, we began physical trading in Australia and started trading on the Japan Electric Power Exchange in Tokyo (TOCOM).

Capturing growth potential

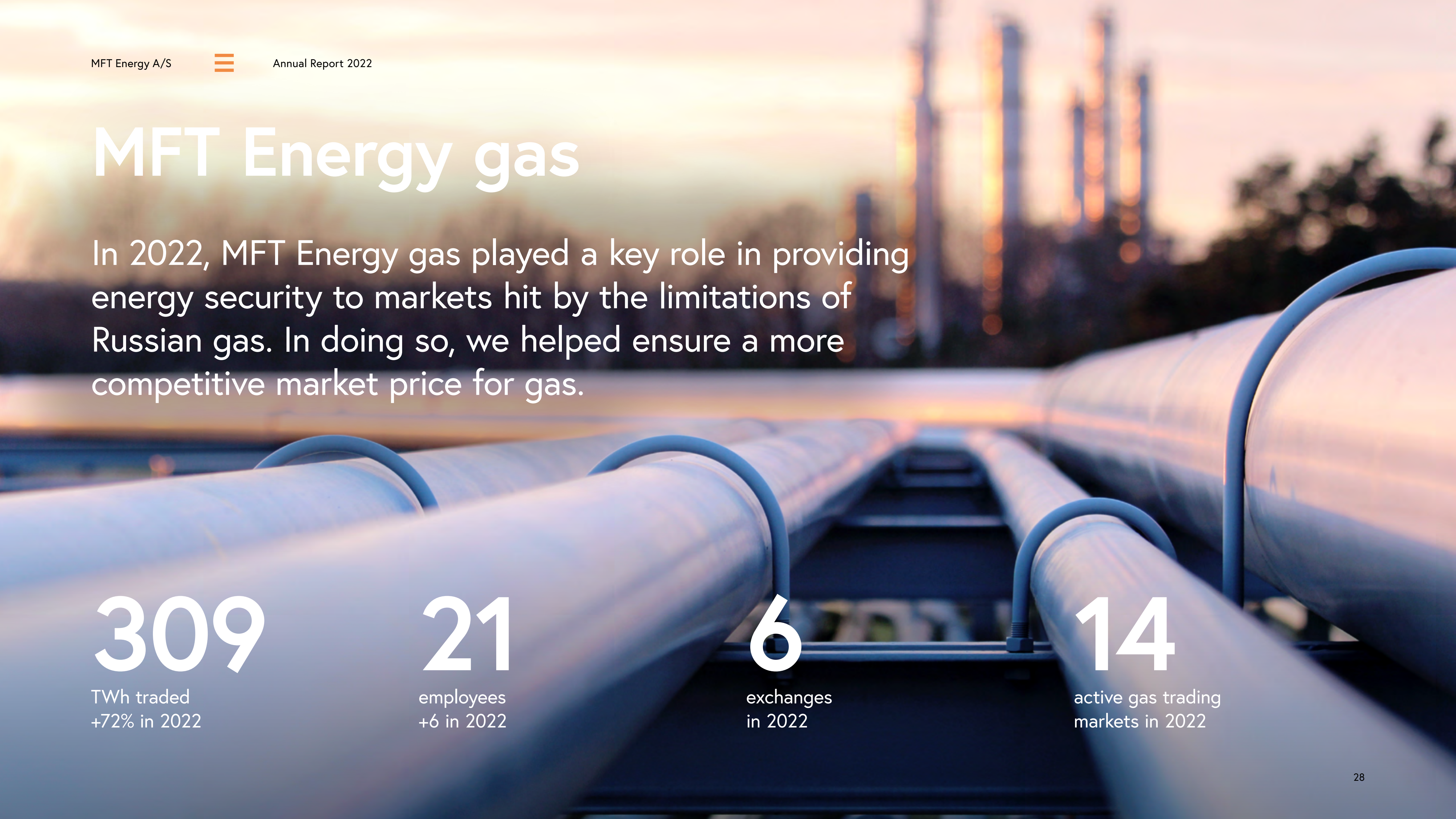
Key priorities of our new strategy are:

1. Expand our position in the current markets
2. Increase our trading volumes in non-European markets
3. Higher degree of automation and algorithmic trading

By unfolding the potential in current markets and focusing on a controlled acceleration of our business, we will achieve our ambition of becoming a leading global energy trader.

> We see great potential in going deeper into our current markets with particular focus on expanding our presence in North America and Asia-Pacific

Cagdas Ozan Ates
CCO



MFT Energy gas

In 2022, MFT Energy gas played a key role in providing energy security to markets hit by the limitations of Russian gas. In doing so, we helped ensure a more competitive market price for gas.

309
TWh traded
+72% in 2022

21
employees
+6 in 2022

6
exchanges
in 2022

14
active gas trading
markets in 2022

MFT Energy gas

Exceptional market volatility

In 2022, the global gas markets experienced unprecedented volatility caused by limitations in Russian gas volumes, which led to a change in the traditional flow of gas throughout Europe. The gas volume traded by MFT Energy increased by 72% to 309 TWh as we contributed to energy security and affordability by efficiently moving gas to where it was needed the most.

Playing a decisive role

As a significant European energy trader, MFT Energy gas played a vital role in moving gas volumes to where they were most needed, for example Germany, which led to a volume increase three times greater than our 2021 volumes. By participating in the market with other market participants, we helped ensure a more competitive market price for gas, which benefited consumers.

309 TWh
traded in 2022

MFT Energy traded volumes equal more than 50% of Germany's total gas consumption in 2022

Source: Commodity Essential, 2022

Focus on risk management and liquidity

With the increase in volatility came intensified market risk and liquidity demands. As volatility spiked during 2022, our Gas Team and Risk Team worked closely together to respond rapidly, uncover opportunities, shift focus, and allocate funds efficiently.

Following this, we initiated a three-tier approach directed on:

1. More short-term focus
2. Selective trading strategies
3. Clear assessment of liquidity tie-up

Such agility and close alignment between the gas traders and Risk Team have been key to our successful and strong operating performance.

Optimizing trading with algorithms

The increased volatility in 2022 accelerated our use of algorithms, data models, and tools to optimize trading decisions. Traders working closely with the Automation and Algorithmic Team were pivotal for the timing and execution of critical trades. This also freed up our traders to work on strategies and further tools to support decision-making.

Preparing for the future

MFT Energy gas has a 24/7 market presence with night shift out of Singapore to improve the work-life balance for our Danish-based traders.

To support the accelerating use of automation and algorithms, an additional 6 employees were added to the team in 2022, and we will continue to scale up the use of trading algorithms to further improve our operating efficiency and performance. In our new strategy, gas trading in the USA is one of our operational goals.

> In 2022, we helped ensure a more competitive market price for gas and we will continue to do so in the future.
>
> **David Carter**
> Director, Gas Trading

Performance

Financial review 2022

In 2022, we delivered gross profit of EUR 641.9m (+667%) and EBIT increased to EUR 576.2m (+781%), leading to a scalability of 89.8%. Very solid results in an extraordinary year.

Scalable business platform

Rising energy prices and high volatility characterized the energy markets in 2022, and our highly skilled Trading Teams responded swiftly to the market movements increasing the traded volume by 70% from 205 TWh in 2021 to 347 TWh in 2022.

Our scalable business platform combined with our solid risk management setup secured a gross profit of EUR 641.9m compared to EUR 83.7m in 2021, and EBIT increased to EUR 576.2m compared to EUR 65.4m in 2021.

Revenue

MFT Energy posted 2022 revenue of EUR 7,875.7m, a significant increase of 488% from EUR 1,338.8m in 2021. The improvement was mainly driven by highly volatile prices during 2022, combined with increasing traded volumes in both existing and new markets - in particular, the Gas Team experienced significant growth in volumes in 2022.

INCOME STATEMENT (EUR '000)	2022	2021	Δ
Revenue	7,875,685	1,338,762	488%
Gross profit	**641,864**	**83,702**	**667%**
Gross margin	*8.1%*	*6.3%*	
Operating profit before financial income and expenses and tax (EBIT)	**576,194**	**65,390**	**781%**
Scalability (EBIT as a percentage of gross profit)	*89.8%*	*78.1%*	
Profit before tax (EBT)	**573,129**	**63,817**	**798%**
Profit for the year	**446,738**	**49,907**	**795%**

MFT Energy gas gained a strong market position already in 2021, but during 2022, revenue grew to an impressive EUR 6,323.0m from EUR 690.4m in 2021, corresponding to 80% of Group revenue in 2022. MFT Energy power also showed strong growth in 2022 with posted revenue of EUR 1,552.7m, up from EUR 648.4m in 2021.

Gross profit

Gross profit increased to EUR 641.9m in 2022 from EUR 83.7m in 2021, corresponding to an increase of 667%. More than 95% of gross profit in 2022 was generated in Europe, and less than 1% of our trading activities was linked to the Danish energy market.

More than 87% of the trading days led to a positive gross profit in 2022 expressing the close collaboration between our Trading and Risk Teams. On a daily basis, liquidity and equity requirements are controlled and within approved trading mandates.

The increase in gross profit was mainly driven by the development in the gas activities reflecting the

> In 2022, our business platform showed its strength, and our strong focus on cash management ensured that MFT Energy was able to navigate safely and deliver very solid results in an extraordinary year.
>
> **Christian Pape**
> CFO

increased risk taking to secure gas delivery on the European markets.

Operating profit

Operating profit (EBIT) improved to EUR 576.2m in 2022 compared to EUR 65.4m in 2021, corresponding to a 781% increase. Outlook for 2022 was an EBIT of EUR 135m. The improvement was driven by the higher gross profit level without increasing costs to the same extent. As a result, scalability increased to 89.8% in 2022, up from 78.1% in 2021.

Staff costs increased to EUR 58.4m in 2022, up from EUR 13.6m in 2021. The development was due to an increase in headcount of 49% to 130 employees at the end of 2022 as well as an increase in bonus payments due to the higher earnings. The organization was in 2022 strengthened in the areas among others of trading, compliance, automation, and analytical skills.

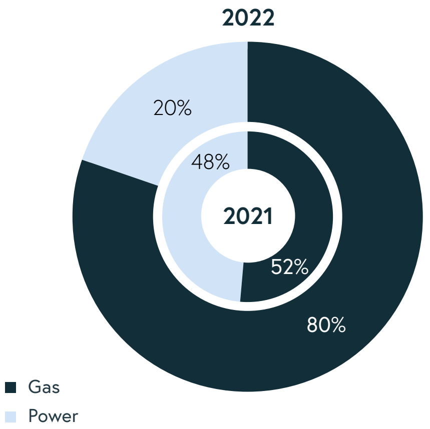
Other external expenses grew to EUR 7.1m in 2022 from EUR 4.6m in 2021. The increase was linked to the greater trading activity and continued improvements and automation of MFT Energy's platform.

Net financial expenses totaled EUR 3.2m in 2022, up from EUR 1.6m in 2021. The net financial expenses are mainly related to interest on loans and costs of credit facilities used for trading purposes.

Profit before tax

MFT Energy achieved pre-tax profit (EBT) of EUR 573.1m in 2022 compared to EUR 63.8m in 2021, an increase of 798%. Tax for the year amounted to EUR 126.4m corresponding to an effective tax rate of 22.1%. More than 98% of the current income tax is payable in Denmark since most of the trading activities currently take place at our headquarters in Denmark. The total company tax contribution in Denmark for 2022 amounts to EUR 124.5m.

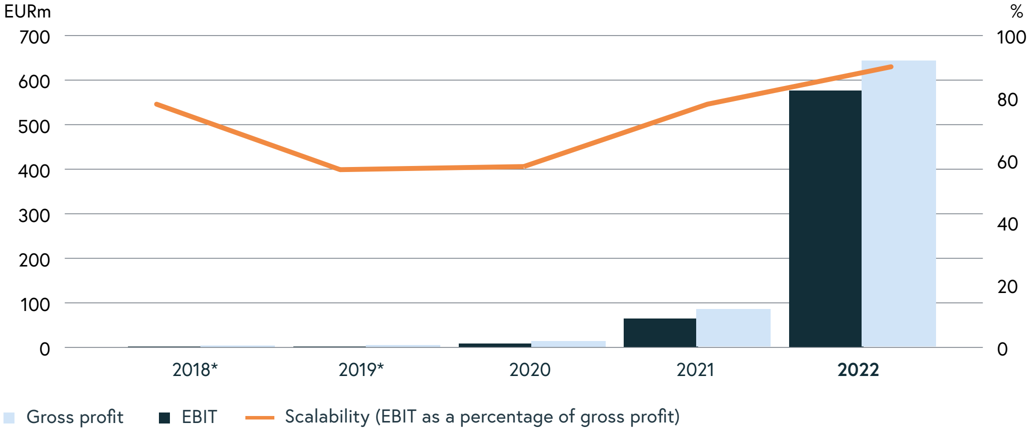
Revenue split, 2021 - 2022



Profit for the year

Net profit for the year totaled EUR 446.8m compared to EUR 49.9m in 2021, representing an increase of 795% year on year.

Gross profit, EBIT, and Scalability, 2018-2022



Cash flow statement

Cash flow from operating activities rose to EUR 476.9m in 2022 from EUR 22.5m in 2021. The increase in EBITDA had a positive effect on the cash flow, which was partially offset by the increase in net working capital. Net working capital increased due to significant additional collateral requirements for the trading activities as a consequence of higher price levels and increased trading activities.

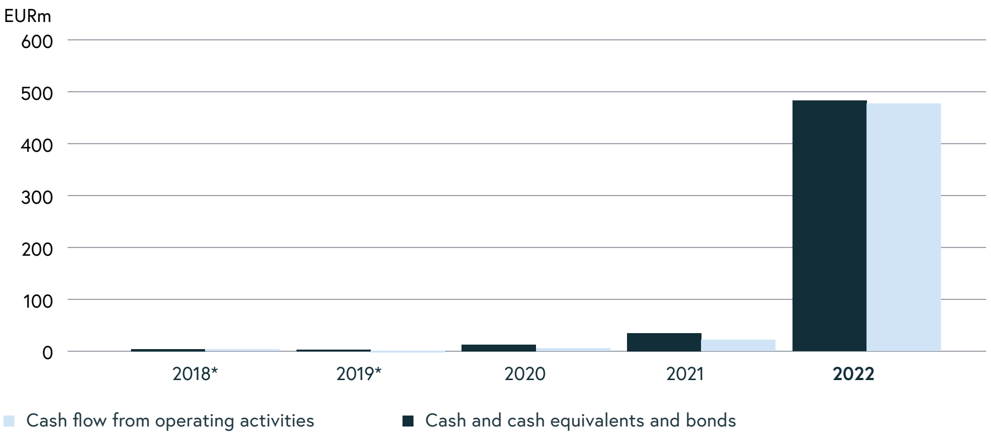
Cash flow from investing activities was an outflow of EUR 349.1m in 2022 compared to an outflow of EUR 1.0m in 2021. The investing activities is increasing solely due to the investments in German state bonds in order to mitigate the risk on the cash placed at banks.

Cash flow from financing activities was an outflow of EUR 28.0m in 2022 compared to an inflow of 0.4m in 2021. In 2022, dividend payment of EUR 25.3m and repayment of loans of EUR 2.7m were the main reasons for the outflow of cash.

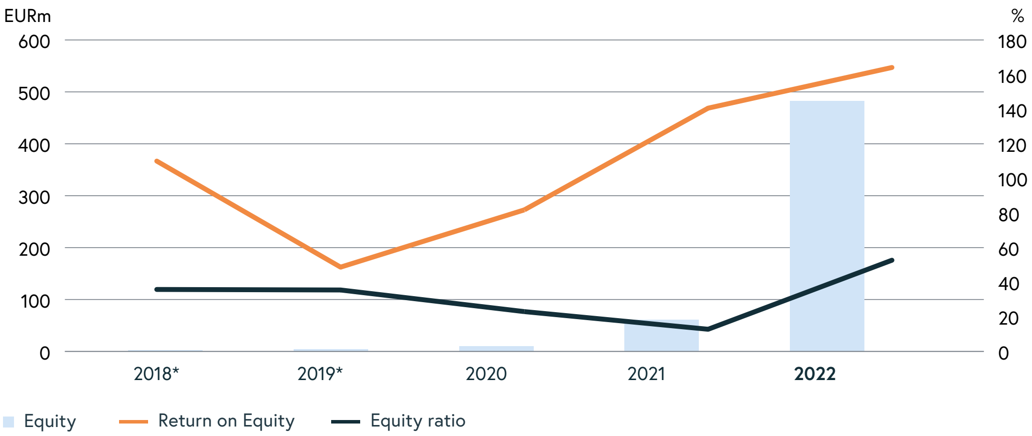
The total change in cash equivalents was an inflow of EUR 99.9m in 2022, which was an improvement from EUR 21.9m in 2021. If the bonds are taking into consideration the total cash inflow in 2022 amounts to EUR 448.7m.

* The implementation of IFRS as from January 1, 2020 had an impact on the financial statements and key ratios for 2020 and onwards. Comparative figures for 2018 and 2019 have not been restated and were prepared in accordance with Danish GAAP.

Cash flow, and Cash & Cash equivalents, 2018 - 2022



Equity, Return on equity and Equity ratio, 2018-2022



Capital structure

At the end of 2022, total assets amounted to EUR 917.4m as compared to EUR 481.1m in 2021. The EUR 436.1m increase in total assets was mainly linked to current asset investments (bonds), and cash and cash equivalents, which in total increased by EUR 449m to EUR 483.2m in 2022. The improved cash position will allow MFT Energy to utilize more of the opportunities in the markets in the future.

Other receivables increased to EUR 197.4m in 2022 from EUR 79.5m in 2021 mainly due to an increase in collateral required for trading activities. The higher price level and uncertainty in the energy markets led to significantly increased collateral requirements during 2022, and thereby additional capital requirements for the market participants, such as MFT Energy.

As per December 31, 2022, MFT Energy had equity of EUR 483.1m, up by 686% from EUR 61.4m at December 31, 2021. The increase was linked to profit for the year. Return on equity remained at a very high level and increased from 141% in 2021 to 164% in 2022.

The equity ratio increased from 13% to 53% due to the above-mentioned profit for the year. The equity ratio excluding non-controlling interests increased from 9% by the end of 2021 to 31% as per December 31, 2022.

Outlook for 2023

Market conditions in the energy markets are expected to normalize in 2023.

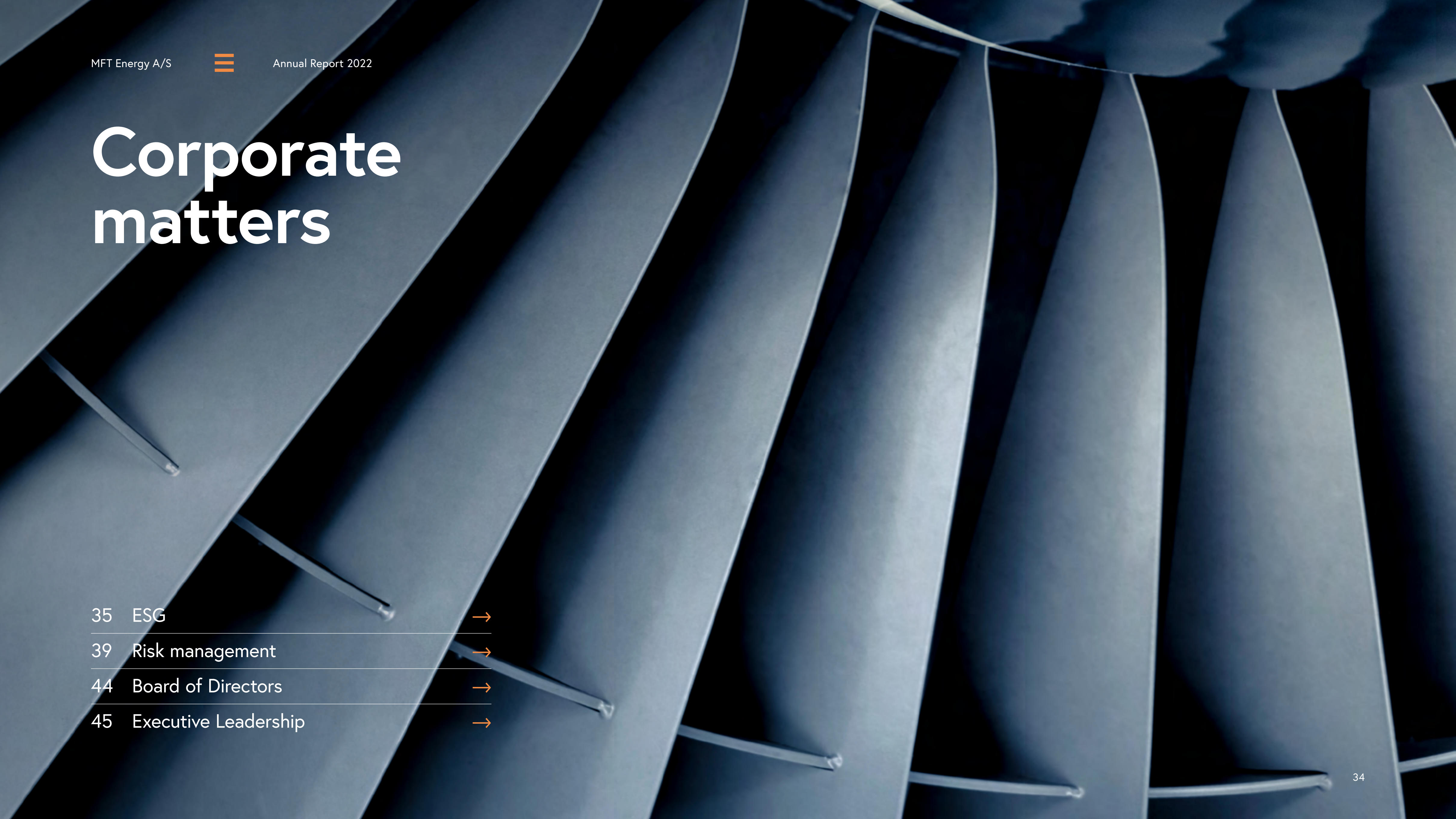
The key strategic priority is to improve our market position by growing our traded volumes in the current main markets and obtaining a strong foothold in new markets.

We expect an EBIT between EUR 150m and EUR 300m in 2023. The market volatility has as expected decreased during the first half of 2023.

The 2023 expectation may be affected by changes in volatility, the general situation in the energy markets and inherent risks and uncertainties that could generate different results for MFT Energy from what has been expressed or implied above.

Subsequent events

No events have occurred since the balance sheet date which could materially affect MFT Energy's financial position.



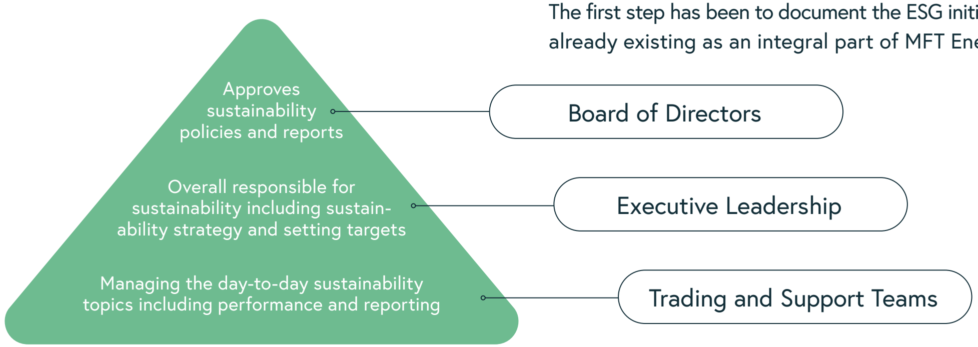
Corporate matters

ESG

Strengthening our approach to sustainability

MFT Energy has embarked on an ESG journey to strengthen our sustainability approach. In 2022, we carried out a materiality assessment, and we clarified our commitment to the UN Sustainable Development Goals. In 2023, an ESG strategy will be presented with associated targets.

At MFT Energy, we have since our establishment worked responsibly and with the greatest respect for our employees, business partners, the surrounding community and not least the climate. To emphasize this focus, we have formalized our ESG approach in line with the recommendations in the Greenhouse Gas Protocol, and we will present non-financial key figures as a supplement to our financial reporting over the coming years.



The first step has been to document the ESG initiatives already existing as an integral part of MFT Energy's business activities to establish a baseline and develop a long-term ESG strategy with relevant targets.

Operating in the energy markets
Our purpose to trade energy and make markets efficient and thereby facilitate the green transition explains our overall focus on supporting energy security, affordability and not least the adaptation to the increased volatility because of climate change.

The changes in the energy markets put sustainability at the core of our everyday trading activities and align with important drivers of growth for our new strategy for 2023-2024.

ESG governance
The responsibility for ESG is anchored at MFT Energy's Board of Directors and Executive Leadership.

Executive Leadership is responsible for implementing relevant policies and ensuring that corporate practices and ways of working are aligned with the policies and recommendations for good corporate governance.

> We perceive ESG as an important agenda and we are committed to playing our role and taking responsibility for supporting a sustainable development of society

Tore Høffner Andersen
Director, Legal

Conducting a materiality assessment

In 2022, we conducted our first materiality assessment and to ensure an ESG approach aligned with future requirements, we applied the principle of double materiality* which comprises

1. Impact materiality – the company's impact on people or the environment
2. Financial materiality – sustainability matters that trigger effects on the company's cash flows, development, performance, position, cost of capital or access to finance.

The materiality assessment has been validated by the Executive Leadership and Board of Directors, and has resulted in identification of the below-mentioned sustainability matters which we should prioritize and invest in.

Based on the materiality assessment, we will set targets and metrics for each of the topics in 2023.

MFT Energy has also assessed the EU Taxonomy; however, the trading of electricity or gas has not yet been included in the EU Taxonomy as a separate economic activity. MFT Energy fully supports the objectives of the EU Taxonomy, and we will continue to monitor its development and assess whether it is extended to include energy trading activities.

Mapping to UN SDGs

At MFT Energy, we are committed to respecting human rights in everything we do and always strive to live up to the UN's 30 articles regarding Universal Declaration of Human Rights.

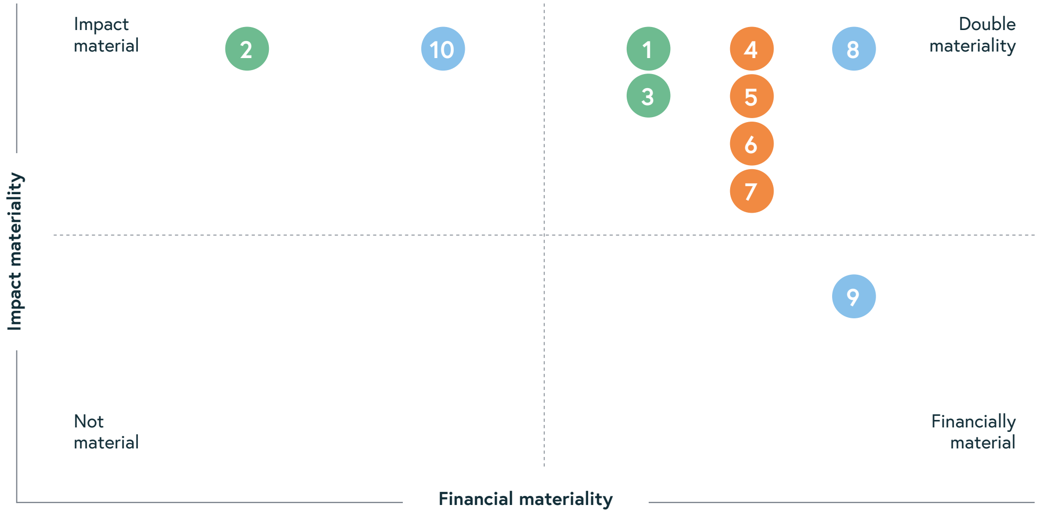
The double materiality assessment enabled MFT Energy to map all material sustainability matters to the United Nations Sustainable Development Goals (UN SDG) and based on this, the Executive Leadership and Board of Directors identified the three most relevant and important goals of MFT Energy.

The three SDGs will be the main focus of our sustainability work and reporting going forward.

SDG 13	Climate action
SDG 7	Affordable and clean energy
SDG 5	Gender equality

	UN SUSTAINABLE DEVELOPMENT GOALS	SUSTAINABILITY MATTERS
E	**Climate action**	1 Climate change mitigation 2 Own emissions mitigation 3 Climate change adaptation
S	**Gender equality**	Own workforce: 4 Working conditions 5 Talent development 6 Equal treatment for all
	Affordable and clean energy	Consumers and end-users: 7 Secure and affordable energy supply
G		8 Business conduct 9 Cyber security 10 Responsible tax

DOUBLE MATERIALITY MATRIX



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* in accordance with the EU's draft ESRS published in November 2022

E = Environment

Take urgent action to combat climate change and its impacts

As an energy trader participating in markets in Europe, the USA and Asia-Pacific, MFT Energy helps to support the growth of renewable energy and mitigate climate change by:

- Participating in making markets more efficient as we help to promote the cheapest generation sources, such as wind and solar. This prioritization of wind and solar in turn leads to increased investment in renewable energy.
- Trading energy across borders as we help to efficiently allocate energy to where it is needed and support security of supply, thereby reducing the overall investment required to decarbonize the power sector.
- Reading renewable energy certificates (RECs) and Guarantees of Origin (GoOs).

MFT Energy's participation in efficient energy markets contributes toward climate change resilience and adaptive capacity by helping to ensure security of supply and efficient prices during extreme weather events.

According to ACER (the EU Agency for the Cooperation of Energy Regulators) the cross-border trade of power benefited with EUR 34b in 2021, by flowing power and especially renewables from areas with low prices to areas with high prices.

S = Social

Achieve gender equality and empower all women and girls

MFT Energy has an ambition of creating the best place to work for the best people - a diverse and inclusive workplace where everyone can succeed. Energy trading has traditionally been a male-dominated industry, but we are focused on improving the gender balance and preventing all kind of discrimination.
In 2022, 14% of all MFT Energy's employees were female (2021: 14%), and 12% of leaders were female (2021: 7%). Our Executive Leadership Team consists solely of male leaders. MFT Energy's Board of Directors consists of one female and four male directors, all of Danish nationality.

Our target of having minimum 1 female member of the board before 2024 was realized in 2022. The new target is to have at least 40% females in the board by 2025.

In 2023, we will implement relevant policies and measures for other areas as well.

Ensure access to affordable, reliable, sustainable and modern energy for all

To ensure sustainable energy, renewable energy sources must be promoted, and renewable energy should be produced, when possible, even if local supply will exceed local demand.

MFT Energy plays a role in facilitating the demand and supply situation by efficiently transporting energy to places where it is most needed.

By participating in the market with other traders, we also help to ensure a more efficient market and pricing of gas and power.

G = Governance

MFT Energy is committed to conducting all business in an honest and ethical manner, wherever it operates

- *The Anti-Bribery and Corruption policy* of MFT Energy adopts a zero-tolerance approach to breaches in any form and due to the nature of our business with trading on exchanges, we assess the risk of bribery and corruption to be very limited, but we will keep monitoring compliance with our policies and legislation.
- *The Market Abuse Policy* regulates MFT Energy's compliance with the ban on market manipulation and insider dealing in accordance with the Regulation on Wholesale Energy Market Integrity and Transparency (REMIT) and the Market Abuse Regulation (MAR). All employees who have a direct or indirect impact on our primary business activities are obliged to attend compliance courses.
- The risk of MFT Energy violating human rights is considered at a minimum. We have no explicit policy for this area as we believe human rights are covered by the regulators of our industry and by local legislation. But we will keep monitoring this area and consider the necessity of a explicit policy.
- *A Whistleblower System* has been implemented in MFT Energy since 2021 and is open for anonymous reporting of misconduct for all areas including human rights, corruption and market abuse. No reports were submitted through MFT Energy's whistleblower system in 2022.
- At MFT Energy, we are committed to being a *Responsible Taxpayer* and paying taxes as required by law. For 2022, MFT Energy Group will pay EUR 126m tax on profit for the year, corresponding to an effective tax rate of 22.1%.
- *The Cyber Security Policy* sets the standards by which we safeguard data and our critical infrastructure.

Statement on data ethics

- MFT Energy complies with Danish legislation on GDPR regarding employee and personal data. All data is considered business critical and will as such never be shared with or in any way made available to third parties. The management of MFT Energy sees no immediate need for adopting a policy on data ethics. Management will continue to monitor the topic closely for the purpose of potentially adopting such a policy in the future.

ESG reporting

For 2022, we have prepared an ESG baseline for future ESG statements. In the annual report for 2023, we will inform about actions taken by MFT Energy to support a sustainable future where possible.

Own emissions mitigation

In 2022, MFT Energy emitted 5,511 tonnes of CO_2e across Scopes 1, 2 and 3.

In the 2022 annual report, we accounted in full for MFT Energy's Scope 1, 2 and 3 emissions in line with the latest Corporate Standard provided by the Greenhouse Gas Protocol. This is the first step towards setting corporate emissions reduction targets in 2023.

Scope 1: Emissions from own operations

MFT Energy does not own or operate assets producing direct CO_2e emissions, such as on-site combustion, boilers, furnaces, company cars or cooling systems. Therefore, MFT Energy is deemed to have no Scope 1 emissions.

Scope 2: Emissions from electricity & heating

Emissions from the purchase of electricity and heating represent 22 tonnes of CO_2e, or 0.4% of all MFT Energy's emissions.

Scope 3: Value chain emissions

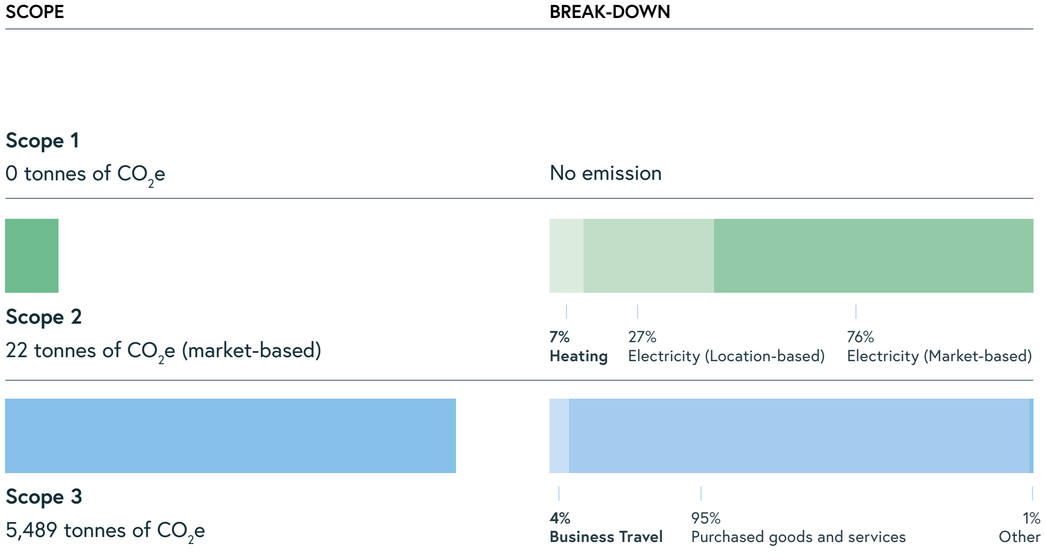
Emissions from MFT Energy's value chain represent 5,489 tonnes of CO_2e, or 99.6% of all emissions. Of this, 95% comes from purchased goods and services and 4% comes from business travel.

Emissions from physical delivery of energy commodities are optional information according to the Corporate Standard GHG Protocol, and this information is not included in MFT Energy's ESG reporting for 2022.

ESG STATEMENT

	2022	
Environment		
CO_2 total	5,511	tonnes of CO_2
- scope 1 (direct emissions)*	0	tonnes of CO_2
- scope 2 (indirect emissions)**	22	tonnes of CO_2
- scope 3 (indirect emissions)***	5,489	tonnes of CO_2
Social		
Employee turnover	8.4%	Employees leaving in % of average FTE
Employee satisfaction	Not reported in 2022	
Total full-time employees - average for the year	94	Average employees based on full-time equivalent
Gender diversity, staff	15%	Female employees in % of total employees
Governance		
Gender diversity, Board of Directors	20%	Female board member in % of total board members
Gender diversity, female leaders	8%	Female leaders in % of total leaders
Attendance at Board of Directors meetings	100%	Members attendence in % of all meetings
Data security breaches	0	Number of registered security breaches

SCOPE 1, 2 AND 3 BREAK DOWN



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* No emissions associated with Scope 1 have been identified. Only areas where the company has the authority to introduce and implement operating policies are captured under Scope 1.

** MFT reports Scope 2 emissions by using both the market-based and location-based approaches.

*** Accounting for MFT's Scope 3 emissions follows the prescriptions of the GHG Protocol.

Risk management

Proactive risk management

Risk management takes place at all levels of the organization knowing that proactive risk management is an integral part of MFT Energy's business model and value creation. In 2022, we experienced yet another year of highly volatile energy markets and throughout the year, MFT Energy invested in both systems and experienced employees.

RISK MANAGEMENT AND COMPLIANCE

Risk identification
Analytical tools are used to identify risks that could potentially prevent MFT Energy from achieving its strategic targets.

Risk assessment
Risks are assessed according to MFT Energy's risk assessment guidelines.

Risk mitigation
Risks are either accepted, avoided, or mitigated.

Risk monitoring
Monitoring of accepted positions.

Risk documentation
Risk communication
Risk reporting

Risk management plays an essential role in guiding and controlling all activities of our Trading Teams. Only carefully evaluated and analyzed risks that are aligned with our overall business strategy and have been approved within established risk mandates are accepted.

All trading activities are closely monitored through a systematic approach to ensure that they are aligned with our risk appetite and the mandates allocated to the Trading Teams.

Focus on liquidity risk

In 2022, the geopolitical situation led to spikes in energy prices and a significant increase in collateral requirements. Thus, MFT Energy has invested in additional systems to manage and monitor liquidity on a daily basis, both on mandate level where liquidity limits are in place on all mandates, as well as on Group level.

Overall, MFT Energy's risk exposure increased during the year; however, strong cooperation between the Risk Team and the Trading Teams allowed us to mitigate potential risks.

> We are constantly developing and strengthening our risk setup, and in 2022, all the established lines of defense showed their strength and value in a market with strong volatility and changes in regulation.

Per Hjorth Poulsen
CRO

RISK GOVERNANCE FRAMEWORK

Mandates and governance

Reports and monitoring

	RESPONSIBILITY	TASKS
Board of Directors	• Decides on the overall risk appetite • Overall responsibility for MFT Energy's affairs • Board appoints independent Risk and Audit Committee • The Risk and Audit Committee reviews and advises on the effectiveness of risk management, procedures and capital allocation	• Determine the Risk Capacity and allocation of risk capital to the company • Delegates a clear risk mandate to the CEO
Risk Committee	• Implements proper risk governance and fulfills the risk mandate given by the Board of Directors • Makes decisions based on the information provided by the Risk Team • Compliance with MFT Risk Committee Mandate as given by the CEO	• Evaluate trading mandate requests • Decides on mitigating actions and priorities • Allocates capital based on expected return and risk
Risk Team	• Ensures compliance with the mandates given by the Risk Committee by monitoring the approved mandates and implementing mitigating actions when necessary • Facilitates dialog with Trading Teams and Risk Committee	• Mandate surveillance • Risk reporting • Carries out mitigation instructions given by the Risk Committee

Risk governance

The Board of Directors has the overall responsibility for defining the overall risk appetite, and ensuring that structures and processes are in place to manage MFT Energy's key risks in a responsible manner.

The Board of Directors has appointed a Risk and Audit Committee to provide assurance to the Board of Directors on the effectiveness of MFT Energy's risk management, control, and governance processes. The Board's Risk and Audit Committee monitors the overall risk management framework and is responsible for the dialog with the Executive Leadership on behalf of the Board of Directors to ensure that clear instructions and mandates are communicated to the CEO.

The Risk Committee, headed by the CEO, has the sole mandate to approve the implementation of measures associated with increased risk, and is responsible for implementing proper risk governance procedures within the mandate given to the CEO.

The Risk Team is responsible for day-to-day risk management activities in close cooperation with all managerial levels, and for securing risk identification, assessment, mitigation, and monitoring. MFT

Energy applies a risk management framework consisting of valuation of all trades with future delivery and a risk metric in the form of Value-at-Risk. This provides a clear overall view of how the market risk evolves and shows how the different trades have correlated in the past. All of this is reported and monitored daily by the Risk Team.

Continuous development

During 2022, we strengthened our approach to the centralized risk management function by a significant increase in the number of employees on the Risk Team. Furthermore, data and internal controls have been strengthened, and we are now conducting stronger stress testing on mandates and open positions.

While traders typically focus on market risk, assessing and managing the liquidity and costs associated with their mandates are now a key part of their responsibility in collaboration with the Risk Team. The result is a strong risk culture and a highly collaborative and commercially agile working relationship between the Trading Teams and Risk Team.

As a result, risk management was a strong contributor to MFT Energy's performance in 2022.

Key risk categories

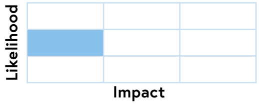
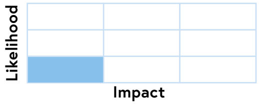
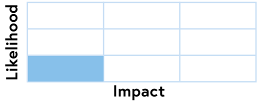
MFT Energy is exposed to a range of risk factors, which are assessed on the probability of occurrence and potential damage, followed by appropriate risk mitigation measures based on MFT Energy's risk tolerance. These risks cannot be fully mitigated but can be planned for and managed.

1. Market risk
2. Liquidity risk
3. Counterparty risk
4. Currency risk
5. Organizational risk
6. Operational and IT risk
7. Regulatory risk

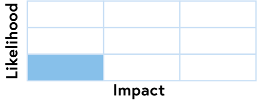
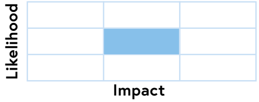
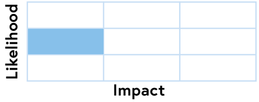
● Financial risk
● Other risk

KEY RISKS

Key risks - financial

Key risk and risk level	Risk	Mitigation & actions
1. Market risk 	MFT Energy is exposed to price changes in the power and gas markets. MFT Energy defines market risk as the risk that the value of a position changes because of changing market prices. Volatility is driven by constant changes in supply and demand in the power and gas markets, as well as changes in foreign exchange rates and other economic or political factors.	• Managing market risk is a source of competitive advantage for MFT Energy. • Risk limits are established based on the risk appetite and tolerance of our overall risk policy and all mandates are kept within these boundaries. • Positions are monitored daily as a second line of defense, while warning levels and stop-loss limits are utilized to guarantee prompt action when necessary. Positions are constantly evaluated and adjusted to remain in line with the overall mandate and risk strategy as well as accommodate any ongoing market changes. • We use a range of tools including Value-at-Risk (VaR) to monitor and limit our market risk exposure.
2. Liquidity risk 	Liquidity risk is the risk that MFT Energy is unable to meet its payment obligations when due or that it is unable to borrow funds at an acceptable price to fund actual or future commitments.	• MFT Energy manages its liquidity risks to maintain a solid capital structure and a strong liquidity position through the following: • A system calculates how much liquidity each mandate utilizes on a daily basis which ensures that the liquidity always is within limits. • Strategic and operating thresholds as well as buffers for the level of liquidity are implemented and in case liquidity levels differ from these targets, several specific procedures and initiatives will be activated.
3. Counterparty risk 	Counterparty risk refers to the risk that the other party to a trade or contract will not fulfill its obligations. This can occur for a variety of reasons, such as financial distress, bankruptcy, or a change in the regulatory environment.	• The counterparty risk is considered to be relatively low as MFT Energy's counterparties consist mainly of Transmission System Operators (TSOs), exchanges and clearing banks, and large energy and utility companies. • MFT Energy managed the increase in counterparty risk during 2022 through greater use of bank guarantees to reduce exposure to counterparties in the case of default - this is in addition to having collateral at counterparties as client money. • The mix of counterparties has not changed but increased volatility has changed their risk profile as a number of large energy and utility companies applied for state protection from insolvency during the year. • MFT Energy's counterparty policy and KYC procedure clearly set out the exposure limits to be observed, and no losses have been sustained to counterparty risk to date.
4. Currency risk 	Currency risk is the risk of financial loss due to fluctuations in exchange rates between two currencies. Currency risk arises when a company or investor holds assets or liabilities as well as future cash flows in a currency other than the functional currency.	• With the global expansion as well as the increase in volumes the currency risk has increased over the last couple of years. • MFT Energy has a currency risk policy which requires all currency exposure to be mitigated at the point in time when it arises.

Key risks - other

Key risk and risk level	Risk	Mitigation & actions
5. Organizational risk 	Organizational risk relates to the risk of losing expertise and key employees or not being able to attract employees with the necessary expertise.	• MFT Energy's partner model delivers significant benefits in attracting and retaining highly skilled and entrepreneurial and talented employees by offering partnerships and attractive workspace as well as competence and leadership development. • In addition, we have a corporate culture that supports a positive and respectful working environment with unity and team spirit, which also mitigates organizational risk.
6. Operational and IT risk 	Operational risk relates to the risk of financial losses because of system or human errors, including insufficient internal procedures.	• Throughout 2022, MFT Energy continued its efforts to develop and implement internal procedures and systems to mitigate potential risks. The process of automating procedures and tasks will continue in 2023 to further minimize the risk of human error. • The operational risk task force established in 2021 continued to create awareness and mitigate potential operational risks in 2022.
7. Regulatory risk 	Energy markets are highly regulated and are subject to ongoing regulatory developments such as changes to the rules governing the markets themselves, or changes to laws and regulations that impact the company's ability to do business. Accordingly, regulatory risk is the risk of MFT Energy not being able to comply with laws, standards, or regulations related to our activities that could have a financial, reputational, or organizational impact.	• MFT Energy closely monitors developments in regulatory requirements to maintain compliance within all relevant markets. • Compliance reporting is presented to the Executive Leadership, Risk Team, and the Board of Directors on a regular basis. This ensures that MFT Energy is up to date on compliance risks while also providing a solid platform for new initiatives and high ethical and regulatory standards within MFT Energy. • MFT Energy's trading activities are primarily subject to European regulations such as REMIT, MAR and EMIR and subject to certain provisions under MiFID II. These regulations set out rules on market abuse, transaction reporting and risk mitigation. • MFT Energy's trading operations outside the EU are subject to regulations that cover comparable domains, and MFT Energy's compliance framework considers rules pertaining to economic crime, sanctions, and privacy (GDPR).

Board of Directors

EIVIND KOLDING
Danish born 1959

Chairman since 2022
Independent

Committee memberships

Competencies
- Executive management
- Strategic planning
- Merger and acquisitions
- Change management
- Private equity

Directorship and other offices
- Danish Ship Finance, Chairman
- NTG, Chairman
- DAFA Group, Chairman
- KGH ApS, Chairman
- The LEO Foundation, Vice Chairman
- NNIT, Vice Chairman
- Altor Fund Manager AB, Board Member
- Axcelfuture, Advisory Board Member

SIMON RATHJEN
Danish born 1986

Deputy Chair since 2022
Not independent

Committee memberships

Competencies
- Innovation
- Energy trading
- Business strategy

Directorship and other offices
- MFT Energy, Founder
- MFT Energy, CVO

LASSE PILGAARD
Danish born 1987

Board Member since 2022
Independent

Committee memberships
Risk and Audit Committee

Competencies
- Finance
- Transformation
- Business development
- Business strategy

Directorship and other offices
- Group CFO, Modern Times Group MTG AB

PER SCHNACK
Danish born 1961

Board Member since 2022
Independent

Committee memberships
Risk and Audit Committee

Competencies
- Capital markets
- Risk and audit management
- Legal and compliance

Directorship and other offices
- Jyske Bank, Board Member
- Jyske Bank Audit Committee, Chairman
- Jyske Bank Risk Committee, Member

HEIDI FREDERIKKE SIGDAL
Danish born 1978

Board Member since 2022
Independent

Committee memberships

Competencies
- Communication and media advisor
- Positioning and branding

Directorship and other offices
- Team Rynkeby, Board Member
- By HeidiFrederikke, Founder
- Sigdal & Guldager, Co-founder
- TV 2 Danmark A/S, Anchor journalist

Executive Leadership

1 **Torben Nordal Clausen**
Group Chief Executive Officer

2 **Bo Palmgren**
Co-Chief Executive Officer

3 **Cagdas Ozan Ates**
Chief Commercial Officer

4 **Jacob Vald Guldberg**
Chief Information Officer

5 **Christian Pape**
Chief Financial Officer

6 **Per Hjorth Poulsen**
Chief Risk Officer

7 **Simon Rathjen**
Chief Visionary Officer

Financial statements

Contents

Income statement

for the year ended December 31, 2022

		GROUP		PARENT	
EUR '000	**Notes**	**2022**	**2021**	**2022**	**2021**
Revenue	4	7,875,685	1,338,762	7,875,685	1,338,762
Fair value adjustment of financial and physical energy contracts	5	159,702	45,540	152,905	43,628
Cost of sales		-7,393,523	-1,300,600	-7,393,523	-1,300,600
Gross profit		**641,864**	**83,702**	**635,067**	**81,790**
Other external expenses		-7,097	-4,642	-4,543	-4,417
Staff costs	7	-58,354	-13,589	-8,639	-2,870
Other operating income		0	44	6,921	5,121
Other operating expenses	8	0	0	-635,103	-83,092
Depreciation, amortization and impairment		-219	-125	-211	-121
Operating profit before financial income and expenses and tax (EBIT)		**576,194**	**65,390**	**-6,508**	**-3,589**
Income from investments in subsidiaries	15	0	0	269,126	38,613
Financial income	9	1,577	100	1,520	22
Financial expenses	9	-4,642	-1,673	-6,344	-1,576
Profit before tax (EBT)		**573,129**	**63,817**	**257,794**	**33,470**
Tax on profit for the year	10	-126,392	-13,910	2,420	1,117
Profit for the year		**446,737**	**49,907**	**260,214**	**34,587**
Profit for the period attributable to:					
Shareholders of MFT Energy A/S		260,214	34,587		
Non-controlling interests		186,523	15,320		
		446,737	**49,907**		

Statement of comprehensive income

for the year ended December 31, 2022

		GROUP		PARENT	
EUR '000	**Notes**	**2022**	**2021**	**2022**	**2021**
Profit for the year		**446,737**	**49,907**	**260,214**	**34,587**
Other comprehensive income					
Items that may be reclassified to profit or loss					
Value adjustment of cash flow hedges for the year		-1,914	1,914	-1,914	1,914
Value adjustment of cash flow hedges reclassified to profit or loss		686	-686	686	-686
Income tax relating to these items		270	-270	270	-270
Exchange differences on translation of foreign operations		11	0	11	0
Other comprehensive income for the period, net of tax		**-947**	**958**	**-947**	**958**
Total comprehensive income for the period		**445,790**	**50,865**	**259,267**	**35,545**
Total comprehensive income for the period attributable to:					
Shareholders of MFT Energy A/S		259,267	35,545		
Non-controlling interests		186,523	15,320		
		445,790	**50,865**		
Extraordinary dividend after year end	30	142,539	0	74,000	0
Total extraordinary dividend after year end per share in EUR		279	0	145	0

Balance sheet

at December 31, 2022

		GROUP		PARENT	
EUR '000	Notes	2022	2021	2022	2021
ASSETS					
Non-current assets					
Intangible assets	11	40	43	0	1
Property, plant and equipment	12	135	58	127	57
Right-of-use assets	13	45	155	45	155
Deferred tax assets	14	4,447	14	4,410	14
Equity investments in subsidiaries	15	0	0	293,386	45,983
Deposits		300	236	245	208
Other receivables		1,439	941	1,390	942
Total non-current assets		**6,406**	**1,447**	**299,603**	**47,360**
Current assets					
Inventories	17	33,020	10,720	33,020	10,720
Trade receivables	18	33,346	21,037	29,083	20,833
Receivables from group enterprises		1,254	375	15,062	5,986
Income tax receivables		0	0	0	833
Derivatives	19, 20	155,018	333,365	154,783	333,365
Prepayments		593	367	461	281
Other receivables	22	197,394	79,506	194,300	78,902
Current asset investments	23	348,888	0	348,888	0
Cash and cash equivalents		134,344	34,511	127,677	32,306
Total current assets		**903,857**	**479,881**	**903,274**	**483,226**
Total assets		**910,263**	**481,328**	**1,202,877**	**530,586**

		GROUP		PARENT	
EUR '000	Notes	2022	2021	2022	2021
EQUITY					
Share capital	24	68	68	68	68
Reserves and retained earnings		288,710	44,932	288,710	44,932
Proposed dividend for the year		0	0	0	0
Equity attributable to MFT Energy A/S's shareholders		288,778	45,000	288,778	45,000
Equity attributable to non-controlling interests		194,272	16,409	0	0
Total equity		**483,050**	**61,409**	**288,778**	**45,000**
LIABILITIES					
Non-current liabilities					
Borrowings	20	4,603	6,730	4,603	6,730
Lease liabilities	13	0	47	0	47
Payables to group enterprises		0	0	644,012	87,108
Provisions	25	8,405	0	8,405	0
Other liabilities		0	49	0	0
Total non-current liabilities		**13,008**	**6,826**	**657,020**	**93,885**
Current liabilities					
Borrowings	20	1,008	712	1,008	712
Lease liabilities	13	47	111	47	111
Trade payables		55,010	50,640	55,010	50,638
Payables to group enterprises		0	0	3,379	0
Derivatives	20	179,028	337,712	179,009	337,712
Corporate tax liabilities		129,978	14,193	1,707	0
Provisions	25	11,595	0	11,595	0
Other liabilities		37,539	9,725	5,324	2,528
Total current liabilities		**414,205**	**413,093**	**257,079**	**391,701**
Total liabilities		**427,213**	**419,919**	**914,099**	**485,586**
Total liabilities and equity		**910,263**	**481,328**	**1,202,877**	**530,586**

Statement of cash flows

for the year ended December 31, 2022

		GROUP		PARENT	
EUR '000	Notes	2022	2021	2022	2021
Cash flows from operating activities					
Net profit for the year		446,738	49,907	260,214	34,587
Adjustments	26	129,804	15,807	-267,027	-37,779
Changes in net working capital	26	-81,534	-39,653	-99,639	-46,240
Cash flows from operating activities before financial income and expenses		**495,008**	**26,061**	**-106,452**	**-49,432**
Interest received		1,577	1,624	1,520	1,497
Interest paid		-4,642	-3,197	-6,344	-3,120
Income taxes paid		-15,007	-1,994	833	326
Net cash flow from operating activities		**476,936**	**22,494**	**-110,443**	**-50,729**
Cash flows from investing activities					
Payments for property, plant and equipment	12	-115	-61	-115	-61
Fixed asset investments		0	0	155	0
Current asset investments		-348,888	0	-348,888	0
Payment of deposits		-64	-100	-37	-192
Share purchase programs		0	-816	0	-816
Dividend received from subsidiaries		0	0	21,499	0
Net cash flow from investing activities		**-349,067**	**-977**	**-327,386**	**-1,069**

		GROUP		PARENT	
EUR '000	Notes	2022	2021	2022	2021
Cash flows from financing activities					
Proceeds from borrowings	20	-1,832	-234	-1,832	-234
Principal elements of lease payments	13	-67	-147	-54	-147
Proceeds from group enterprises		0	0	0	40
Change in loans with group enterprises		-879	-125	551,207	71,768
Dividends paid to shareholders		-16,121	-50	-15,799	-50
Dividends paid to non-controlling interests		-9,137	0	-322	0
Equity shareholder increase		0	932	0	932
Net cash flow from financing activities		**-28,036**	**376**	**533,200**	**72,309**
Change in cash and cash equivalents		**99,833**	**21,893**	**95,371**	**20,511**
Cash and cash equivalents at January 1		34,511	12,618	32,306	11,795
Cash and cash equivalents at December 31		**134,344**	**34,511**	**127,677**	**32,306**

Statement of changes in equity, Group

for the year ended December 31, 2022

GROUP

EUR '000	Share capital	Reserve for unpaid share capital	Share premium account	Hedging reserve	Foreign currency translation differences	Retained earnings	Proposed dividend for the year	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
At January 1, 2021	**67**	**50**	**0**	**0**	**0**	**8,326**	**50**	**8,493**	**1,089**	**9,582**
Profit for the period	0	0	0	0	0	34,587	0	34,587	15,320	49,907
Other comprehensive income	0	0	0	958	0	0	0	958	0	958
Total comprehensive income	**0**	**0**	**0**	**958**	**0**	**34,587**	**0**	**35,545**	**15,320**	**50,865**
Transactions with owners in their capacity as owners										
Cash capital increase	1	0	931	0	0	0	0	932	0	932
Dividends paid	0	0	0	0	0	0	-50	-50	0	-50
Share-based payments	0	0	0	0	0	80	0	80	0	80
Remaining share capital paid	0	-50	0	0	0	50	0	0	0	0
Transfer from share premium account	0	0	-931	0	0	931	0	0	0	0
At December 31, 2021	**68**	**0**	**0**	**958**	**0**	**43,974**	**0**	**45,000**	**16,409**	**61,409**
At January 1, 2022	**68**	**0**	**0**	**958**	**0**	**43,974**	**0**	**45,000**	**16,409**	**61,409**
Profit for the period	0	0	0	0	0	260,214	0	260,214	186,524	446,738
Other comprehensive income	0	0	0	-958	11	0	0	-947	0	-947
Total comprehensive income	**0**	**0**	**0**	**-958**	**11**	**260,214**	**0**	**259,267**	**186,524**	**445,791**
Transactions with owners in their capacity as owners										
Extraordinary dividend paid	0	0	0	0	0	-16,121	0	-16,121	-9,137	-25,258
Share-based payments	0	0	0	0	0	141	0	141	0	141
Other changes in equity	0	0	0	0	0	490	0	490	477	967
At December 31, 2022	**68**	**0**	**0**	**0**	**11**	**288,698**	**0**	**288,777**	**194,273**	**483,050**

Statement of changes in equity, Parent
for the year ended December 31, 2022

PARENT

EUR '000	Share capital	Reserve for unpaid share capital	Share premium account	Reserve for loans to shareholders	Hedging reserve	Foreign currency translation differences	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total equity
At January 1, 2021	**67**	**50**	**0**	**0**	**0**	**0**	**5,489**	**2,837**	**50**	**8,493**
Profit for the period	0	0	0	816	0		38,625	-4,854	0	34,587
Other comprehensive income	0	0	0	0	958	0	0	0	0	958
Total comprehensive income	**0**	**0**	**0**	**816**	**958**	**0**	**38,625**	**-4,854**	**0**	**35,545**
Transactions with owners in their capacity as owners										
Cash capital increase	1	0	931	0	0	0	0	0	0	932
Dividends paid	0	0	0	0	0	0	0	0	-50	-50
Share-based payments	0	0	0	0	0	0	0	80	0	80
Remaining share capital paid	0	-50	0	0	0	0	0	50	0	0
Transfer from share premium account	0	0	-931	0	0	0	0	931	0	0
At December 31, 2021	**68**	**0**	**0**	**816**	**958**	**0**	**44,114**	**-956**	**0**	**45,000**
At January 1, 2022	**68**	**0**	**0**	**816**	**958**	**0**	**44,114**	**-956**	**0**	**45,000**
Profit for the period	0	0	0	-115	0	0	247,399	12,930	0	260,214
Other comprehensive income	0	0	0	0	-958	11	0	0	0	-947
Total comprehensive income	**0**	**0**	**0**	**-115**	**-958**	**11**	**247,399**	**12,930**	**0**	**259,267**
Transactions with owners in their capacity as owners										
Extraordinary dividend paid	0	0	0	0	0	0	0	-16,121	0	-16,121
Share-based payments	0	0	0	0	0	0	0	141	0	141
Other equity movements	0	0	0	0	0	0	0	491	0	491
At December 31, 2022	**68**	**0**	**0**	**701**	**0**	**11**	**291,513**	**-3,515**	**0**	**288,778**

Notes to the financial statements

1 Basis of preparation

The consolidated financial statements of MFT Energy A/S ('the Parent Company') and its subsidiaries ('the Group' or 'MFT Energy') for the year ended December 31, 2022 were authorized for issue in accordance with a resolution of the Board of Directors and Executive Management on May 25, 2023.

The significant accounting policies adopted in the preparation of the consolidated financial statements and the separate financial statements are stated in this note and as part of the disclosures in the following notes. These policies have been consistently applied to all the years presented, except for the adoption of new standards effective as of January 1, 2022. Please refer to note 3 for a description of new accounting standards and interpretations.

The consolidated financial statements cover the Group consisting of MFT Energy A/S and its subsidiaries while the separate financial statements cover MFT Energy A/S.

Basis of preparation
The consolidated financial statements of the Group and the separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as additional Danish disclosure requirements applying to entities of reporting class C for large enterprises.

The financial statements have been prepared on a historical cost basis, except for the following financial assets and liabilities, which are measured at fair value:

- Contracts for sale and purchase of gas, power and capacities not entered into for the Group's own use
- Derivative financial instruments

The consolidated financial statements and the separate financial statements are presented in Euro (EUR) and all values are rounded to the nearest thousands, except when otherwise indicated.

Minor reclassifications have been made to prior year amounts to enhance comparability with the current year presentation. These reclassifications had no effect on the reported results. EUR 1,524k for the Group and EUR 1,475k for the Parent have been reclassified from financial income to financial expenses in note 9.

Principles of consolidation

Subsidiaries
Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet, respectively.

Foreign currency translation

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements and the separate financial statements are presented in Euro (EUR), which is MFT Energy A/S's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are recognized in profit or loss.

The results and financial position of foreign operations that have a functional currency different from Euro are translated into Euro as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates, and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognized in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Cost of sales
Cost of sales includes the purchase price of gas and power and related use of capacities on contracts for which physical delivery takes place.

Other external expenses
Other external expenses comprise expenses related to premises, consultants, marketing as well as office expenses, etc.

Deposits
Deposits consist of lease deposits, etc. and are measured at amortized cost.

Prepayments
Prepayments consist of prepaid expenses concerning acquisitions, insurance premiums, subscriptions and interest.

Other accounting policies
Other accounting policies are described in the relevant notes.

Notes to the financial statements

2 Critical accounting estimates and judgments

The preparation of MFT Energy A/S's consolidated and separate financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements are included in the description below.

Estimates

Valuation of derivatives and commodity contracts not entered into for the Group's own use
In some cases, the fair values of derivatives are estimated using internal models due to the absence of quoted prices or other observable, market-corroborated data. This primarily applies to the Groups longer-term, structured derivative contracts or contracts in illiquid markets. The majority of these contracts are valued using models with inputs that include price curves for each of the different products. These price curves are built up from available active market pricing data including volatility and correlation and modelled using the maximum available market-derived information. Additionally, when limited data exist for certain products or market areas, prices are determined using historical and long-term pricing relationships. The use of alternative estimates or valuation methodologies may result in significantly different values for these derivatives.

Onerous contracts
The Group also trades capacities for which no active market exists hence the price is estimated, as there is no explicit and observable input. Only contracts that are not entered into for the groups own use has been subject for such estimate. The onerous contracts provided for are related to the abovementioned capacities. The contracts are estimated based on spreads observable in the market at the balance sheet date with a supplement of mangement estimate based on the subsequent development in the market.

The estimates are based on the future spreads between the given market areas, which may result in different values for these derivatives. Please refer to note 19 for more detailed description and a display of the fair value hierarchy.

Critical accounting estimates and judgments	Estimates/ judgment	Impact from estimates and judgments
Valuation of derivatives	Estimate	Moderate
Onerous contracts	Estimate	Low

3 Impact of new accounting standards

New standards and interpretations not yet adopted
MFT Energy has adopted relevant new or amended standards (IFRS) and interpretations (IFRIC) as adopted by the EU and which are effective for the financial year January 1 – December 31, 2022. The following have been adopted:

- Amendment to IAS 16: Proceeds before intended use.
- Amendment to IAS 37: Provisions, contingent liabilities and contingent assets: Onerous contracts - Cost of fulfilling a contract.
- Annual improvements 2018-2020 comprising minor amendments to existing standards.

The Group has assessed that the new or amended standards and interpretations have not had any material impact on the consolidated financial statements or the separate financial statements in 2022.

Certain new accounting standards, amendments to accounting standards and interpretations that have been published are not mandatory for December 31, 2022 reporting periods and have not been early adopted by the Group. These standards include:

- Amendments to IAS 8 Accounting policies: Changes in Accounting Estimates and Errors - Definition of Accounting Estimates (January 1, 2023).
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (January 1, 2023).
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (January 1, 2023).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current (January 21, 2024, not yet endorsed by the EU).

The listed amendments are not expected to have a material impact on the recognition and measurement of the balance sheet at January 1, 2023 neither in terms of the consolidated financial statements nor the separate financial statements.

Notes to the financial statements

4 Revenue

	GROUP		PARENT	
EUR '000	**2022**	**2021**	**2022**	**2021**
Revenue from contracts, IFRS				
Power sales	1,552,719	648,367	1,552,719	648,367
Gas sales	6,322,966	690,395	6,322,966	690,395
Revenue	**7,875,685**	**1,338,762**	**7,875,685**	**1,338,762**

The Group derives revenue from the transfer of sold power and gas at a point in time. For 2022 as well as 2021, all revenue was generated within Europe, as this was the only region with trades that use capacities. MFT Energy also enters into trading outside of Europe, but such trades did not use capacities in 2022 nor in 2021 and therefore do not qualify for recognition in revenue. Instead, it is recognized on a net basis within the line item fair value adjustment of financial and physical energy contracts.

According to Danish GAAP, it is possible to recognize revenue from trade in revenue in profit and loss even if it does not enter into physical delivery. Management recognizes revenue in the internal reporting in accordance with Danish GAAP as well. It has been reported as:

	GROUP		PARENT	
EUR '000	**2022**	**2021**	**2022**	**2021**
Revenue from contracts, Danish GAAP				
Power sales	3,616,428	1,091,818	3,595,153	1,083,779
Gas sales	17,455,796	3,137,124	17,455,796	3,137,124
Revenue	**21,072,224**	**4,228,942**	**21,050,949**	**4,220,903**

The presented tables illustrate the revenue while the corresponding gross profit margins are presented in the following:

	GROUP		PARENT	
	2022	**2021**	**2022**	**2021**
Gross margin, IFRS	8.1%	6.3%	8.1%	6.1%
Gross margin, Danish GAAP	3.0%	2.0%	3.0%	1.9%

Accounting policies

Revenue comprises consideration from the physical delivery of gas and power under standardized fixed-price contracts and the sale and purchase of gas at a number of gas trading hubs and related capacity contracts.

As part of its ordinary activities, the Group regularly enters into offsetting contracts to close out positions before delivery.

Therefore, such contracts are not considered entered into for the purpose of selling or taking delivery of gas and power. Consequently, they are initially classified as derivative financial instruments and are measured at fair value with changes in fair value recognized in the income statement.

Revenue from gas and power contracts, which results in physical delivery is recognized upon delivery at the contractually stated fixed price adjusted for the fair value of the contract immediately before delivery.

Notes to the financial statements

5 Fair value adjustments

	GROUP		PARENT	
EUR '000	2022	2021	2022	2021
Fair value adjustments of financial and physical energy contracts				
Fair value adjustments related to Power contracts	10,642	-13,888	3,845	-15,800
Fair value adjustments related to Gas contracts	149,060	59,428	149,060	59,428
Total fair value adjustments	**159,702**	**45,540**	**152,905**	**43,628**

Accounting policies

As described under revenue recognition, MFT Energy enters into physical energy contracts that are not considered entered into for the purpose of selling or taking delivery of the underlying goods. Further, MFT Energy enters into financial gas and power derivatives. Fair value changes for the accounting period are included in this line item.

MFT Energy routinely enters into sale and purchase transactions for physical delivery of energy commodities. A considerable part of these transactions for physical delivery of a non-financial item are considered within the scope of IFRS 9 due to the fact that the Group has a practice of entering into offsetting contracts before the delivery date. Consequently, they are measured at fair value on initial recognition and subsequently measured at fair value through profit and loss.

For contracts whose fair value cannot be determined solely based on observable market data, any difference between the transaction price and fair value determined by applying a valuation model is deferred and recognized over the term of the contract.

A portion of the sale and purchase transactions for physical delivery of energy commodities takes the form of contracts that were entered into and continue to be held for the purpose of receipt or delivery of the physical commodity in accordance with the Group's expected sale, purchase or usage requirements ("own use") and are not within the scope of IFRS 9. The assessment of whether a contract is deemed to be "own use" is based on the nature of the contract as well as facts and circumstances of how the contract is included in MFT Energy's business activity on a group basis.

6 Financial risk management

The Group's risk management is predominantly controlled by the Risk Team under the supervision of the Risk Committee and policies approved by the Board of Directors and the Board's Risk and Audit Committee.

The Board of Directors provides written principles for the overall risk management appetite covering areas such as market risk, foreign exchange risk, credit risk, the use of derivative financial instruments, and non-derivative financial instruments. The Risk and Audit Committee is organized by the Board of Directors, and the CFO and CRO of the Group are invited to participate in the quarterly meeting in order to elaborate on written reporting. The Board's Risk and Audit Committee works in close cooperation with the Risk Committee headed by the CEO. The Risk Committee has the responsibility of ensuring that the level of risk is within the approved limits and policies. New risk limits and policies are first assessed by the Board's Risk and Audit Committee before final approval by the Board of Directors.

The Risk Team headed by the CRO is the operational function and works as a second line of defense, while the Trading Teams work as the first line of defense. The Risk Team is monitoring, identifying, stress testing, and evaluating risk based on live data from the Trading Teams. The Risk Team is closely working together with the Finance and Treasury Teams to monitor and assess the currency and liquidity risk.

When all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. Hedging is used to decrease or eliminate the market risk and currency risk. The use of hedging is closely determined in the risk mandate which the Trading Teams are granted by the Risk Committee.

The Group is exposed to market risk, currency risk, credit risk and liquidity risk.

Market risk

MFT Energy's most significant market risks relate to price changes in gas and power, foreign currency risk and interest rate risk.

Market risk is the risk of losses or gains caused by changes in the market value of the Group's financial assets and liabilities resulting from changes in market prices or rates. Market risk affects the Group's financial statements through the valuation of the Group's financial instruments.

The Group's risk management is intended to ensure proper oversight of all market risks, both trading-related market risks and non-trading-related market risks, for instance cash deposits, etc. The market risk framework is designed to systematically identify, assess and report market risk by continuously monitoring the trading activity of the Group. As

Notes to the financial statements

6 Financial risk management, continued

part of the risk management position, limits are in place thus limiting the positions MFT Energy can take in a specific market and tenor. Furthermore, in order to lock in current gains and prevent excessive losses, stop-loss limits are in place to force MFT Energy to close positions in case a certain loss is reached over a period of time.

The Risk Team is measuring the Value-at-Risk (VaR) in order to assess the market risk on an ongoing basis. VaR is a statistical measure that defines the probability of a possible loss during a certain period of time given normal market conditions. The Risk Team is reporting the VaR level to the Risk Committees if the level exceeds the exposure limits.

Value-at-Risk
The table below shows the VaR (Value-at-Risk) for the positions in the Trading Teams in the Group at December 31, 2022 and December 31, 2021.

No material changes have been made to the VaR model in 2022 compared to 2021.
VaR is calculated under the assumption of 1-day holding periods, 95% confidence and 1-year historical data.

	GROUP & PARENT	
EUR '000	**2022**	**2021**
Power at December 31	592	136
Gas at December 31	2,557	842

Commodity price risk
Commodity price risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in underlying commodity prices. MFT Energy's exposure to the risk of changes in commodity prices and volumes relates to the trading performed by MFT Energy in power and gas.

The risk linked to commodity prices differs depending on whether it is a long or short-term position.

The table below is prepared under the assumption that only the respective market risk has changed. All other variables are not subject to changes. The percentage change in commodity prices used to determine sensitivity is estimated by Management as a probable scenario, especially on the back of a period with high volatility.

	GROUP & PARENT	
Sensitivity by commodity	**Impact on profit or loss before tax**	
EUR '000	**2022**	**2021**
Power, increase of 30%*	697	90
Power, increase of 60%*	1,394	180
Gas, increase of 30%*	-124	-1,080
Gas, increase of 60%*	-248	-2,160

*) Changes in the opposite direction would achieve the inverse result.

The sensitivity analysis states the impact on the profit or loss before tax. The effect on the profit or loss after tax will be 78% of the profit or loss before tax. The effect on the equity will be the residual value of the profit or loss after tax.

The Group is actively using forward contracts to hedge positions and mitigate market risk related to long positions. All hedge positions are in accordance with the written principles approved by the Risk Committee. The commodity price risk related to gas in relation to inventory is hedged using forward contracts. MFT Energy applies hedge accounting to fair value hedges on inventory. If a hedge is ineffective, it is recognized in the income statement and included in the line item fair value adjustment of financial and physical energy contracts.

The Group does not consider the ineffective part of the hedge position to be material as the hedge policy and the Group determinds that the nominal positions needs to be fully hedged off.

In 2021, MFT Energy A/S entered into several forward contracts that hedged highly probable future sales and purchases of gas. These contracts are designated as cash flow hedges and are shown below:

Notes to the financial statements

6 Financial risk management, continued

GROUP & PARENT

Cash flow hedges, 2021 EUR '000	Contract amount according to hedge accounting	Total hedging gain/loss recognized in other comprehensive income	Average hedge prices of existing contracts (EUR)	Maturity
Purchase of gas	21,459	-4,773	48.7	Q1 2022
Sale of gas	-22,334	6,001	50.7	Q1 2022
Total	**-875**	**1,228**		

There are no cash flow hedges as of December 31, 2022.

Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. MFT Energy's exposure to foreign currency risk is derived from the Group's trading activities in which trade receivables, trade payables and derivatives are denominated in a currency other than the functional currency.

MFT Energy manages its risk related to foreign currency through an active economic hedging strategy, in accordance with the guidelines approved by the Risk Committees, and the risk is continuously monitored by the Risk Team in close collaboration with the Treasury Team. The exposure is not considered material.

The daily commercial business is exposed to a wide range of different currencies. However, there is no single currency exposure that is considered material. The functional currency for most of the entities within the Group is EUR since the majority of the activities are performed in market areas where commodity products are traded in EUR.

The table below only contains the exposure for the Parent Company, hence, the risk and exposure for the rest of the entities of the Group are considered immaterial. The table discloses the net monetary amount in currencies other than the functional currency.

Parent Company's monetary items and sensitivity

	2022			2021		
EUR '000	Cash and receivables	Potential volatility of exchange rate*	Impact on profit or loss before tax	Cash and receivables	Potential volatility of exchange rate*	Impact on profit or loss before tax
DKK/EUR	2,618	1%	26	618	1%	6
GBP/EUR	43,829	5%	2,087	18,755	5%	893
CZK/EUR	13,235	5%	630	213	5%	10
BGN/EUR	11,719	0%	0	1,040	0%	0
JPY/EUR	362	6%	20	0	0	0
RON/EUR	41	2%	1	1,143	2%	22

* Changes in the exchange rate in the opposite direction would achieve the inverse result.

Notes to the financial statements

6 Financial risk management, continued

Interest rate risk
The exposure to the risk of changes in market interest rates relates primarily to interest-bearing assets and liabilities in the Group with a floating rate. The exposure is not considered material. Please refer to note 20 regarding financial assets and liabilities.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures from counterparties, including outstanding receivables and current asset investments.

The credit risk is managed on a group basis and monitored by the Risk Committee and the Risk Team in accordance with the written principles and policies of MFT Energy. The Risk Team monitors the credit risk daily and is actively optimizing the bank collaterals and bank guarantees made to counterparties in close collaboration with the Treasury and Finance Teams.

MFT Energy makes numerous trades with commodity exchanges that are generally settled at fair value on a daily basis. Management considers its credit risk exposure to commodity exchanges to be insignificant due to the daily settlement.

The trades entered into are in general performed under standard agreements that allow netting provisions. These agreements are mitigating the credit risk of the Group.

MFT Energy purchases German government bonds in order to mitigate the risk and ensure interest income for the excess liquidity. Management considers its credit risk exposure to be insignificant due to the nature and short maturity of the bonds.

The credit risk related to the financial assets primarily concerns derivatives and trade receivables. The credit risk of the derivatives measured at fair value is considered limited based on the netting and offsetting possibilities. Trade receivables primarily consist of receivables against clearing houses, commodity exchanges and Transmission System Operators (TSOs) which are all considered to be subject to insignificant credit risk.

For more information about the trade receivables, please refer to note 18. Please refer to note 21 for more information about offsetting of financial assets and liabilities.

Trade receivables
To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. No loss allowances have been made for 2022 and 2021.

Trade receivables primarily consist of receivables from commodity exchanges, clearing houses and TSOs. Such receivables amount to EUR 29,681k (2021: EUR 16,333k) for the Group and EUR 25,599k (2021: EUR 16,333k) for the Parent Company. Receivables from other parties amount to EUR 3,665k (2021: EUR 4,704k) for the Group and EUR 3,484k (2021: EUR 4,500k) for the Parent Company. The Group has made a credit risk assessment of the open financial positions at the balance sheet date. No provisions were needed as the risk is deemed immaterial.

Trade receivables are written off if there is no reasonable expectation of recovery. Indicators of no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group or failure to make contractual payments for a period longer than 90 days past due.

Liquidity risk

Liquidity risk is the risk that MFT Energy has insufficient funds to meet its financial obligations. The liquidity risk is monitored on a daily basis, and daily cash flow forecasts are produced, ensuring the availability of required liquidity in the Group by appropriate cash management and maintaining adequate liquidity reserves at any time through a combination of readily available cash and committed credit facilities. The available cash is monitored daily to ensure that the reserves at all times are in accordance with the written principles and policies set by the Risk Committees.

The Group regularly enters into commodity derivative transactions which, according to their terms, require daily margin calls. To comply with risk limits, the market risk of such derivatives is reduced through offsetting positions. The terms of these offsetting positions may not require daily margin calls, or no margin calls at all. Movements in the market prices for the underlying derivatives may, therefore, have an adverse impact on the Group's liquidity position, irrespective of the fact that market price movements do not result in a loss. The Group assesses that the current credit lines are sufficient to fulfill the obligations under such margin call agreements for possible changes in the market prices. The Risk Team has implemented a series of warnings and stop-loss limits that ensure positions are closed at the right time if the market develops in a direction that exposes the Group to too much to risk.

Maturities of financial liabilities
The amounts disclosed in the following table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Notes to the financial statements

6 Financial risk management, continued

Contractual maturities of financial liabilities

	GROUP					
EUR '000	< 1 year	1 - 2 years	2 - 5 years	> 5 years	Total contractual cash flows	Carrying amount
At December 31, 2022						
Trade payables	55,010	0	0	0	55,010	55,010
Borrowings	1,385	1,369	3,730	147	6,631	5,610
Lease liabilities	47	0	0	0	47	47
Derivatives held for trading	190,637	0	0	0	190,637	190,637
Other payables	37,539	0	0	0	37,539	37,539
	284,618	**1,369**	**3,730**	**147**	**289,864**	**288,843**
At December 31, 2021						
Trade payables	50,640	0	0	0	50,640	50,640
Borrowings	1,145	1,525	4,247	2,413	9,330	7,442
Lease liabilities	115	47	0	0	162	158
Derivatives held for trading	337,712	0	0	0	337,712	337,712
Other payables	9,775	0	0	0	9,775	9,775
	399,387	**1,572**	**4,247**	**2,413**	**407,619**	**405,727**

Contractual maturities of financial liabilities

	PARENT					
EUR '000	< 1 year	1 - 2 years	2 - 5 years	> 5 years	Total contractual cash flows	Carrying amount
At December 31, 2022						
Trade payables	55,010	0	0	0	55,010	55,010
Borrowings	1,385	1,369	3,730	147	6,631	5,610
Lease liabilities	47	0	0	0	47	47
Derivatives held for trading	190,618	0	0	0	190,618	190,618
Payables to group enterprises	3,379	650,452	0	0	653,831	647,391
Other liabilities	5,324	0	0	0	5,324	5,324
	255,763	**651,821**	**3,730**	**147**	**911,461**	**904,000**
At December 31, 2021						
Trade payables	50,638	0	0	0	50,638	50,638
Borrowings	1,145	1,525	4,247	2,413	9,330	7,442
Lease liabilities	115	47	0	0	162	158
Derivatives held for trading	337,712	0	0	0	337,712	337,712
Payables to group enterprises	0	87,979	0	0	87,979	87,108
Other liabilities	2,528	0	0	0	2,528	2,528
	392,138	**89,551**	**4,247**	**2,413**	**488,349**	**485,586**

Notes to the financial statements

6 Financial risk management, continued

Accounting policies

Cash flow hedges that qualify for hedge accounting
The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit and loss under other operating income/expenses.

Only forward contracts are used to hedge future transactions ,and the Group designates the full change in the fair value (including forward points) of the forward contracts as the hedging instrument. Gains or losses relating to the effective portion of the change in the fair value of the entire forward contract are recognized in Other Comprehensive Income in the cash flow hedging reserved in equity.

The amount accumulated in equity is reclassified in the periods when the hedging instrument affects profit and loss when the hedged item subsequently results in the recognition of a non-financial asset, both the deferred hedging gains and losses and the deferred forward points, if any, are included in the initial cost of the asset. The deferred amounts are ultimately recognized in profit and loss as the hedging instrument affects profit and loss.

When a hedging instrument expires, is sold or terminated, or when the hedge no longer meets the criteria for hedge accounting, any cumulative deferred gains or losses and deferred cost of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit and loss.

7 Staff costs

	GROUP		PARENT	
EUR '000	**2022**	**2021**	**2022**	**2021**
Wages and salaries	57,000	13,269	8,168	2,687
Share-based payments	141	80	141	80
Pension cost, defined contribution plans	281	102	89	51
Other social security costs	932	138	241	52
	58,354	**13,589**	**8,639**	**2,870**
Average number of employees	94	70	44	31

Wages and salaries, pension contributions and other social security costs are considered to be short-term employee benefits.

Key management personnel compensation
Key management personnel consists of the Executive Leadership and the Board of Directors. The compensation paid or payable to key management personnel for employee services is shown below:

Wages and salaries	4,936	785	4,818	702
Share-based payment	46	31	46	31
Pension contribution	24	18	12	111
Other social security costs	14	112	21	15
Total compensation key management personnel	**5,020**	**946**	**4,897**	**859**
Executive Board				
Wages and salaries	270	222	270	222
Pension contribution	2	4	2	4
	272	**226**	**272**	**226**
Board of Directors				
Board fee	66	13	60	9
Total compensation Executive Board and Board of Directors	**338**	**239**	**332**	**235**

Notes to the financial statements

7 Staff costs, continued

Share-based payments

Warrant program

The Parent Company has established a warrant program in order to motivate and retain certain key employees. In December 2022, 475 warrants were granted under the program (December 2021, 753). The warrants are exercisable within 1 year as of January 2026 or upon an exit event, whichever is earlier. Settlement is in shares of MFT Energy A/S.

The warrants are granted in accordance with the authorizations given to the Board of Directors by the shareholders. The Board of Directors has fixed the terms of and size of the grants, taking into account authorization from the shareholders, the Group's guidelines for incentive pay, an assessment of expectations of the recipient's work efforts and contribution to the Group's growth, as well as the need to motivate and retain the recipient. The grant takes place on the establishment of the program. The warrants granted are subject to the provisions of the Danish Companies Act regarding termination of employees prior to their exercise of warrants in the case of recipients covered by the Act.

The fair value of the warrants has been determined based on a Black-Scholes option pricing model. The data input for the pricing model is based on historical share prices of a peer group with the same vesting period.

In 2022, the fair value of warrants recognized in the income statement amounted to EUR 57k (2021: EUR 15k). No key management personnel is included in the warrant program. The employees that have been given warrants have the option of buying the predefined number of shares at a predefined value. The value that the employees are able to buy the share for is equivalent to the market price.

The Board of Directors is covered by a comparable warrant program, however, this had no financial implications in either 2022 or 2021. In order to participate in the program, individuals must have served as a member of the Board of Directors for a continuous period of minimum 12 months.

	GROUP	
Number of shares	**2022**	**2021**
Outstanding at the beginning of the period	2,039	1,286
Granted during the period	475	753
Outstanding at the end of the period	2,514	2,039
Weighted average remaining contractual life	5 years	6 years

None of the warrants are exercisable at the end of the period.

Notes to the financial statements

7 Staff costs, continued

Share purchase program
In 2021, MFT Energy A/S established share purchase programs aimed at attracting and retaining employees with a useful set of skills. The share purchase programs give these employees the opportunity to become co-owners of MFT Energy A/S. The programs are unchanged in 2022 and no additional programs have been incurred during 2022.

Under the share purchase programs, the employees obtain a legal non-recourse shareholder loan from MFT Energy A/S which together with an injection of private funds from the employees are used to purchase a fixed number of shares. The shares are locked until December 31, 2031 unless an exit event occurs before this point in time.

The share purchase programs are accounted for as an equity-settled share-based payment transaction, as the economic nature of the program exhibits the characteristics of an option.

The fair value of the share purchase programs has been determined based on a Black-Scholes option pricing model. The data input for the pricing model was based on historical share prices of a peer group with the same vesting period.

In 2022, the total fair value of employee share purchase programs recognized in the income statement amounted to EUR 84k (2021: EUR 65k) of which EUR 46k (2021: EUR 31k) relates to key management personnel.

2022		GROUP	
Number of shares	**Key management**	**Other employees**	**Total**
Outstanding at the beginning of the period	5,103	5,103	10,206
Granted during the period	0	0	0
Outstanding at the end of the period	5,103	5,103	10,206
Weighted average remaining contractual life	9 years	9 years	9 years

2021		GROUP	
Number of shares	**Key management**	**Other employees**	**Total**
Outstanding at the beginning of the period	0	0	0
Granted during the period	5,103	5,103	10,206
Outstanding at the end of the period	5,103	5,103	10,206
Weighted average remaining contractual life	10 years	10 years	10 years

Notes to the financial statements

7 Staff costs, continued

Accounting policies

Staff costs
Staff costs comprise direct wages and salaries, pension contributions, social security contributions, sick leave, and bonuses, which are recognized in the year in which the associated services are rendered by employees of the Group.

Employee benefits - Pensions
For defined contribution plans, the Group and the Parent Company pay contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. MFT Energy has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefits expenses when they are due. Prepaid contributions are recognized as assets to the extent that a cash refund or a reduction in the future payments is available.

Share-based payments
A number of employees have been granted equity-settled warrants. Issued warrants become exercisable after a certain period of time or upon an earlier exit event subject to the employee still being employed at the exercise date. The grant date fair value is recognized as a compensation expense over the vesting period with a corresponding entry in equity.

At the end of each period, MFT Energy revises its estimates of the number of warrants that are expected to vest based on service conditions. Adjustments, if any, are recognized in profit or loss, with a corresponding adjustment of equity.

Share purchase programs
A number of employees have been granted the option to purchase a fixed number of shares in MFT Energy A/S. The purchase is financed through a non-recourse loan from MFT Energy A/S and a down payment by the employee. The shares cannot be sold until an exit event. The nature of the arrangement is considered an option arrangement due to the non-recourse financing from MFT Energy A/S. Consequently, the arrangement is accounted for as an employee warrant program.

8 Other operating expenses

	PARENT	
EUR '000	**2022**	**2021**
Reimbursements to subsidiaries	-635,103	-83,092
	-635,103	**-83,092**

Accounting policies

MFT Energy A/S has entered into gross profit-split agreements with its subsidiaries. As part of its daily operations, the primary portion of the gross profit is realized by MFT Energy A/S on behalf of its subsidiaries and transferred directly to the respective subsidiary on a monthly basis. The realized gross profit is considered an operating expense in MFT Energy A/S when the gross profit realized for the year traded on behalf of the subsidiaries is positive, and it comprises solely of reimbursements to the subsidiaries.

Notes to the financial statements

9 Financial income and expenses

	GROUP		PARENT	
EUR '000	2022	2021	2022	2021
Financial income				
Gains on foreign-exchange forward derivatives	303	0	303	0
Other financial income	1,274	100	1,217	22
Total financial income	**1,577**	**100**	**1,520**	**22**
Financial expenses				
Interest on borrowings	429	511	429	511
Interest on lease liabilities	2	5	2	5
Total interest expense related to financial liabilities not at fair value through profit or loss	**431**	**516**	**431**	**516**
Foreign exchange rate losses	1,772	310	1,798	297
Loss on exchange forward derivatives	0	173	0	173
Other financial expenses	2,439	674	4,115	590
Total financial expenses	**4,642**	**1,673**	**6,344**	**1,576**

Accounting policies

Financial income and expenses

Financial income and expenses comprise interest income and interest expenses, realized and unrealized exchange rate adjustments, fair value adjustment of current asset investments as well as interest on extra payments and repayment under the on-account taxation scheme and interest in respect of lease liabilities.

Other financial income primarily comprises realized gains on exchange forward derivatives as well as interest income. Other financial expenses primarily comprise realized and unrealized exchange rate adjustments as well as interest expenses.

Foreign currency translation

Foreign currency translation of receivables from and payables to subsidiaries is recognized in the income statement of MFT Energy A/S, under financial income or financial expenses. This is only relevant for the Parent Company.

Notes to the financial statements

10 Income tax expenses

	GROUP		PARENT	
EUR '000	**2022**	**2021**	**2022**	**2021**
Current tax				
Current tax on profit for the year	130,825	13,923	1,976	-1,104
Deferred income tax	-4,433	-13	-4,396	-13
Income tax expense	**126,392**	**13,910**	**-2,420**	**-1,117**

	GROUP	
TEUR	**2022**	**2021**
Reconciliation of effective tax rate		
Tax at the Danish tax rate of 22% (2021: 22%)	126,088	14,040
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	81	30
Other adjustments	223	-160
Income tax expense	**126,392**	**13,910**
Effective tax rate	**22%**	**22%**

	PARENT	
EUR '000	**2022**	**2021**
Reconciliation of effective tax rate		
Tax at the Danish tax rate of 22% (2021: 22%)	56,715	7,363
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
Income from investments in subsidiaries	-59,208	-8,510
Non-deductible expenses	73	30
Income tax expense	**-2,420**	**-1,117**
Effective tax rate	**-1%**	**-3%**

Accounting policies

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. A deferred income tax asset or liability is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Notes to the financial statements

11 Intangible assets

	GROUP		
EUR '000	**Incorporeal rights**	**Software**	**Total**
Cost:			
At January 1, 2022	71	6	77
At December 31, 2022	**71**	**6**	**77**
Accumulated amortization and impairment:			
At January 1, 2022	29	5	34
Amortization charge	2	1	3
At December 31, 2022	**31**	**6**	**37**
Carrying amount at December 31, 2022	**40**	**0**	**40**
Cost:			
At January 1, 2021	71	6	77
At December 31, 2021	**71**	**6**	**77**
Accumulated amortization and impairment:			
At January 1, 2021	27	3	30
Amortization charge	2	2	4
At December 31, 2021	**29**	**5**	**34**
Carrying amount at December 31, 2021	**42**	**1**	**43**

	PARENT	
EUR '000	**Software**	**Total**
Cost:		
At January 1, 2022	6	6
At December 31, 2022	**6**	**6**
Accumulated amortization and impairment:		
At January 1, 2022	5	5
Amortization charge	1	1
At December 31, 2022	**6**	**6**
Carrying amount at December 31, 2022	**0**	**0**
Cost:		
At January 1, 2021	6	6
At December 31, 2021	**6**	**6**
Accumulated amortization and impairment:		
At January 1, 2021	3	3
Amortization charge	2	2
At December 31, 2021	**5**	**5**
Carrying amount at December 31, 2021	**1**	**1**

Notes to the financial statements

11 Intangible assets, continued

Software
Software comprises the cost associated with acquiring software licenses.

Incorporeal rights
Incorporeal rights comprise the cost associated with acquiring the rights for trading on exchanges.

Accounting policies

Intangible assets
Intangible assets are measured at cost less accumulated amortization and less any accumulated impairment losses. Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Amortization methods and useful lives
The Group amortizes intangible assets with a limited useful life, using the straight-line method over the following periods:

Software	*3 years*
Incorporeal rights	*10 years*

12 Property, plant and equipment

	GROUP		
EUR '000	**Other fixtures, fittings and equipment**	**Leasehold improvements**	**Total**
Cost:			
At January 1, 2022	50	58	108
Additions	111	11	122
At December 31, 2022	**161**	**69**	**230**
Accumulated depreciation and impairment:			
At January 1, 2022	29	21	50
Depreciation charge	35	10	45
At December 31, 2022	**64**	**31**	**95**
Carrying amount at December 31, 2022	**97**	**38**	**135**
Cost:			
At January 1, 2021	141	20	161
Additions	33	28	61
Transfers	-27	27	0
Disposals	-97	-17	-114
At December 31, 2021	**50**	**58**	**108**
Accumulated depreciation and impairment:			
At January 1, 2021	60	3	63
Depreciation charge	20	12	32
Transfer	-16	16	0
Reversed impairment and depreciation	-35	-10	-45
At December 31, 2021	**29**	**21**	**50**
Carrying amount at December 31, 2021	**21**	**37**	**58**

Notes to the financial statements

12 Property, plant and equipment, continued

	PARENT		
EUR'000	**Other fixtures, fittings and equipment**	**Leasehold improvements**	**Total**
Cost:			
At January 1, 2022	50	58	108
Additions	104	11	115
At December 31, 2022	**154**	**69**	**223**
Accumulated depreciation and impairment:			
At January 1, 2022	29	22	51
Depreciation charge	35	10	45
At December 31, 2022	**64**	**32**	**96**
Carrying amount at December 2022	**90**	**37**	**127**
Cost:			
At January 1, 2021	141	20	161
Additions	33	28	61
Transfers	-27	27	0
Disposals	-97	-17	-114
At December 31, 2021	**50**	**58**	**108**
Accumulated depreciation and impairment:			
At January 1, 2021	60	4	64
Depreciation charge	20	12	32
Transfer	-16	16	0
Reversed impairment and depreciation	-35	-10	-45
At December 31, 2021	**29**	**22**	**51**
Carrying amount at December 31, 2021	**21**	**36**	**57**

Accounting policies

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Depreciation methods and useful lives
Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over their estimated useful lives as follows:

Leasehold improvements	*3-5 years*
Other fixtures, fittings and equipment	*3-5 years*

Impairment of assets
Other non-current assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Notes to the financial statements

13 Leases

	GROUP & PARENT	
EUR '000	**2022**	**2021**
Amounts recognized in the balance sheet		
Right-of-use assets		
Properties	45	155
	45	**155**
Additions to the right-of-use assets	0	146
Lease liabilities		
Current	47	111
Non-current	0	47
	47	**158**
Amounts recognized in the income statement		
The income statement shows the following amounts relating to leases:		
Depreciation charge of right-of-use assets		
Properties	110	88
	110	**88**
Interest expense on lease liabilities	2	5
Expenses relating to short-term leases	123	105
Expenses relating to leases of low-value assets	48	35
Total cash outflow for leases	**283**	**233**

Please refer to note 6 for a disclosure of contractual maturities of the financial liabilities.

Accounting policies

MFT Energy leases various properties. Property contracts are typically made for 1 to 5 years but may have extension and termination options.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments); any variable lease payment that is based on an index or a rate, initially measured using the index or rate at the commencement date and the exercise price of a purchase option if the Group is reasonably certain to exercise that option. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease or lessee's incremental borrowing rate if the implicit interest rate cannot be readily determined.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost which comprises the amount of the initial measurement of the lease liability; any initial direct costs; the estimated restoration costs and any lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated over the lease term on a straight-line basis.

Payments associated with short-term leases of property and all leases of low-value assets are recognized on a straightline basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Notes to the financial statements

14 Deferred tax

	GROUP		PARENT	
EUR '000	2022	2021	2022	2021
Deferred tax				
Deferred tax at the beginning of the period	-14	-1	-14	-1
Deferred tax recognized in the income statement	-4,433	-13	-4,396	-13
Deferred tax at year end	**-4,447**	**-14**	**-4,410**	**-14**
Deferred tax relates to:				
Property, plant and equipment	-10	-15	-10	-15
Deferred tax on accrued expenses	-37	0	0	0
Provisions	-4,400	0	-4,400	0
Lease liabilities	0	1	0	1
Total	**-4,447**	**-14**	**-4,410**	**-14**
Of which presented as deferred tax assets	4,447	14	4,410	14

Deferred tax assets and liabilities are offset as they relate to income tax with the same taxation authority and a legal right exists to set them off.

Accounting policies

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

15 Investments in subsidiaries

	PARENT	
EUR '000	2022	2021
Cost at January 1	1,869	1,869
Disposals for the year	-5	0
Cost at December 31	**1,864**	**1,869**
Value adjustments at January 1	44,114	5,489
Profit for the year	269,126	38,613
Dividend to the Parent Company	-21,499	-40
Other adjustments	-219	52
Value adjustments at December 31	**291,522**	**44,114**
Carrying amount at December 31	**293,386**	**45,983**

Notes to the financial statements

15 Investments in subsidiaries, continued

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
MFT Energy 1 ApS	Denmark	DKK 55,626	90%
MFT Energy 2 ApS	Denmark	DKK 50,000	60%
MFT Energy 3 ApS	Denmark	DKK 50,000	60%
MFT Energy 4 ApS	Denmark	DKK 50,000	100%
MFT Energy 5 ApS	Denmark	DKK 50,000	61%
MFT Energy 6 ApS	Denmark	DKK 56,000	54%
MFT Energy Kosovo L.L.C	Kosovo	EUR 1,000	61%
MFT Energy US Inc.	USA	USD 1,000	100%
MFT Energy US POWER LLC	USA	USD 0	100%
MFT Energy US 1 LLC	USA	USD 0	75%
MFT Energy US 2 LLC	USA	USD 0	100%
MFT Energy APAC Holding Pte. Ltd.	Singapore	SGD 0	80%
MFT Energy PTE. LTD.	Singapore	SGD 1	100%
MFT Energy Singapore Pte. Ltd.	Singapore	SGD 2	80%
MFT Energy Australia Pty. Ltd	Australia	AUD 100	71%
MFT Energy See Enerji A.S.	Türkiye	TRY 2,000,000	61%
MFT Energy APAC 3 KK	Japan	JPY 5,000,000	80%

Accounting policies

The accounting policies below are only relevant for the preparation of the separate financial statements.

Investments in subsidiaries are recognized using the equity method of accounting. Consequently, investments are initially recognized at cost and subsequently adjusted to recognize MFT Energy A/S's share of the post-acquisition profits or losses of the investee in other comprehensive income. Dividends received are recognized as a reduction in the carrying amount of the investment. Where the recoverable amount of the subsidiary is lower than cost, the carrying amount of the subsidiaries is written down to this lower value.

Where MFT Energy A/S's share of losses in a subsidiary equals or exceeds its interest in the entity, including any other unsecured long-term receivables, MFT Energy A/S does not recognize further losses, unless it has incurred obligations or made payments on behalf of the subsidiary.

Unrealized gains on transactions between MFT Energy A/S and its subsidiaries are eliminated to the extent of MFT Energy A/S's interest in these subsidiaries. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies of MFT Energy A/S.

Notes to the financial statements

16 Non-controlling interests

A significant part of the group's activities is performed through a subsidiary with significant non-controlling interests. Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before intercompany eliminations.

Beside, summarized financial information for MFT Energy 6 ApS is presented:

	GROUP	
EUR '000	**2022**	**2021**
Non-controlling interests' ownership	45.69%	45.48%
Summarised balance sheet		
Current assets	48	17
Current liabilities	124,999	6,557
Current net assets	**-124,951**	**-6,540**
Non-current assets	493,642	25,397
Non-current liabilities	0	0
Non-current net assets	**493,642**	**25,397**
Summarised statement of comprehensive income		
Gross profit	497,175	26,328
Profit for the period	363,828	18,358
Other comprehensive income	0	0
Total comprehensive income	**363,828**	**18,358**
Profit allocated to non-controlling interests	166,250	8,349
Dividends paid to non-controlling interests	6,364	0
Summarised cash flows		
Cash flows from operating activities	482,364	24,692
Cash flows from investing activities	0	0
Cash flows from financing activities	-482,371	-24,820
Net increase/(decrease) in cash and cash equivalents	**-7**	**-128**

Notes to the financial statements

17 Inventories

	GROUP		PARENT	
EUR '000	**2022**	**2021**	**2022**	**2021**
Gas storage at weighted average cost	44,629	13,790	44,629	13,790
Basis adjustment from fair value hedging	-11,609	-3,070	-11,609	-3,070
Total inventories	**33,020**	**10,720**	**33,020**	**10,720**

Amounts recognized in profit and loss
Inventories recognized as an expense during 2022 amounted to EUR 705,626k (2021: EUR 103,754k). These were included in cost of sale.

There has been no write-down of inventories to net realizable value during 2022 and 2021.

	GROUP			PARENT		
EUR '000	**Assets**	**Liabilities**	**Total**	**Assets**	**Liabilities**	**Total**
Accumulated fair value adjustments at January 1, 2022	-3,070	0	-3,070	-3,070	0	-3,070
Fair value adjustments during the year	-8,539	0	-8,539	-8,539	0	-8,539
Accumulated fair value adjustments at December 31, 2022	**-11,609**	**0**	**-11,609**	**-11,609**	**0**	**-11,609**

As described in detail in note 6, the Group hedges the price risk of gas inventory. Such contracts are designated as fair value hedges of the gas inventory.

The Group has designated the spot component of gas swap contracts as the hedging instrument. The cumulative fair value adjustment included in inventories as of December 31, 2022 amounted to EUR 11,609k (2021: EUR 3,070k).

The cumulative fair value adjustment recognized in the carrying amount of inventories during 2022 amounted to a negative EUR 8,539k (2021: a negative EUR 3,070k). The Group uses hedging in accordance with the written principles set out by the Risk Committees, hence, all storages are hedged unless otherwise stated in the mandates given. As of December 31, 2022, one supply has not been hedged according to the approved mandate, as the supply has to be realized within Q3 2023 and was only injected during November 2022 with a certain price limit. The notional amount as of December 31, 2022 was EUR 1,402k (MWh 24,079). As of December 31, 2022, the fair value adjustment was a negative EUR 747k. The fair value adjustments, as well as any ineffectiveness, are included in the line item fair value adjustment of financial and physical energy contracts, along with the adjustment of the other trades and hedge positions.

Accounting policies

Inventories comprise gas used for trading. Inventories are measured at the lower of cost under the weighted average cost method adjusted for gains and losses from hedging instruments and net realizable value. The net realizable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations less selling expenses.

MFT Energy A/S hedges the fair value of its inventory of gas and applies fair value hedge accounting. Consequently, changes in the fair value of the hedged item attributable to the gas price risk is recorded as an adjustment to the carrying value of the inventory. The carrying amount of inventory is recognized in profit or loss when the gas is sold, along with any fair value adjustments from fair value hedges.

Fair value hedges that qualify for hedge accounting
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss. Changes in the fair value of the hedged item attributable to the hedged risk is recorded as part of the carrying amount of the hedged item and is also recognized in profit or loss. The gain or loss relating to the ineffective portion is recognized in profit or loss within fair value adjustment of financial and physical energy contracts.

If the hedge no longer meets the criteria for hedge accounting, the adjustment of the carrying amount of a hedged item is recognized in profit or loss at the time when the hedged item is recognized in profit or loss.

Notes to the financial statements

18 Trade receivables

	GROUP	
EUR '000	**2022**	**2021**
Trade receivables from contracts	33,346	21,037
Loss allowance	0	0
Net trade receivables	**33,346**	**21,037**

	PARENT	
EUR '000	**2022**	**2021**
Trade receivables from contracts	29,083	20,833
Loss allowance	0	0
Net trade receivables	**29,083**	**20,833**

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Please refer to note 6 for a description of the expected credit losses and risks regarding trade receivables.

Accounting policies

Trade receivables are amounts due from power and gas sold as part of the ordinary course of business. Trade receivables are recognized initially at the amount of consideration that is unconditional. The Group holds the trade receivable with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method, less allowance for lifetime expected credit losses. MFT Energy applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss for all trade receivables.

Impairment losses on trade receivables are presented as net impairment losses operating profit. Subsequent recoveries of amounts previously written down are recognized as a reduction of costs in the same line item.

Notes to the financial statements

19 Fair value measurement

Derivative financial instruments in MFT Energy mainly consist of commodity derivatives that are traded as part of the Group's ordinary business activity.

Trading activities are undertaken by using a range of contract types in combination to create incremental gains by arbitraging prices between markets, locations and time periods. Financial risks relating to the financial instruments are managed on a portfolio basis.

The Group measures the following financial assets and liabilities at fair value:

- Gas derivatives
- Power derivatives
- Foreign currency derivatives

This section explains estimates made in determining the fair value of the financial instruments that are recognized and measured at fair value through profit and loss in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into three levels prescribed under the accounting standards.

Exchange-traded derivatives as well as foreign exchange contracts are measured using closing prices provided by the exchanges at the balance sheet date. These derivatives are categorized as level 1 of the fair value hierarchy. Exchange-traded derivatives are typically considered settled through the payment or receipt of variation margin.

Over-the-counter (OTC) financial swaps and physical commodity sale and purchase contracts, including commodity forwards, are generally measured using readily available information in the public markets, and if necessary, quotations provided, by brokers and price index developers. These quotes are corroborated with market data and are predominately categorized as level 2 of the fair value hierarchy.

Structured and capacity contracts of MFT Energy A/S are measured using internal models. Internal models refer to standard valuation models that use market forward levels on standard instruments, as well as incorporating inputs for the volatility of the underlying indices, markets or commodities.

The level 3 fair value measurements are limited to energy capacities that are deemed to be non-own use contracts. Since there are no active markets for these long-term products spreads, the fair value of a given product is estimated based on the future spreads between the given market areas. The measurement of the products is Management's best estimate, as no explicit and observable market price exists between the market areas. As a consequence of the unobservable market prices, the product is classified as level 3 in the fair value hierarchy.

Valuation processes

The valuation process of the derivatives includes input from relevant employees of MFT Energy, and the final measurement is verified and approved by the Risk Team. In order to minimize the use of subjective estimates or modifications of parameters and calculation models, it is MFT Energy's policy to determine fair values based on the external information that most accurately reflects the market values. The Group uses pricing services and benchmark services to increase data quality. MFT Energy's policy is to recognize transfers into and out of fair value hierarchy levels at the end of each reporting period.

Notes to the financial statements

19 Fair value measurement, continued

The below table sets out the fair value hierarchy for assets and liabilities measured at fair value in the balance sheet:

2022	GROUP			
EUR '000	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Un-observable input Level 3	Total
Financial assets				
Power trading derivatives	4,129	234	0	4,363
Gas trading derivatives	0	162,011	0	162,011
Foreign currency derivatives	253	0	0	253
Total financial assets at fair value	**4,382**	**162,245**	**0**	**166,627**
Non-financial assets				
Gas trading inventories	0	-11,609	0	-11,609
Total financial and non-financial assets	**4,382**	**150,636**	**0**	**155,018**
Financial liabilities				
Power trading derivatives	3,656	802	0	4,458
Gas trading derivatives	0	174,570	0	174,570
Total financial liabilities at fair value	**3,656**	**175,372**	**0**	**179,028**

2021	GROUP			
EUR '000	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Un-observable input Level 3	Total
Financial assets				
Power trading derivatives	513	122	1	636
Gas trading derivatives	0	330,083	2,603	332,686
Foreign currency derivatives	43	0	0	43
Total financial assets at fair value	**556**	**330,205**	**2,604**	**333,365**
Non-financial assets				
Gas trading inventories	0	-3,070	0	-3,070
Total financial and non-financial assets	**43**	**327,013**	**2,603**	**329,659**
Financial liabilities				
Power trading derivatives	392	0	279	671
Gas trading derivatives	0	336,832	203	337,035
Foreign currency derivatives	6	0	0	6
Total financial liabilities at fair value	**398**	**336,832**	**482**	**337,712**

Notes to the financial statements

19 Fair value measurement, continued

The below table sets out the fair value hierarchy for assets and liabilities measured at fair value in the balance sheet:

2022	PARENT			
EUR '000	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Un-observable input Level 3	Total
Financial assets				
Power trading derivatives	4,129	0	0	4,129
Gas trading derivatives	0	162,010	0	162,010
Foreign currency derivatives	253	0	0	253
Total financial assets at fair value	**4,382**	**162,010**	**0**	**166,392**
Non-financial assets				
Gas trading inventories	0	-11,609	0	-11,609
Total financial and non-financial assets	**4,382**	**150,401**	**0**	**154,783**
Financial liabilities				
Power trading derivatives	3,656	782	0	4,438
Gas trading derivatives	0	174,571	0	174,571
Foreign currency derivatives	0	0	0	0
Total financial liabilities at fair value	**3,656**	**175,353**	**0**	**179,009**

2021	PARENT			
EUR '000	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Un-observable input Level 3	Total
Financial assets				
Power trading derivatives	513	122	1	636
Gas trading derivatives	0	330,083	2,603	332,686
Foreign currency derivatives	43	0	0	43
Total financial assets at fair value	**556**	**330,205**	**2,604**	**333,365**
Non-financial assets				
Gas trading inventories	0	-3,070	0	-3,070
Total financial and non-financial assets	**556**	**327,135**	**2,604**	**330,295**
Financial liabilities				
Power trading derivatives	392	0	279	671
Gas trading derivatives	0	336,832	203	337,035
Foreign currency derivatives	6	0	0	6
Total financial liabilities at fair value	**398**	**336,832**	**482**	**337,712**

Notes to the financial statements

19 Fair value measurement, continued

Accounting policies

Fair value measurement

The Group measures financial instruments, such as derivatives, at fair value at each balance sheet date. Fair value is the price that would be received for selling an asset or paid for transferring a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- *in the principal market for the asset or liability, or*
- *in the absence of a principal market, in the most advantageous market for the asset or liability.*

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

Commodity contracts which allow for physical settlement, but are considered not entered into for the purpose of the Group's own use, are measured similar to financial commodity contracts.

MFT Energy uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized according to the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- *Level 1 - quoted and unadjusted market prices in active markets for identical assets or liabilities*
- *Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable*
- *Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.*

Derivative financial instruments and commodity contracts not held for own use

Financial derivatives are initially recognized at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value at the end of the reporting period. The subsequent accounting treatment depends on whether the derivatives are designated as hedging instrument and, if so, the nature of the item being hedged. If derivatives are not designated as hedging instruments, they are classified as "held for trading" for accounting purposes and initially recognized at fair value with subsequent remeasurement at fair value through profit and loss and recognized in the balance sheet.

Derivatives may be designated as hedging instruments, and the Group may designate derivatives as either:

- *hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges), or*
- *hedges of a particular risk associated with the cash flow of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges).*

At inception of the hedging relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flow of the hedging instruments are expected to offset changes in the cash flow of hedged items. The Group documents its risk management objective and strategy for undertaking its hedging transactions.

The full fair value of a hedging instrument is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Notes to the financial statements

20 Financial assets and financial liabilities

The Group and the Parent Company hold the following financial instruments:

	GROUP		PARENT	
EUR '000	**2022**	**2021**	**2022**	**2021**
Financial assets				
Financial assets measured at fair value through profit and loss				
Derivatives and commodity contracts not entered into for own use	166,627	333,365	166,392	333,365
Derivatives in hedge accounting, inventory	-11,609	-3,070	-11,609	-3,070
	155,018	330,295	154,783	330,295
Financial assets at amortized cost				
Deposits	300	236	245	208
Trade receivables	33,346	21,037	29,083	20,833
Receivables from group enterprises	1,254	375	15,062	5,986
Other receivables	198,833	80,447	195,690	79,844
Current asset investments	348,888	0	348,888	0
Cash and cash equivalents	134,344	34,511	127,677	32,306
	716,965	136,606	716,645	139,177
Financial assets	**871,983**	**466,901**	**871,428**	**469,472**

	GROUP		PARENT	
EUR '000	**2022**	**2021**	**2022**	**2021**
Financial liabilities				
Financial liabilities measured at fair value through profit and loss				
Derivatives and commodity contracts not entered into for own use	179,028	337,712	179,009	337,712
	179,028	337,712	179,009	337,712
Financial liabilities at amortized cost				
Trade payables	55,010	50,640	55,010	50,638
Borrowings	5,611	7,442	5,611	7,442
Payables to group enterprises	0	0	647,391	87,108
Lease liabilities	47	158	47	158
Corporate tax liabilities	125,578	14,193	0	0
Other payables	37,539	9,774	5,324	2,528
	223,785	82,207	713,383	147,874
Financial liabilities	**402,813**	**419,919**	**892,392**	**485,586**

Notes to the financial statements

20 Financial assets and financial liabilities, continued

GROUP

	2022			2021		
EUR '000	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Borrowings						
Credit institutions	1,008	4,603	**5,611**	712	5,385	**6,097**
Other loans	0	0	**0**	0	1,345	**1,345**
	1,008	**4,603**	**5,611**	**712**	**6,730**	**7,442**

PARENT

	2022			2021		
EUR '000	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Borrowings						
Credit institutions	1,008	4,603	**5,611**	712	5,385	**6,097**
Payables to group enterprises	0	647,391	**647,391**	0	87,108	**87,108**
Other loans	0	0	**0**	0	1,345	**1,345**
	1,008	**651,994**	**653,002**	**712**	**93,838**	**94,550**

In terms of borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

Payables to group enterprises carry a fixed rate, but the outstanding amount changes continuously. The remaining outstanding borrowings carried a floating interest rate in both 2022 and 2021.

Accounting policies

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the terms of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the term of the facility to which it relates.

Notes to the financial statements

21 Offsetting financial assets and financial liabilities

2022			GROUP		
				Related amounts not set off in the balance sheet	
EUR '000	Gross amounts	Offsetting	Net amounts presented in the balance sheet	Cash collateral (received/ pledged)	Net amount
Financial assets					
Trade receivables	204,300	-170,954	**33,346**	31,986	65,332
Derivatives held for trading	1,218,999	-1,063,981	**155,018**	0	155,018
Total financial assets	**1,423,299**	**-1,234,935**	**188,364**	**31,986**	**220,350**
Financial liabilities					
Trade payables	225,964	-170,954	**55,010**	-66,667	-11,657
Derivatives held for trading	1,243,009	-1,063,981	**179,028**	-9,191	169,837
Total financial liabilities	**1,468,973**	**-1,234,935**	**234,038**	**-75,858**	**158,180**

Offsetting of financial assets and liabilities in the financial statements requires the following criteria to be fulfilled:

- that MFT Energy A/S currently has a legally enforceable right to set off the recognized amounts, and
- that MFT Energy A/S intends either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

In the event that a counterparty or the Group defaults, further offsetting will take place.

This note discloses the offsetting in the financial statements, further netting according to enforceable master netting agreements and similar agreements (i.e. in the event of default) and collateral provided or received under such agreements.

2021			GROUP		
				Related amounts not set off in the balance sheet	
EUR '000	Gross amounts	Offsetting	Net amounts presented in the balance sheet	Cash collateral (received/ pledged)	Net amount
Financial assets					
Trade receivables	114,503	-93,466	**21,037**	5,451	26,488
Derivatives held for trading	810,176	-476,811	**333,365**	0	333,365
Total financial assets	**924,679**	**-570,277**	**354,402**	**5,451**	**359,853**
Financial liabilities					
Trade payables	144,106	-93,466	**50,640**	-27,376	23,264
Derivatives held for trading	814,523	-476,811	**337,712**	-2,264	335,448
Total financial liabilities	**958,629**	**-570,277**	**388,352**	**-29,640**	**358,712**

Notes to the financial statements

21 Offsetting financial assets and financial liabilities, continued

2022 — PARENT

				Related amounts not set off in the balance sheet	
EUR '000	**Gross amounts**	**Offsetting**	**Net amounts presented in the balance sheet**	**Cash collateral (received/ pledged)**	**Net amount**
Financial assets					
Trade receivables	197,520	-168,437	**29,083**	31,986	61,069
Derivatives held for trading	1,070,543	-915,760	**154,783**	0	154,783
Total financial assets	**1,268,063**	**-1,084,197**	**183,866**	**31,986**	**215,852**
Financial liabilities					
Trade payables	223,447	-168,437	**55,010**	-66,667	-11,657
Derivatives held for trading	1,094,769	-915,760	**179,009**	-9,191	169,818
Total financial liabilities	**1,318,216**	**-1,084,197**	**234,019**	**-75,858**	**158,161**

2021 — PARENT

				Related amounts not set off in the balance sheet	
EUR '000	**Gross amounts**	**Offsetting**	**Net amounts presented in the balance sheet**	**Cash collateral (received/ pledged)**	**Net amount**
Financial assets					
Trade receivables	114,299	-93,466	**20,833**	5,451	26,284
Derivatives held for trading	810,176	-476,811	**333,365**	0	333,365
Total financial assets	**924,475**	**-570,277**	**354,198**	**5,451**	**359,649**
Financial liabilities					
Trade payables	144,104	-93,466	**50,638**	-27,390	23,248
Derivatives held for trading	814,523	-476,811	**337,712**	-2,264	335,448
Total financial liabilities	**958,627**	**-570,277**	**388,350**	**-29,654**	**358,696**

Accounting policies

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset, and the net amount is reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

MFT Energy enters into master netting agreements with counterparties to manage the credit risks associated primarily with over-the-counter commodity trading. These master netting agreements enable MFT Energy and its counterparties to set off financial liabilities against financial assets in the ordinary course of business as well as in case of default. Contracts which do not meet the offsetting criteria because the offsetting right is not unconditional are disclosed in the notes.

Notes to the financial statements

22 Other receivables

	GROUP		PARENT	
EUR '000	**2022**	**2021**	**2022**	**2021**
Deposits related to trading	197,223	79,119	194,163	78,800
Other receivables	171	387	137	102
Other receivables, net	**197,394**	**79,506**	**194,300**	**78,902**

Deposits related to trading are cash amounts that need to be provided to specific counterparties in order to initiate a trading position and cover margin calls.

Accounting policies

Other receivables consist of deposits related to trading, VAT receivable and miscellaneous receivables. Other receivables are measured at amortized cost. Deposits represent the amount of cash required for trading positions with certain counterparties.

23 Current asset investments

	GROUP & PARENT	
EUR '000	**2022**	**2021**
Government bonds	348,888	0
Total current asset investments	**348,888**	**0**

During 2022, the Group purchased solely German government bonds, all of which had a short maturity period. The bonds have been purchased in order to mitigate the risk and ensure interest revenue on income for the excess liquidity.

Accounting policies

Current assets investments
Current assets investments include bonds that are measured at amortized cost, which are recognized initially at fair value plus any transaction costs incurred. Subsequently, the bonds are measured at amortized cost using the effective interest method, which takes into account the premium and the expected cash flows over the life of the bonds.

Interest income and any amortization of premium are recognized in the income statement using the effective interest rate. The interest income is recognized over the life of the bond, and any premium is amortized accordingly.

Notes to the financial statements

24 Share capital

	GROUP & PARENT			
	2022		2021	
	Number of shares	TEUR Nominal value	Number of shares	TEUR Nominal value
The share capital comprises:				
Ordinary shares (fully paid)	510,206	68	510,206	68

EUR '000	2022	2021
Changes in share capital		
Opening balance	68	67
Capital increase	0	1
Total	**68**	**68**

The share capital of EUR 68k at December 31, 2022 (2021: EUR 68k) is divided into 510,206 (2021: 510,206) shares at a nominal value of DKK 1 each. No shares carry any special rights.

	GROUP	
EUR per share	**2022**	**2021**
Total dividend paid out for the year	31.6	0.1
Total dividend proposed for the year	0	0

The dividend distribution has no tax implications for MFT Energy Group or the Parent Company. All covenants are also complied with.

Capital management
The capital structure is managed by MFT Energy A/S and covers the capital used in day-to-day operations throughout the Group as well as planned capital returns to shareholders.

The capital management objectives are to safeguard the ability to continue as a going concern and to provide sufficient returns for shareholders and benefits for other stakeholders, at the same time as an optimal capital structure is maintained to reduce the cost of capital and increase the return on invested capital.

The long-term objective relating to the capital structure is to maintain a solvency ratio that is compliant with covenants and sufficient to operate in the current and future market conditions. This will primarily be achieved through the consolidation of future results. The solvency ratio at December 31, 2022 amounted to 52.7% (December 31, 2021: 12.8%). The solvency rate in 2021 was sufficient to generate the results realized in 2022; hence, 2022 solvency level does not need to be maintained. The Group expects the solvency rate to drop during 2023.

Notes to the financial statements

24 Share capital, continued

Accounting policies

Equity reserves

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Reserve for unpaid share capital

Unpaid share capital is recognized on a gross basis, according to which the unpaid share capital is recognized and treated as a receivable in the balance sheet called "Claim for payment of company capital". An amount corresponding to the unpaid share capital is reclassified from "Retained earnings" to "Reserve for unpaid share capital".

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net changes in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss.

Reserve for loans to shareholders

The reserve for loans issued to shareholders for the purchase of shares in connection with the share purchase programs is mandatory according to the section for legal shareholder loans in the Danish Companies Act. The reserve may only be reduced or eliminated by repayment of the issued loans.

Foreign currency translation reserve

Exchange differences arising on translation of the Parent Company and of foreign controlled entities into EUR are recognized in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period. Payments of dividends are subject to debt covenants.

Non-controlling interests

Equity attributable to non-controlling interests is recognized as a separate item within consolidated equity. Transactions with non-controlling interests, including purchases and sales, are treated as equity transactions. Any gain or loss on such transactions is re-attributed between equity attributable to owners of the Parent Company and non-controlling interests.

25 Provisions

	GROUP & PARENT	
EUR '000	**Onerous contracts**	**Total**
Provisions at January 1, 2022	0	0
Additions for the year	20,000	20,000
Provisions at December 31, 2022	**20,000**	**20,000**
Current/non-current classification:		
Non-current provisions	8,405	8,405
Current provisions	11,595	11,595
Provisions at December 31, 2022	**20,000**	**20,000**

Provisions consist of onerous contracts with delivery from 2023 to 2027 and comprise contracts for which the unavoidable costs related to purchase of commodities exceed the economic benefits of the same commodities. The estimates performed for the above provisions are explained in note 2.

Accounting policies

Provisions

Provisions are recognized when, due to an event occurring on or before the reporting date, the Group has a legal or constructive obligation and it is probable that the Group will have to give up future economic benefits to meet the obligation.

Provisions are measured on the basis of Management's best estimate of the expected expenditure for settlement of the relevant obligation and are discounted if deemed material.

Notes to the financial statements

26 Cash flow specifications

	GROUP		PARENT	
EUR '000	2022	2021	2022	2021
Adjustments				
Financial income	-1,577	-1,624	-1,520	-1,497
Financial expenses	4,642	3,197	6,344	3,051
Depreciation, amortization and impairment charges	219	125	211	121
Income from investments in subsidiaries	0	0	-269,126	-38,613
Share-based remuneration	141	80	141	80
Income tax	126,392	13,910	-2,420	-1,117
Other adjustments	-13	119	-657	196
	129,804	**15,807**	**-267,027**	**-37,779**
Changes in net working capital				
Change in inventories	-22,300	-10,190	-22,300	-10,190
Change in trade receivables	-12,309	-11,955	-8,250	-13,124
Change in derivatives as an asset	178,347	-324,226	178,582	-324,226
Change in other operating assets	-118,612	-70,329	-116,026	-71,273
Change in trade payables	4,370	40,985	4,372	42,285
Change in derivatives as a liability	-158,684	328,659	-158,703	328,659
Fair value adjustments of hedging instruments	0	1,228	0	1,228
Change in other operating liabilities	47,654	6,175	22,685	401
	-81,534	**-39,653**	**-99,640**	**-46,240**

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	GROUP			PARENT			
EUR '000	Borrowings	Leases	Total	Borrowings	Leases	Payables to group enterprises	Total
Net debt:							
At January 1, 2021	7,676	99	7,775	7,676	99	11,521	19,296
Cash flows	-234	-88	-322	-234	-88	0	-322
Additions without cash effect	0	147	147	0	147	75,587	75,734
At December 31, 2021	**7,442**	**158**	**7,600**	**7,442**	**158**	**87,108**	**94,708**
Cash flows	-1,831	-111	-1,942	-1,831	-111	0	-1,942
Additions without cash effect	0	0	0	0	0	556,904	556,904
At December 31, 2022	**5,611**	**47**	**5,658**	**5,611**	**47**	**644,012**	**649,670**

Accounting policies

Statement of cash flows

The statement of cash flows shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year. Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as share-based payment expenses, depreciation, amortization, and impairment losses. Working capital comprises current assets less short-term debt, excluding items included in cash and cash equivalents.

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments. Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt and principal element on lease payments as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances.

Notes to the financial statements

27 Contingent liabilities, commitments and contingencies

Contingent liabilities

	GROUP	
EUR '000	**2022**	**2021**
Charges and security		
The following assets have been provided as security to the main bank facility:		
Security comprising simple claims	4,303	4,303
Assets charged	153,111	16,004
Total charges and security	**157,414**	**20,307**

Charges and security
The Group has provided all its trade receivables in MFT Energy A/S as security for all outstanding amounts relating to its main bank facility. The assets charged consist of two elements, as MFT Energy has provided some cash accounts and government bond portfolios as security for guarantee facilities with its main bank. The present value of the securities is EUR 152,226k.

The Group has provided its shares in the Danish subsidiaries as security for all the outstanding amounts to its main bank facility.

The Parent has entered into an equity guarantee agreement with certain minority owners. The agreements ensure the equity of the minority owners in case of a default. The agreement terminates in September 2025. On December 31, 2022 the equity amounted to EUR 3,558k.

	GROUP		PARENT	
EUR '000	**2022**	**2021**	**2022**	**2021**
Rental and lease obligations				
MFT Energy has the following lease obligations related to low-value and short-term leases. Total future lease payments are:				
Within 1 year	86	165	5	11
Between 1 and 5 years	3	3	0	0
	89	**168**	**5**	**11**

Other contingent liabilities
The group enterprises are jointly and severally liable for tax on the jointly taxed incomes, etc. of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of MFT Energy Holding ApS, which is the administration company for joint taxation purposes. Moreover, the group enterprises are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The Danish entities of the Group are jointly and severally liable for VAT on the joint registration of VAT. MFT Energy A/S is the administration company for joint VAT purposes.

Notes to the financial statements

28 Related party transactions

The Group is controlled by the following entity:

			Ownership interests	
Name of entity	**Type**	**Place of business**	**2022**	**2021**
MFT Energy Holding ApS	Ultimate parent company	Denmark	100%	98%

Related parties are defined as parties with control or significant influence, including group enterprises.

Other related parties comprise the Board of Directors and the Executive Board together with their immediate families.

Furthermore, other related parties include companies in which the aforementioned individuals have significant influence, joint control or control.

Transactions with members of the Board of Directors and the Executive Board are disclosed in the table for key management personnel.

Information about remuneration to key management personnel has been disclosed in note 7.

Investments in subsidiaries are set out in note 15.

Transactions with other related parties

	GROUP		PARENT	
EUR '000	**2022**	**2021**	**2022**	**2021**
The following transactions occurred with related parties:				
MFT Energy Holding ApS				
Proceeds from group enterprises	-1,535	2,540	-1,535	2,540
Dividend payments to MFT Energy Holding ApS	15,806	50	15,806	50
Paid in share capital	0	50	0	50
Other related parties*				
Purchase of services	36	12	36	12
Financial expenses	101	138	101	138
Proceeds from loans with other related parties	-1,438	723	-1,438	723

* Other related parties comprise Rathjen Invest ApS, VORUP INVEST ApS, NOAK Holding ApS, BRAA INVEST A/S and NORDAL CLAUSEN HOLDING ApS

Notes to the financial statements

28 Related party transactions, continued

	GROUP		PARENT	
EUR '000	2022	2021	2022	2021
Key management personnel				
Purchase of services	129	3	129	3
Proceeds from loans in connection with share purchase programs	-54	438	-54	438
Group enterprisess				
Income statement				
Sale of services			6,921	5,121
Purchase of services			635,103	83,092
Balance sheet				
Trade receivables			9,076	3,769
Loans obtained from group enterprises			556,904	87,108
Trade payables			3,379	11,521
Dividend paid			16,121	50
Dividend received			21,499	50

29 Fee to auditors appointed at the annual general meeting

	GROUP		PARENT	
EUR '000	2022	2021	2022	2021
PricewaterhouseCoopers				
Audit fee	64	31	43	23
Other assurance services	5	3	5	3
Tax advisory services	40	25	40	25
Other services	179	122	164	116
	288	**181**	**252**	**167**

30 Subsequent events

In Marts 2023, an extraordinary dividend of EUR 150,000k was approved in MFT Energy 6 ApS of which EUR 68,539k was disbursed from the Group. Furthermore, an extraordinary dividend of EUR 74,000k was approved in MFT Energy A/S of which EUR 74,000 was disbursed from the Group. The dividend is not considered to materially impact the Group's or Parent Company's financial posisition.

No further events have occurred since the balance sheet date which could materially impact the Group's or the Parent Company's financial position.

Notes to the financial statements

31 Definitions of financial ratios

The financial ratios have been calculated in accordance with the recommendations of CFA Society Denmark.

Gross margin = $\frac{\text{Gross profit x 100}}{\text{Revenue}}$

EBIT margin = $\frac{\text{Earnings before interest and tax (EBIT) x 100}}{\text{Revenue}}$

Scalability = $\frac{\text{Earnings before interest and tax (EBIT) x 100}}{\text{Gross profit}}$

Equity ratio = $\frac{\text{Equity at year end x 100}}{\text{Total assets}}$

Return on equity = $\frac{\text{Profit for the year x 100}}{\text{Average equity}}$

Average number of employees = Calculated as average number of full-time employees.

Statements

Management's statement on the annual report

The Board of Directors and Executive Board have today considered and adopted the annual report of MFT Energy A/S for the financial year January 1 – December 31, 2022.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at December 31, 2022 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for 2022.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company.

We recommend the Annual Report for adoption at the Annual General Meeting.

Aarhus, May 25, 2023

Executive Board

Torben Nordal Clausen

Board of Directors

Eivind Kolding
Chairman

Simon Rathjen
Deputy Chairman

Lasse Pilgaard

Heidi Frederikke Sigdal

Per Schnack

Independent auditor's report

To the shareholders of MFT Energy A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at December 31, 2022 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year January 1 - December 31, 2022 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of MFT Energy A/S for the financial year January 1- December 31, 2022, which comprise statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flow and notes, including significant accounting policies, for both the Group and the Parent Company ("financial statements").

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 Group 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.

Statement on management's review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in 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 Group's and the Parent 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 Group or the Parent 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 about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Vejle, May 25, 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Rasmus Friis Jørgensen
State Authorized Public Accountant
mne28705

Lasse Berg
State Authorized Public Accountant
mne35811

Future ready

Our skilled employees drive year-over-year performance to meet our ambition of becoming a leading global energy trader

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