Trading with a purpose

ANNUAL REPORT 2023

MFT Energy A/S

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TRADING WITH A PURPOSE

We **trade energy** to make **markets efficient** and to facilitate the **green transition**

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MEGATRENDS

Power generation is expected to **triple** by 2050*, with **renewables** accounting for a **higher share**

Due to the Paris Agreement, renewables are expected to become dominant, accounting for approx. 50% of the power mix by 2030 and approx. 85% by 2050

Driving **increased unpredictability** in national energy markets

Renewables as an intermittent energy source cannot provide baseload and will therefore not always be able to match demand, causing unpredictability and volatility in power markets

Leading to a **higher need** for **grid balancing and price optimization** across power markets

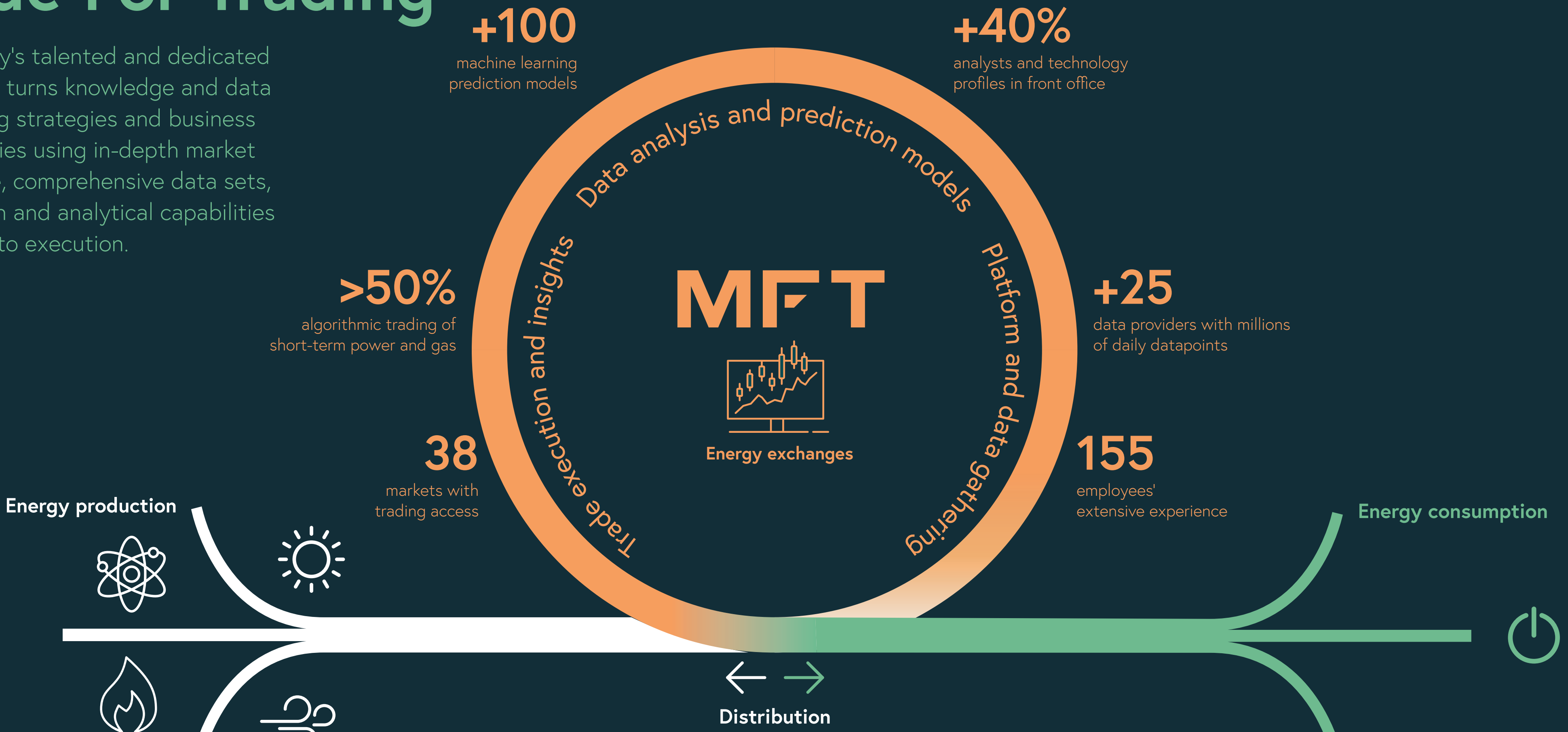
As power markets become more intermittent with less baseload capacity, countries will increasingly need to balance grids through import or export of power

We provide energy where needed – to support the green transition

*McKinsey report Global Energy Perspective

MFT Energy
Made For Trading

MFT Energy's talented and dedicated employees turns knowledge and data into trading strategies and business opportunities using in-depth market knowledge, comprehensive data sets, automation and analytical capabilities from data to execution.



+100
machine learning prediction models

+40%
analysts and technology profiles in front office

>50%
algorithmic trading of short-term power and gas

+25
data providers with millions of daily datapoints

38
markets with trading access

155
employees' extensive experience

Data analysis and prediction models

Platform and data gathering

Trade execution and insights

MFT

Energy exchanges

Energy production

Energy consumption

Distribution

Performance highlights 2023

72 mEUR
EBIT

576 mEUR in 2022

53%
Equity ratio

53% by end of 2022

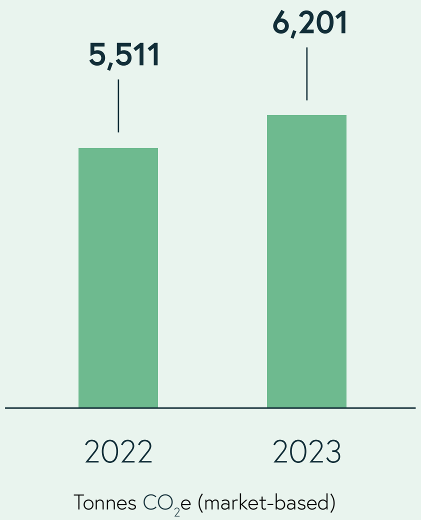
71%
Scalability

90% in 2022

55 eNPS
employee satisfaction in December 2023*

16 mEUR
in tax contribution for 2023
(126 mEUR for 2022)

Scope 1, 2 and 3
(direct and indirect emissions)



Average CO_2e emissions per FTE

*A score above 30 is considered excellent according to www.greatplacetowork.com.

Five-year highlights & key ratios

	GROUP				
EUR '000	**2023**	**2022**	**2021**	**2020**	**2019***
Income statement					
Net trading income (Gross profit)	101,525	641,864	83,702	13,408	3,877
Operating profit before financial income and expenses and tax (EBIT)	71,742	576,194	65,390	7,815	2,221
Net financials	(3,295)	(3,065)	(1,573)	(740)	(256)
Profit before tax (EBT)	68,447	573,129	63,817	7,075	1,965
Profit for the year	51,952	446,737	49,907	5,524	1,525
Profit for the year attributable to					
- Shareholders of MFT Energy A/S	36,471	260,214	34,587	4,703	1,442
- Non-controlling interests	15,481	186,523	15,320	821	83
Balance sheet					
Balance sheet total	391,743	910,263	481,328	41,716	11,043
Equity	206,653	483,050	61,409	9,582	3,925
Equity attributable to					
- Shareholders of MFT Energy A/S	133,624	288,778	45,000	8,493	3,789
- Non-controlling interests	73,029	194,272	16,409	1,089	136
Current asset investments	64,416	348,888	0	0	0
Cash and cash equivalents	106,164	134,344	34,511	12,618	3,382
Cash flows					
Cash flows from operating activities	26,071	476,936	22,494	5,176	(2,705)
Cash flows from investing activities	283,297	(349,067)	(977)	(280)	(140)
- of this investments in intangible assets	0	0	0	0	76
- of this investments in property, plant and equipment	257	115	60	82	62
Cash flows from financing activities	(337,548)	(28,036)	376	5,707	1,794
Change in cash and cash equivalents for the year	(28,180)	99,833	21,893	10,603	(1,051)

	GROUP				
EUR '000	**2023**	**2022**	**2021**	**2020**	**2019***
Key ratios					
Scalability	70.7%	89.8%	78.1%	58.3%	57.3%
Equity ratio	52.8%	53.1%	12.8%	23.0%	35.5%
Return on equity	15.1%	164.1%	140.6%	81.8%	48.7%

	GROUP				
	2023	**2022**	**2021**	**2020**	**2019***
Environmental, social and governance data					
Employees (FTE) - average for the year	136	94	70	34	22
Employees (headcount) - end of year	155	130	87	55	28
Employee turnover, %	14.8%	9.8%	3.8%	3.6%	0.0%
Gender diversity, female leaders at other management level, %**	7%	8%	-	-	-
Total CO_2e emissions (tonnes) **	6,201	5,511	-	-	-
Average CO_2e emissions (tonnes) per FTE**	46	59	-	-	-

For definitions of financial ratios, please refer to note 30.

*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 2019 have not been restated and are in accordance with Danish GAAP.
**MFT Energy started measuring the parameters in 2022.

LETTER FROM THE CEO AND CHAIR

Navigating shifting markets

In 2023, we continued our strategic growth journey, further solidifying our position as a leading global energy trader. As expected, energy prices and trading volumes normalized, however, with a nervous undertone due to the geopolitical situation. We are satisfied with the achieved operating results (EBIT) of EUR 72m compared to EUR 576m in 2022 and EUR 65m in 2021. 2023 was a testament to our ability to navigate shifting market conditions with determination and expertise.

EIVIND KOLDING
Chair of the Board of Directors

BO PALMGREN
Group CEO

Looking back at 2023, it was an intense year for MFT Energy. Our adaptability was tested, and we passed!

In the second half of 2023, the global power and gas markets shifted to a calmer but still nervous supply and demand situation because of the geopolitical situation in several places around the world. MFT Energy is built for all kinds of market sentiments – our trading engine is well prepared on a daily level for handling all market situations - but what we experienced in 2022 was extraordinary and, therefore, we have continuously invested in our risk management setup.

We have recruited a new CRO, Per Hjorth Poulsen, to handle all risks, including liquidity and financial risks, and we have upgraded our surveillance systems with state-of-the-art technology. At the same time, we can proudly say we have reached important landmarks such as expanding our business outside Europe, establishing a new business line, environmentals, implementing further automation of our trading activities and finalizing our sustainability strategy.

As of June 1, 2023, Bo Palmgren took over the Group CEO role at MFT Energy, and the Executive Leadership was expanded to now also represent the regional trading activities; one of many examples of our dedication to strengthening our global footprint.

Broadening our global footprint

In 2023, 10.5% of our trading activities originated from outside Europe - up from 3.5% in 2022 and in 2024, we expect to see continued growth in volumes traded outside Europe.

The opening of our US office in Austin, Texas, was an important milestone in 2023, not only broadening our global footprint but also strengthening our presence in one of the world's most dynamic energy markets. We have been trading on the North American markets for a couple of years, but out of Denmark. Now we have established a fully operational entity with technical and analytical skills, which will enable us to multiply our trading activities in this market.

Additionally, we made a significant investment in our Asia-Pacific (APAC) capabilities by relocating to new offices in Singapore. Our team in Singapore grew from 7 to 12 in 2023, and volumes traded in the APAC region more than doubled.

Ready to unfold growth potential in environmentals

Environmentals was a strategic focus area in 2023. In line with our strategy, we have established a trading entity to support our ambition of becoming a market leader also in this line of business. Volumes already increased significantly in 2023, and we see great synergies with our existing trading business, which we strongly believe will be unfolded in the years to come.

> We have an important role to play in the world of energy, and this is only possible with a continuous focus on competence building and good corporate governance. I am proud of our readiness in the ever-changing energy markets, which explains our satisfactory results for 2023.
>
> **Bo Palmgren**
> Group CEO

Cutting-edge technologies

Also in 2023, we were committed to further embracing cutting-edge technologies and data analytics to enhance our trading strategies and optimize our operations. We have gained valuable insights, improved decision-making processes, and driven operational efficiency. This technological progress will enable us to stay ahead of the curve in the rapidly changing energy landscape and maintain our competitive edge.

In 2023, more than 50% of our short-term trades, combined across power and gas markets, involved the use of machine learning or algorithms, up from around 20% in 2022. Thus, we have already exceeded our 2024 goal of more than 40%. In 2024, we expect that automation and the utilization of artificial intelligence will continue.

Sustainable future for all

We have a purpose that goes beyond capitalizing on our platform Made For Trading. We want to trade energy to make markets efficient and to facilitate the green transition. In line with this business commitment, in 2023, we formulated a sustainability strategy with specific targets supporting the green transition, including initiatives to minimize direct and indirect GHG emissions.

We have always conducted business in an ethical and responsible manner and now, we want to share that by publishing ESG key figures and preparing for the CSRD requirements.

Our new sustainability strategy was an important achievement in 2023.

Running an ethical and responsible business

Compliance has our highest priority, and all our employees must be fully trained in ethical and responsible business behavior. As a consequence, this is essential in our onboarding process of new employees and in the mandatory follow-up training of all employees involved in trading activities.

Our organization grew from 130 to 155 in 2023 and today, we have 11 teams of experts navigating the complex energy landscape, anticipating

> Despite significant changes in the global energy markets, MFT Energy delivered in all strategic focus areas from further internationalization outside Europe, expansion of the business base with a new business area, environmentals, to an increased use of algorithmic trading. MFT Energy stands strong and ready for an exciting 2024.
>
> **Eivind Kolding**
> Chair of the Board of Directors

market trends, and leveraging trading opportunities.

Learning and development of our staff are an ongoing process. In 2023, we launched learning programs as part of our talent management, and as a starting point, all leaders are attending monthly training sessions to upgrade leadership skills and tools.

At the end of 2023, we performed an employee satisfaction analysis showing that we are on the right track of becoming The Best Place for The Best People with an eNPS of 55. The possibility of becoming a partner is highly valued among MFT Energy's employees, and, therefore, it was a pleasure to announce, in early 2024, that an additional 24 new partners would be joining the partner group that now totals 82 partners.

A year of normalization

Looking at our financial performance, 2023 was a year of normalization. In 2023, energy prices dropped to the levels before the energy crisis in 2022, and volatility – the fluctuations in energy prices – was also significantly lower.

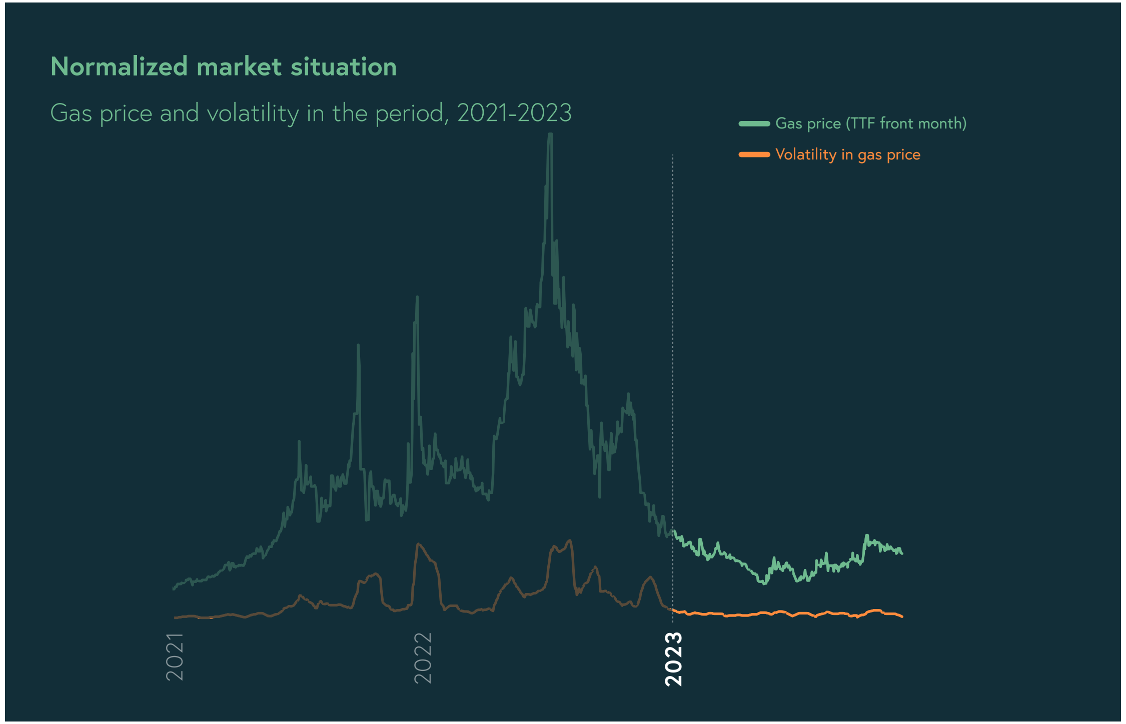
This was reflected in our results delivering a gross profit of EUR 102m compared to EUR 642m in 2022 and EUR 84m in 2021. Operating results (EBIT) in 2023 were EUR 72m compared to EUR 576m in 2022 and EUR 65m in 2021.

We are satisfied with our financial performance taking the faster than expected normalization of the market situation into account.

Reaching new milestones in 2024

In the past year, our teams demonstrated great dedication and passion. Each member of the MFT family has played a crucial role, embodying our values of grit, hunger and unity.

Together, we have achieved significant milestones, and fuelled our positive outlook for 2024. We are confident that MFT Energy will reach new heights of success in the years ahead.



Normalized market situation

Gas price and volatility in the period, 2021-2023

Bo Palmgren
Group CEO

Eivind Kolding
Chair of the Board of Directors

Strategic highlights 2023

New trading team established focusing on environmentals

In 2023, trading environmentals have been a new strategic focus area for MFT Energy, hence a new trading team and separate legal entity have been established. The relevant licenses have been obtained and a platform developed to support the specific needs of this business ensuring a smooth process. The market for environmental products is developing rapidly due to the growing focus on the environment, and MFT Energy is strongly positioned to participate in building efficient markets also in this area. Read about environmental trading on **page 21**.

New CEO and leadership expansion

In June 2023, Bo Palmgren took over the Group CEO responsibility. Following the launch of our new global business strategy early 2023, the Executive Leadership team was expanded. All key responsibilities are now represented in the Executive Leadership, including the APAC management, the US management, the European power management and the gas management.

Risk and compliance organization strengthened

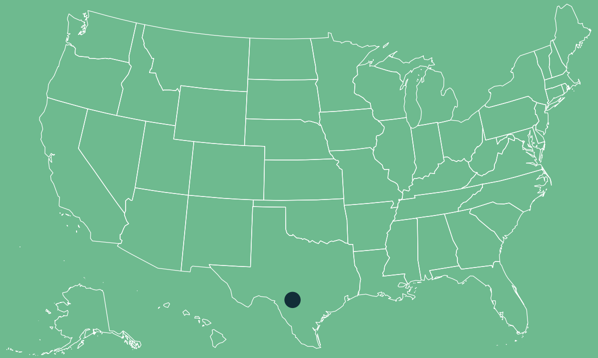
In 2023, MFT Energy reinforced its unwavering focus on good corporate governance and compliance. By the employment of Per Hjorth Poulsen as new CRO, we added extensive expertise within risk management and Treasury. In addition, two highly experienced staff members with deep knowledge from the energy trading were also recruited. In total, 17 FTE work solely within risk management, treasury and compliance in MFT Energy. Read more about risk management on **page 41**.

Strategic highlights
2023

New sustainability strategy

In 2023, we launched MFT Energy's sustainability strategy supporting sustainable operations and the creation of long-term value. We have always had a strong focus on our employees, surrounding and governance, and now it is thoroughly described with several ambitious targets. In parallel, the double materiality assessment from 2022 was revised to ensure full compliance to the ESRS standards and requirements to be implemented as from 2025.

Read more about ESG and sustainability on **page 23**.

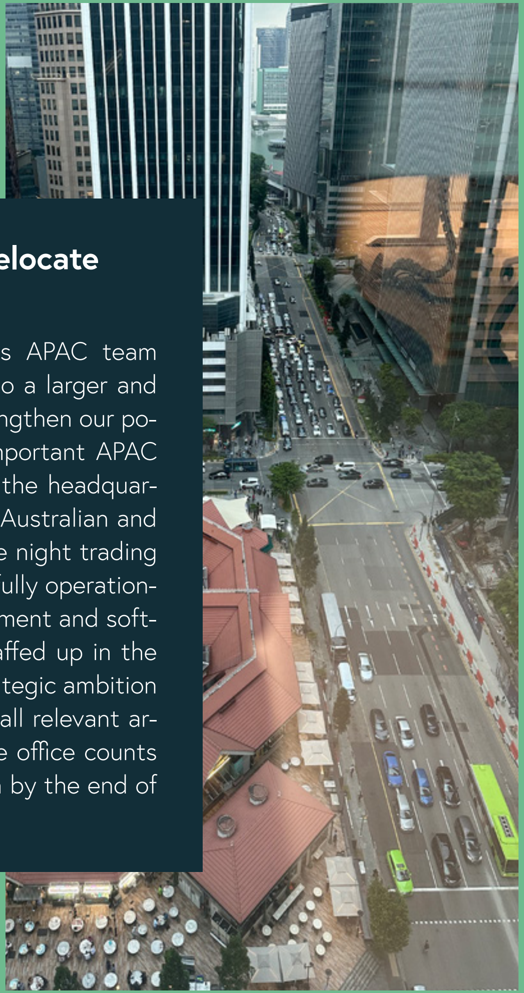


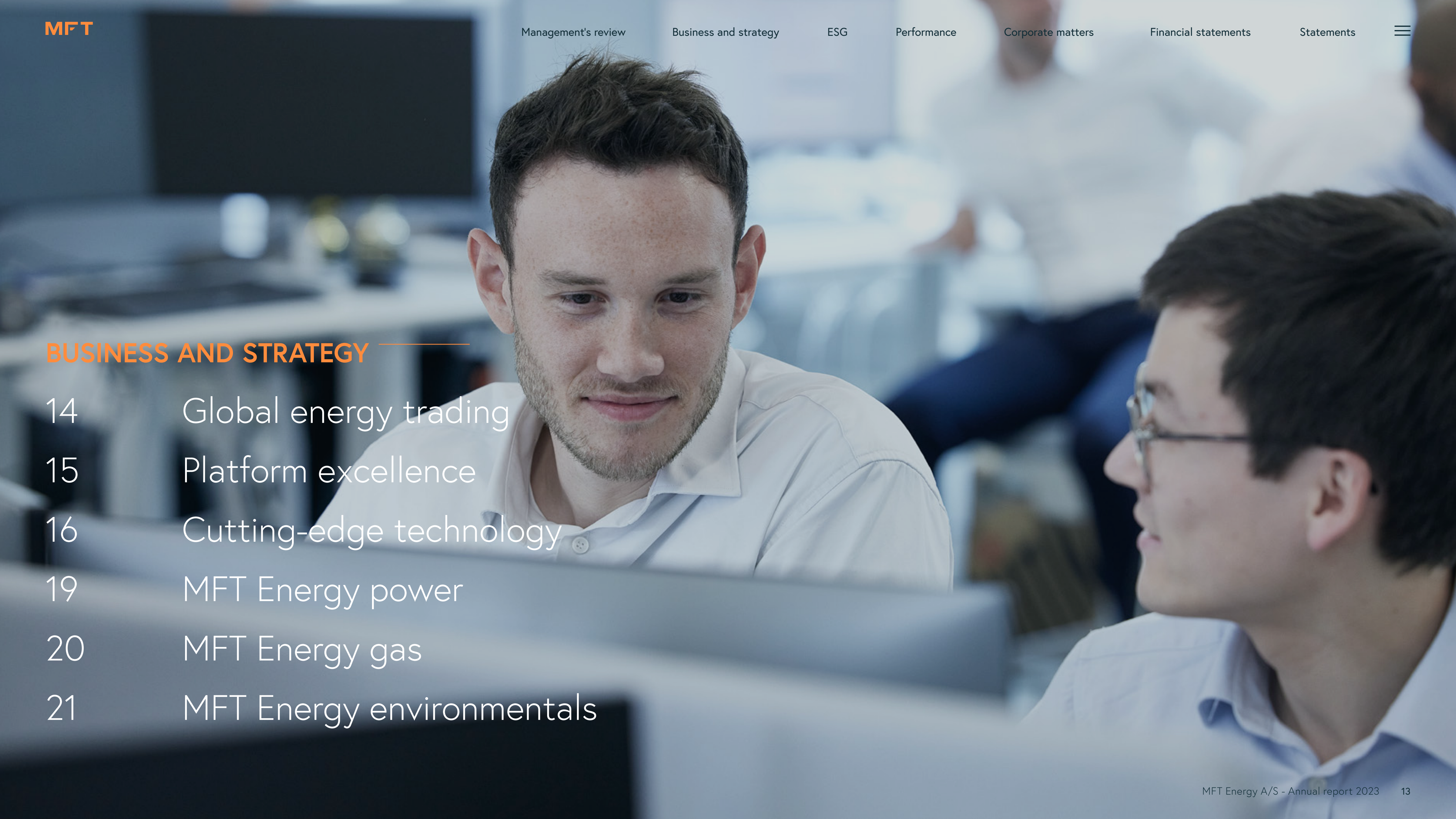
US office fully operational

A strong position in the North American markets is key to becoming a global leader within energy trading. In October 2023, we opened our new office in Austin, Texas with two employees and, during the year, MFT Energy also achieved license to operate in all major US areas (ISOs). Our fully operational office in the US has allowed us to utilize MFT Energy's platform, tools, and data setup to the fullest extent possible, and the North American trading volume, including the Canadian market, has grown by more than 150% in 2023.

APAC headquarters relocate to new offices

In May 2023, MFT Energy's APAC team based in Singapore moved to a larger and fully renovated office to strengthen our position in the strategically important APAC region. In addition to being the headquarters of MFT Energy's Japan, Australian and Singapore trading teams, the night trading for intraday and gas is now fully operational. Furthermore, risk management and software & technology have staffed up in the new office as part of the strategic ambition to have a 24/7 platform on all relevant areas. By the end of 2023, the office counts 12 employees, up from seven by the end of 2022.





BUSINESS AND STRATEGY

Global energy trading

MFT Energy is a global energy trader with a strategic focus on sustainable growth. Our 2023-2024 growth strategy aims at capturing opportunities in existing markets, expanding into new geographies, and entering a new and related trading segment, environmentals.

MFT Energy has built a highly scalable platform, Made For Trading, tailored for energy professionals, offering intuitive tools, real-time data analytics and risk management making it possible to trade energy in a responsible manner. Our purpose is to trade energy to make markets efficient and thereby facilitate the green transition.

Becoming a global energy house
MFT Energy's business model is based on generating income from buying and selling power, gas and environmentals utilizing the volatility as best as possible.

Our 2023-2024 growth strategy aims at capturing opportunities in existing markets, expanding into new geographies, and entering a new and related trading segment, environmentals.

Our strategic aspirations to become a global energy house are:

- Strengthening our **global trading hub** in new and existing markets by improving our position in North America and APAC to our level in Europe
- Expanding the platform by adding **environmentals** to the portfolio
- Increasing **algorithmic trading** by investing in skilled people and technology
- Best-in-class workplace by ensuring **the best place for the best people**

In 2023, we increased market presence, teams, number of employees, and partners, and our vision of building the most scalable global trading hub is supported by our robust financial performance.

MFT vision

Together we build the most scalable global trading hub

MFT mission

To empower entrepreneurs to become the best

38 markets
(36 in 2022)

11 teams
(10 in 2022)

58 partners
(46 in 2022)

155 employees
(130 in 2022)

BUSINESS AND STRATEGY

Platform excellence

MFT Energy's 11 trading teams showed great adaptability in 2023 in connection with the expected normalization of the energy markets in 2023.

Despite the shifting market situation, our strategic focus remained on the expansion of our business by adding a new trading team – environmentals – and by increasing the overall power volumes originating mainly from markets outside Europe.

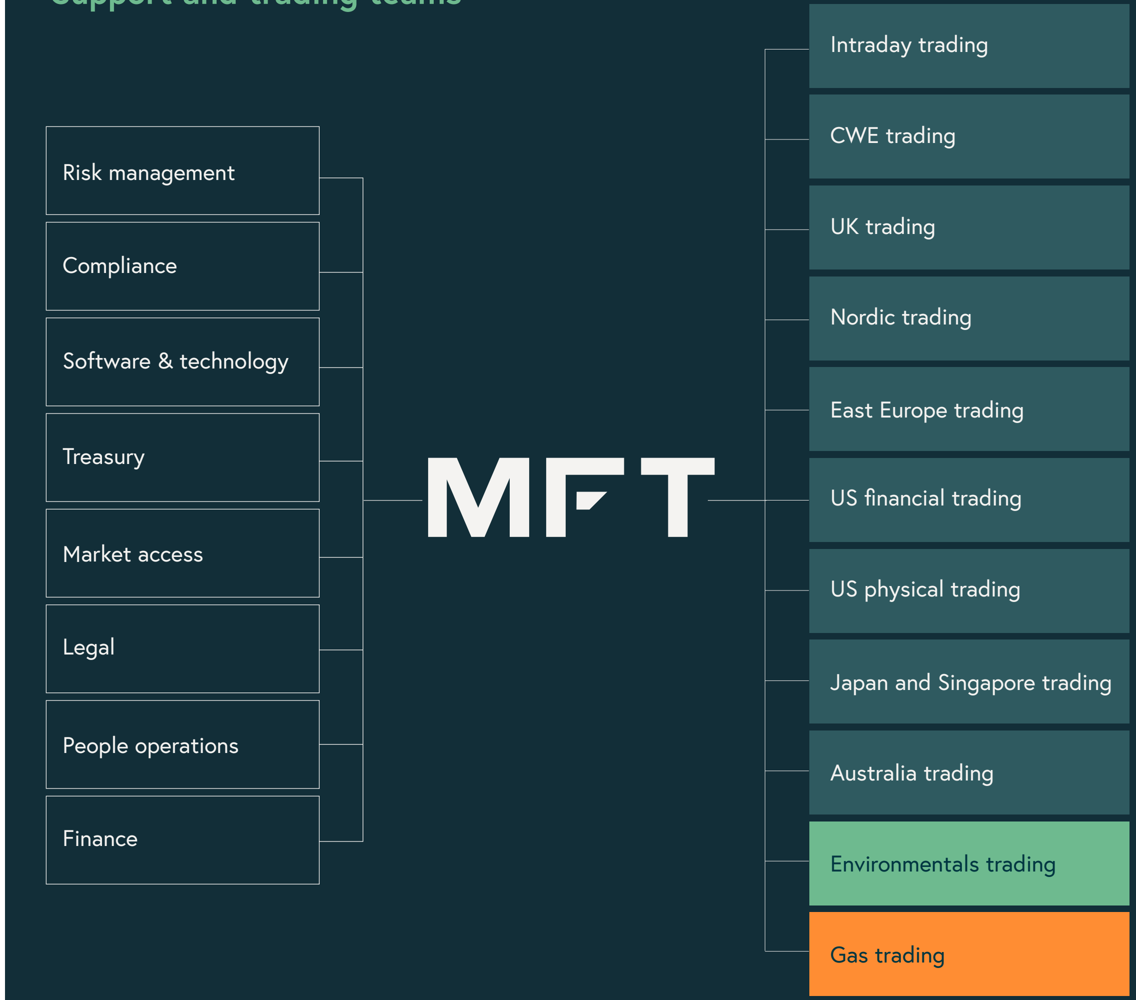
At MFT Energy, we have built a successful business platform based on a highly scalable, tech-driven, and asset-light business model, and we consider ourselves experts in the trading of power and gas. Environmentals was added as a trading area from 2023 and, also in this area, we aim for a market-leading position.

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, compliance, software & technology, treasury, market access, legal, people operation, and finance – 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's trading teams turn knowledge and data into trading strategies and business opportunities.

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

Support and trading teams



- Risk management
- Compliance
- Software & technology
- Treasury
- Market access
- Legal
- People operations
- Finance

MFT

- Intraday trading
- CWE trading
- UK trading
- Nordic trading
- East Europe trading
- US financial trading
- US physical trading
- Japan and Singapore trading
- Australia trading
- Environmentals trading
- Gas trading

BUSINESS AND STRATEGY

Cutting-edge technology

In 2023, MFT Energy continued to integrate and enhance algorithmic trading, maintaining a position at the forefront of technological innovation. In the short term, combined across power and gas markets, more than 50% of our trades were executed with algorithmic trading. A significant percentage that reflects our commitment to optimizing and improving trading efficiency.

MFT Energy has a cutting-edge technology platform and by leveraging the knowledge of advanced automation, algorithmic trading, and machine learning competencies, we have been able to further increase our execution speed and strengthen our decision-making, which is pivotal to our performance globally.

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

Enhanced trading strategies

Algorithmic trading has allowed more complex trading strategies to thrive in the markets. Our quantitative analysts have in collaboration with software developers improved our machine learning setup, thus allowing advanced data analytics to play a key role in refining our trade execution process.

In MFT Energy, trades are executed either automatically via algorithms or manually. The combination of core trading know-how, extensive data and technical competencies ensures efficient and profitable trading.

In 2023, more than 50% of our short-term trades across power and gas markets combined were executed using algorithmic trading.

Data-driven trading

Every day, MFT Energy handles millions of datapoints through +25 external providers related to consumption, production, weather, and markets.

The datapoints are gathered and structured to ensure high data quality and easy access.

Data is being analyzed by the trading teams on which more than 40% of employees are analysts or technology profiles, who are responsible for the development of analytical models and tools. Data provided by MFT Energy's data models is used to feed machine learning models, and algorithms, and other models. In addition, our risk and treasury teams analyze the data on a daily basis to ensure risk and capital are within approved mandates and policies.

The prediction models provide key signals to our trading teams, which support the manual or automated execution of the trades.

Going forward

MFT Energy remains dedicated to developing and integrating algorithmic trading within our markets. By more accurately predicting and responding to market changes, we continue to contribute to balancing supply and demand, thereby aiding the transition towards a more sustainable energy future. We will continue to invest in attracting and retaining top-tier talent and anticipate ongoing improvements in our strategies.

In **2023**, more than **50%** of our short-term trades were executed with algorithmic trading.

MFT Energy values

Grit - Hunger - Unity

Grit is about strength of character, spirit, perseverance, and unyielding courage.

Hunger, and staying hungry, is a critical component of our ability to build and improve MFT Energy.

Unity ensures that MFT Energy operates with unbroken integrity in a condition of harmony and accord.

Strategic enablers

Talent - Attracting and developing talent

Platform excellence - Scalability through partnership model

Technology - Advanced automation and algorithmic trading

Strategic aspirations

Strengthening our global trading hub in new and existing markets - by improving our position in North America and Asia-Pacific to our level in Europe

Expanding the platform - by adding enviromentals to the portfolio

Increasing algorithmic trading - by investing in skilled people and technology

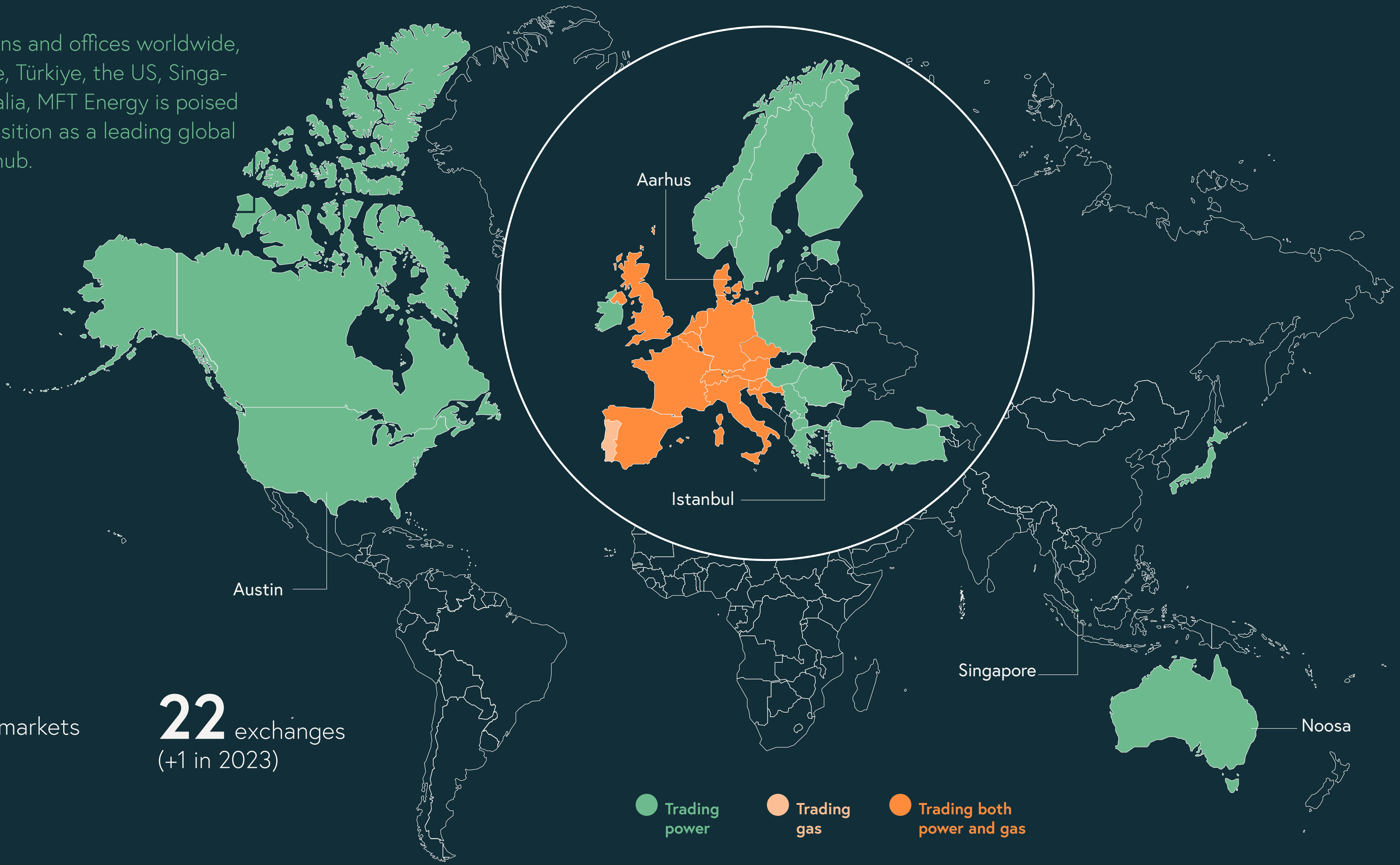
Best-in-class workplace - by ensuring the best place for the best people

2024

Global Energy House

GLOBAL PRESENCE

With workstations and offices worldwide, including Europe, Türkiye, the US, Singapore, and Australia, MFT Energy is poised to solidify its position as a leading global energy trading hub.



38 trading markets
(+2 in 2023)

22 exchanges
(+1 in 2023)

POWER

MFT Energy power

Global power markets followed the gas markets and returned to the dynamics we have seen historically. MFT Energy power increased traded volumes by 41% to 54 TWh, mainly due to significant growth in APAC and US confirming our non-European market focus.

The development in the gas markets was decisive for the European power markets in 2023, and, hence, for the normalization of the European power markets after a volatile 2022. Additionally, the mild winter at the beginning of 2023 and very windy end of the year have contributed to well-supplied power and gas markets.

Mature European trading activities

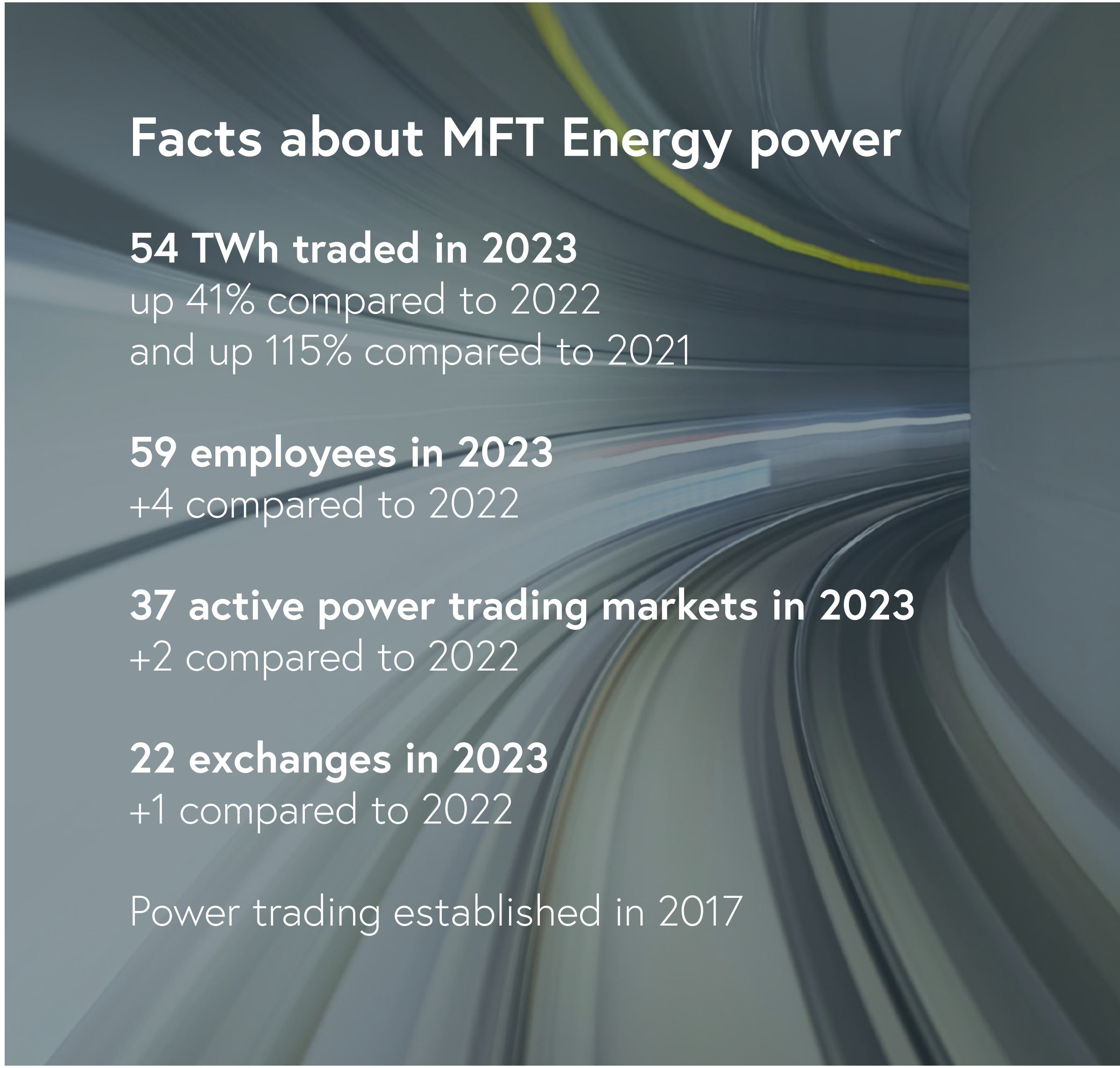
The power market development led to less trading opportunities in Europe. MFT Energy's power trading teams have been focused on improving our models and moving towards a higher degree of algorithmic trading. However, traded volumes in Europe remained on the same level as in 2022, and we consider our power trading activities in Europe mature, stable, and highly profitable even in markets with low volatility as in 2023.

Growing volumes outside Europe

On non-European markets, we gained more knowledge and experience, and we expanded trading into new regions and products. Our volumes more than doubled outside Europe with strong growth both in the US and the APAC region. We are satisfied with the development, which is in line with our strategic focus of becoming a global leader in power trading.

Ready for 2024

Our strategic objective for 2024 is to continue our growth outside Europe, while at the same time utilizing our strong market position in Europe. We expect to realize this by continuing to make technical improvements and implement automation, but also by applying additional focus on learning and development to ensure that we get the most out of our talented staff on the power trading teams.



Facts about MFT Energy power

54 TWh traded in 2023
up 41% compared to 2022
and up 115% compared to 2021

59 employees in 2023
+4 compared to 2022

37 active power trading markets in 2023
+2 compared to 2022

22 exchanges in 2023
+1 compared to 2022

Power trading established in 2017

GAS

MFT Energy gas

Gas markets normalized in 2023 after the exceptional volatility in 2022. MFT Energy gas managed to keep trading volumes as high as 240 TWh, which is a decrease of only 22% compared to 2022 and an increase of 33% compared to the trading volumes in 2021.

During 2023, the European gas market adapted to the new market situation with an increasing need of global gas supply, primarily due to Russian pipeline gas being excluded from the European supply. LNG (liquefied natural gas) became an important asset in terms of securing the European supply, and, as a consequence, the EU expanded its LNG terminals to meet future needs.

European gas storage full
Unlike in 2022, the European market in 2023 was well supplied, and as the EU storage levels were well above the average of recent years, the need for moving gas was limited compared to 2022 resulting in a decrease of our traded volumes in 2023. The European gas storages were 86% full by the end of 2023, also supported by weather conditions, which did not require a high demand for gas.

Adapting to new situation in gas markets
TTF (European reference price on gas) decreased throughout 2023. The market showed some fluctuations during the year, but overall, the TTF curve became flatter than in previous years. The less volatile markets in 2023 compared to 2022 made MFT Energy's gas trading team change focus to automation of procedures and algorithmic trading, and they adapted trading strategies to the new normalized market conditions. Furthermore, with the EU's new supply situation being more reliant on LNG, we identified new opportunities, and we made efforts to capture these.

Ready for 2024
We expect the overall market trend from 2023 to continue in 2024, hence, our focus will remain on optimizing our analytical tools, sophisticating our strategies, and providing additional training for our skilled staff. All of these initiatives will ensure readiness for all possible future market scenarios.

Facts about MFT Energy gas

240 TWh traded in 2023
down 22% compared to 2022
and up 33% compared to 2021

27 employees in 2023
+6 compared to 2022

14 active gas trading markets in 2023
14 in 2022

6 exchanges in 2023
6 in 2022

Gas trading established in 2019

ENVIROMENTALS

MFT Energy environmentals

In 2023, MFT Energy environmentals was established with a dedicated trading team and a formal structure to support our strategic growth ambitions in this trading area. The required licenses to trade green gas certificates were obtained and specialists within environmental trading were employed.

Building a platform for environmental trading
Throughout 2023, we have built a solid platform to support compliant and efficient environmental trading. We now have the expertise to trade environmental certificates in both power and gas, and a specialized trading team focusing on trading renewable energy certificates (RECs) has been established.

It has been a high priority to obtain the necessary licenses, and we have secured access to all relevant biomethane certificate registries and exchanges.

Our aim is to optimize the value of the certificates to ensure a fair pricing for producers and consumers alike. We believe that the focus on green energy and related certificates will continue to increase, but also that the markets will become more complex due to regulatory requirements in the future. Through our trading activities, we facilitate the green transition by creating liquidity and transparency in a new and growing market.

Fast growing markets
Environmental trading is designed to help meet environmental objectives, such as reducing greenhouse gas emissions to combat climate change or reducing air and water pollution. In recent years, the demand for environmentals has increased sharply in line with the increasing recognition of the climate crisis and profound wish for conducting a sustainable business.

Today, gas from the biogas plants is mixed with conventional gas in the grid, and green certificates are issued to the producers of biogas. These certificates are traded as environmentals, to proof the green origin of the gas, and the buyers of these certificates can claim to have used the green gas and thereby meet their sustainability targets.

Biomethane production in the EU grew by almost 19% in the period from 2017 to 2022*, and the International Energy Agency anticipates a growth rate of 32% in the period from 2023 to 2028. Moreover the largest biomethane trading platform (the ERGaR CoO scheme) has seen a tenfold increase in the biomethane volumes transferred in just over a year**.

The International Energy Agency (IEA) anticipates the growth rate for biomethane to accelerate from

19% in 2017-2022

to

32% in 2023-2028

*World Biogas Association (WBA) | IEA Forecasts 32% growth in Coming Years for Biogas Sector
**EBA Statistical Report 2023, Tracking biogas and biomethane deployment across Europe

Denmark is among the leading countries within biogas production with a production of approx. 45%* of the Danish gas consumption, whereas other countries are in the very early stages of establishing biogas production facilities.

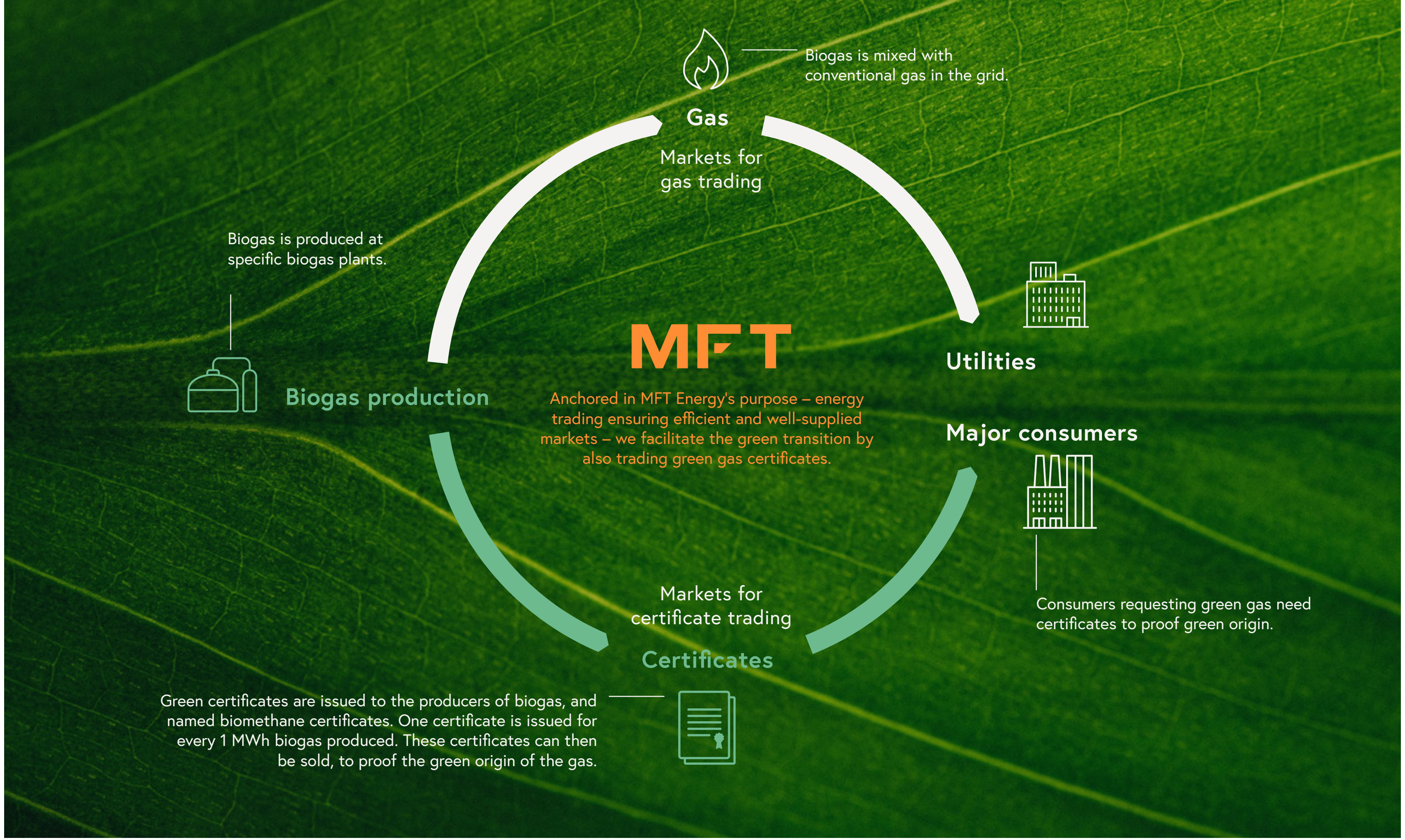
Ready for 2024

MFT Energy aims to take a leading position within environmental trading, and the strong Danish position within biogas enables MFT Energy to attract experienced talents to support this ambition.

We focus on onboarding the right skills and ensuring full support across the other teams at MFT Energy. Our environmental trading has led to higher credit risk than MFT Energy has historically accepted. Therefore, a know-your-customer (KYC) procedure has been implemented to mitigate the risk and ensure a smooth process.

In the coming years, we expect significant growth in MFT Energy's environmental trading activities, both in terms of trade volumes and number of dedicated employees. Additionally, we will have continued focus on improvements of our environmental trading platform and structure.

Biogas and biomethane certificates



Gas

Markets for gas trading

Biogas is mixed with conventional gas in the grid.

Biogas is produced at specific biogas plants.

Biogas production

MFT

Anchored in MFT Energy's purpose – energy trading ensuring efficient and well-supplied markets – we facilitate the green transition by also trading green gas certificates.

Utilities

Major consumers

Consumers requesting green gas need certificates to proof green origin.

Markets for certificate trading

Certificates

Green certificates are issued to the producers of biogas, and named biomethane certificates. One certificate is issued for every 1 MWh biogas produced. These certificates can then be sold, to proof the green origin of the gas.

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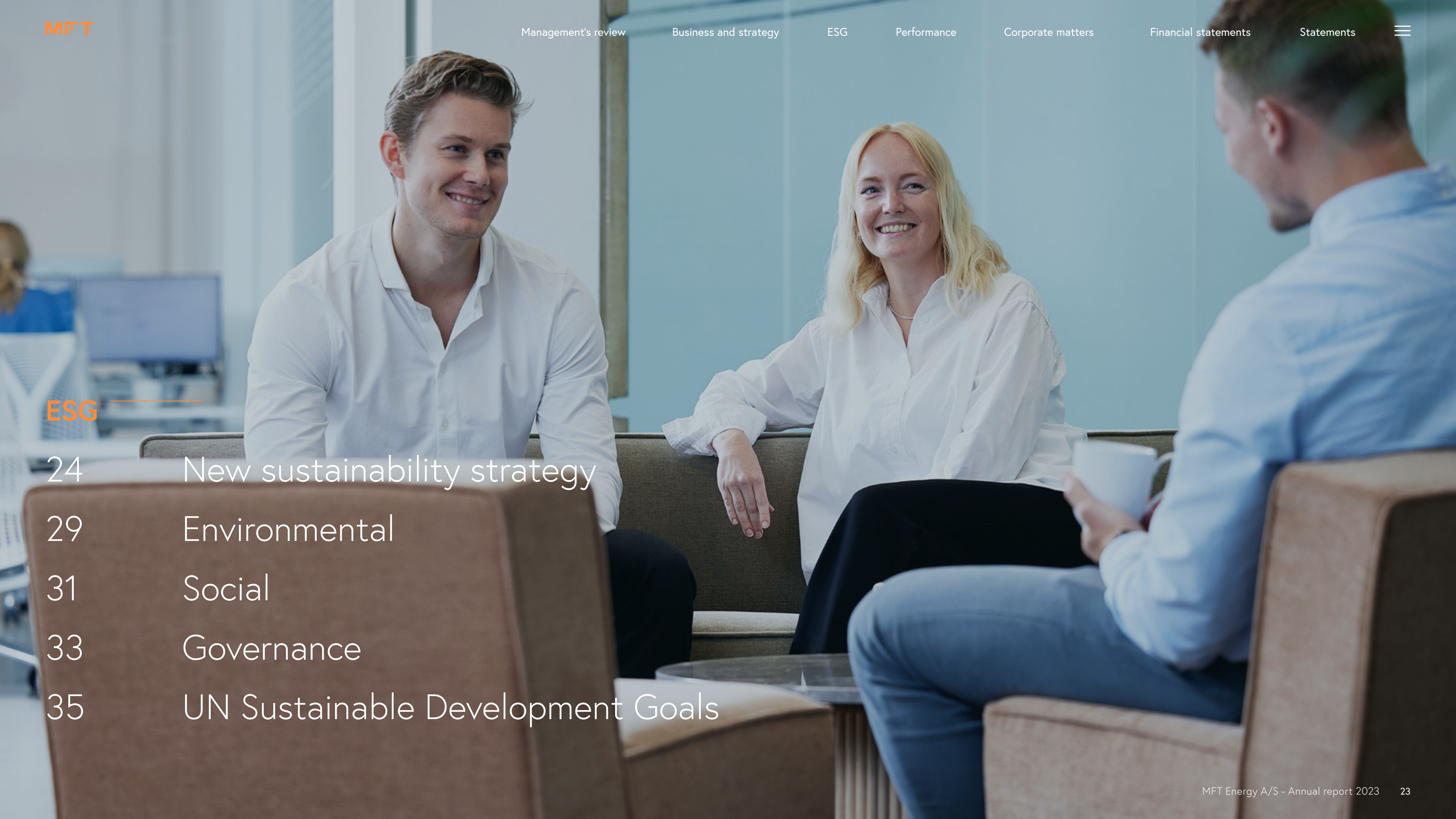
*Press release Dansk Biogas, January 3, 2024



ESG

ESG

New sustainability strategy

Our focus on sustainability and ESG continued in 2023 by the formulation of our sustainability ambitions with defined targets and commitments. We have a purpose of supporting the green transition through efficient energy markets, and rooted in this purpose, we are committed to upholding the highest standards of ethical and responsible business practices. Our talented workforce is MFT Energy's most important asset, and their well-being, commitment and development are a major priority in our new sustainability strategy.

E

Environmental: Climate
Facilitating the green transition

S

Social: People and culture
Creating an inclusive workspace and being the employer of choice

G

Governance: Business conduct
Ensuring the utmost ethical and responsible business practices

At MFT Energy, we are continuously improving our sustainability focus. Employing a risk-based approach, we actively strive to mitigate actual and potential negative impacts on our business and surroundings, while concurrently transforming sustainable development challenges into business opportunities.

Our sustainability priorities consist of three ambitions and are based on a materiality assessment of important topics for our stakeholders.

Our commitment to sustainability practices goes beyond compliance; it is a dynamic pledge to continuous improvement. As we navigate the complexities of the energy markets, we recognize our role in facilitating the green transition towards renewable energy sources through efficient energy trading. By participating in the energy markets, we support effective pricing for the benefit of both producers and consumers and, in this way, we contribute to energy security, affordability, and adaptability in the face of increased volatility driven by climate change.

To uphold these commitments, we have established measurable sustainability targets and enhanced disclosures, thereby providing a robust framework for monitoring and assessing our progress. In alignment with our dedication to transparency and accountability, we have also initiated our preparation for the upcoming Corporate Sustainability Reporting Directive (CSRD) reporting requirements.

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

Governance structure

Approves sustainability policies and reports — **Board of Directors**

Overall responsible for sustainability, including sustainability strategy and setting targets — **Executive Leadership**

Managing the day-to-day sustainability topics, including performance and reporting — **Trading and support teams**

Our strategic approach to sustainability

Quantifying
a range of sustainable challenges and opportunities impacting our business and our stakeholders.

Prioritizing
key challenges and opportunities and determining relevant sustainability targets and baseline data.

Developing
roadmaps, initiatives, and policies to address key challenges, opportunities, and targets.

Relating
ESG targets to specific UN sustainable goals (UN SDG)

Our progress with sustainability

In 2023, our commitment to sustainability deepened as we further integrated principles across our business, from strategic initiatives to governance structures and product development. We defined our sustainability strategy and targets, outlining our commitments to responsible business conduct and demonstrating an understanding of key ESG risks.

In 2022, we initiated the preparation for CSRD by performing a double materiality assessment. In 2023, we increased our focus by conducting a thorough gap assessment related to the European Sustainability Reporting Standards (ESRS). These initiatives are part of the ongoing preparation to adhere to the new reporting standards, effective from the financial year 2025 for MFT Energy.

EU Taxonomy

Again in 2023, MFT Energy assessed the EU Taxonomy. While power and gas trading activities have not been explicitly included as separate economic activities in the EU Taxonomy, MFT Energy acknowledges and supports the objectives laid out by this regulatory framework. We will continue to monitor the development and assess whether our activities will be in scope going forward.

MFT Energy's sustainability timeline and progress

2022

- Double materiality assessment
- Mapping and commitment to the UN Sustainable Goals
- Initial EU Taxonomy assessment
- Scopes 1, 2 and 3 emission accounting in line with the Greenhouse Gas Protocol

2023

- Formulating sustainability strategy with measurable targets and commitments
- CSRD readiness and gap analysis
- EU Taxonomy assessment

2024

- CSRD implementation
- Decarbonization strategy

2025

- Reporting according to the European Sustainability Reporting Standards (ESRS)

Double materiality assessment

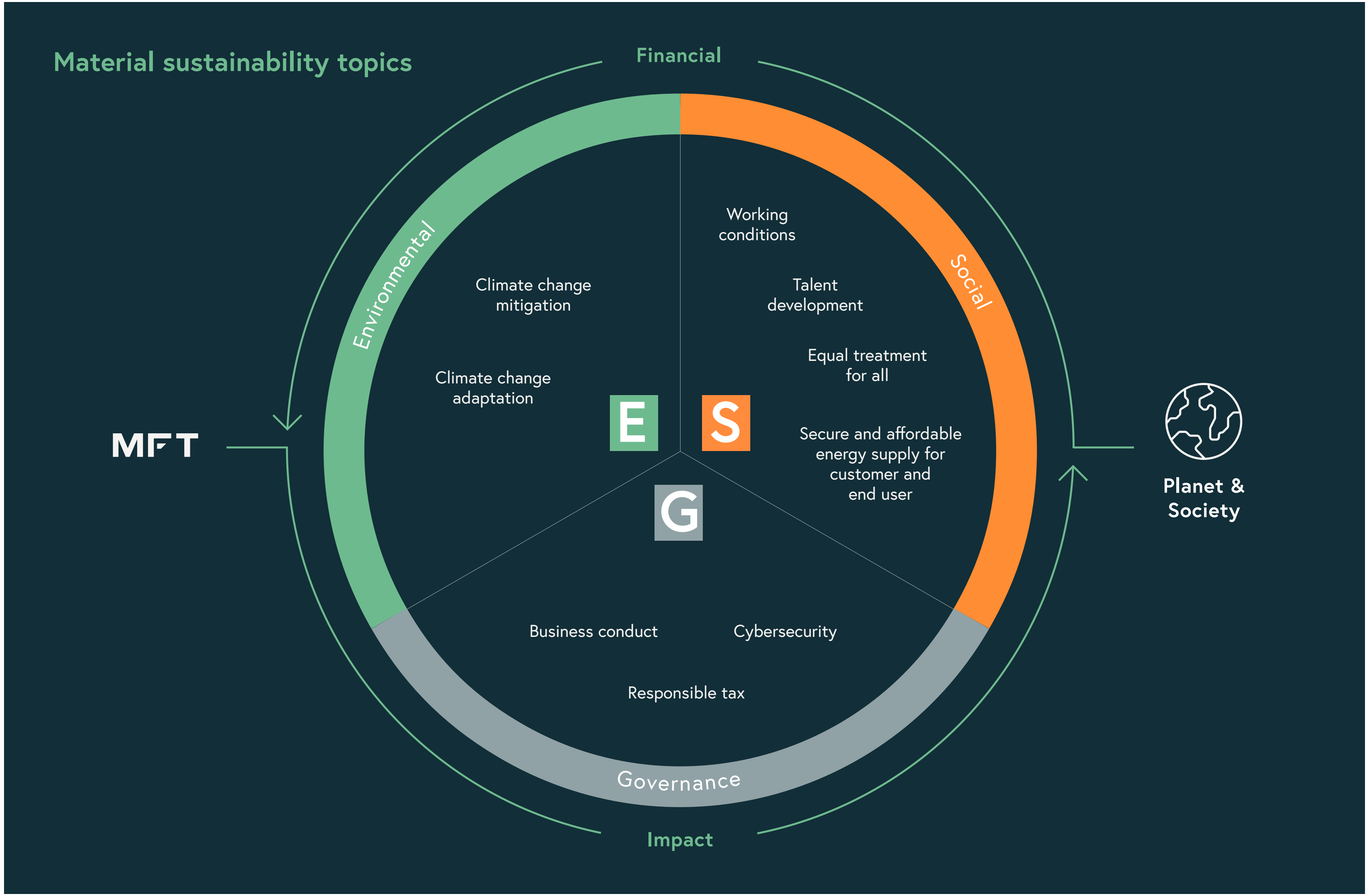
To identify the elements of sustainability that are most relevant to our business and stakeholders and to identify MFT Energy's impact on its surroundings, we conducted a double materiality assessment in 2022 that was updated in 2023. The double materiality assessment comprises:

Impact materiality – MFT Energy's impact on people or the environment.

Financial materiality – sustainability matters that trigger effects on MFT Energy's cash flows, performance, cost of capital or access to finance.

Through this process, we enhance our ability to prioritize sustainability issues, strategically directing our focus to areas where we can make a positive change and effectively mitigate the most pertinent ESG risks.

The double materiality assessment has been validated by the Executive Leadership, the Board of Directors, and third-party advisors.



Material sustainability topics

Financial

Environmental

Climate change mitigation

Climate change adaptation

Social

Working conditions

Talent development

Equal treatment for all

Secure and affordable energy supply for customer and end user

Governance

Business conduct

Cybersecurity

Responsible tax

Impact

Our ambitions and targets

Our sustainability strategy is centered around our ESG ambitions and the material topics presented in our double materiality assessment. Material topics have been identified through analysis of risks, opportunities, and the specific requirements or preferences of our key stakeholders. They are all equally important and serve as a strategic direction for MFT Energy's overall sustainability commitments.

	Our ESG ambitions	Priorities	Targets	Next step	UN SDG
E	• **Facilitating the green transition**	• Encourage investments in renewable energy by engaging in energy trading products and markets • Minimize MFT Energy's direct and indirect GHG emissions	• Increase MFT Energy´s trading volumes within enviromentals in 2024 • Annual reduction in total GHG emissions per employee (45.6 tonnes in 2023)	• Identify and actively pursue prospects for expanding trading activities within enviromentals • Formulate MFT Energy's decarbonization strategy. Establish a supplier assessment framework to reduce scope 3 emissions	13 CLIMATE ACTION 7 AFFORDABLE AND CLEAN ENERGY
S	• **Remaining an inclusive workplace and being the employer of choice**	• To create a workplace that embraces diversity and inclusion at all levels • Dedicated focus on attracting, developing and retaining top talent	• eNPS > 30 every year **Gender diversity target 2027:** • Female share of other management*: 25% (7% in 2023) • Female share of total employees: 20% (16% in 2023)	• Define and prioritize focus areas based on survey insights to enhance employee satisfaction, well-being, and productivity • Execute initiatives aimed at enhancing gender diversity within the organization	5 GENDER EQUALITY
G	• **Ensuring the utmost ethical and responsible business practices**	• Pay taxes in a transparent and ethical manner • Eliminate IT security breaches and their impacts on business and stakeholders • Carry out continuous identification, assessment, mitigation and reporting of current and emerging risks	• All employees (in scope) receiving training related to anti-market abuse annually • Annual review of tax planning ensuring alignment with Group tax policy • All employees receiving cybersecurity awareness training annually • Minimum 40% female representation on the Board of Directors by 2026 (20% in 2023)	• Prepare for the implementation of the Network and Information Systems Directive (NIS2) • Establish a dedicated Cybersecurity Committee	

*As per Section 139c (1)(ii) and (iii) of the Danish Companies Act.

Environmental

Supporting the green transition

MFT Energy trades energy on markets across Europe, the US, and the APAC region, aiming to support efficient pricing of energy, including renewables. Efficient pricing is widely acknowledged as an important factor in attracting investments. In this context, the presence of efficient energy markets is pivotal to fostering additional investments in renewable energy, thereby supporting the mitigation of climate change.

- Trading energy across borders facilitates the movement of power from regions with low demand to those with high demand, thereby lowering prices for consumers. Cross-border trading is estimated to generate annual savings of EUR 172 per household in the EU*
- Efficient cross-border trading ensures the optimal utilization of the cheapest and often cleanest sources of production, such as wind and solar energy. This, in turn, allows for the closure of more expensive, often fossil fuel-driven units. Prioritizing renewable sources indirectly stimulates increased investment in renewable energy and helps reduce the overall investment required to decarbonize the power sector.

These initiatives are in line with the United Nations' Sustainable Development Goal 7, which aims to ensure universal access to affordable, reliable, and modern energy services while significantly increasing the share of renewable energy in the global energy mix.

Day-ahead market trading also delivers benefits for the end users and increases overall welfare. Market integration ensures that power flows more efficiently. When there are limited amounts of wind and solar power generated locally, countries benefit from relatively cheaper power (including renewable power) produced elsewhere in Europe.

This has been confirmed by an analysis carried out by the Nominated Electricity Market Operators (NEMOs) at the request of ACER. According to the study, the cross-border trade of power benefited by EUR 34bn in 2021 from having power and especially renewables flow from areas with low prices to areas with high prices.

Scope 2
18 tonnes of CO_2e in 2023 (market-based)

Scope 3
6,183 tonnes of CO_2e in 2023

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*Savings of EUR 34bn according to ACER (ACER's Final Assessment of the EU Wholesale Electricity Market Design, April 2022) and 198m households according to Eurostat.

In addition to the savings, the analysis shows that the market integration also significantly reduces price volatility.

At MFT Energy, it is our ambition to significantly expand the trading volumes of environmentals and our own investments in this business area. In 2023, we refined our portfolio in environmental trading, encompassing Power Guarantee of Origin (Power GOs) and biomethane certificates – sustainable alternatives to fossil gas.

Our strategic plan involves expanding the team engaged in the environmental market and participating in the trading of various products available on the exchanges where we operate.

Emissions mitigation

At MFT Energy, we are committed to reducing carbon emissions from our own operations and from our supply chain. As close to 100% of our total emissions are coming from our supply chain, we can make the highest impact by focusing on initiatives relating to scope 3 emissions, and, to the best possible extent, support the United Nations' Sustainable Development Goal 13, which aims to combat climate changes and their impact.

In 2023, MFT Energy emitted 6,201 tonnes of CO_2e across scopes 1, 2 and 3. This represents an increase in total emission of 13% from our 2022 baseline. Measured relative to our average number of FTEs, our emissions per FTE decreased by 22%. Our emission data is based on the latest Corporate Standard provided by the Greenhouse Gas Protocol.

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 and heating

Emissions from the purchase of electricity and heating were down 18% to 18 tonnes of CO_2e in 2023. Scope 2 emissions represent less than 1% of MFT Energy's total emissions.

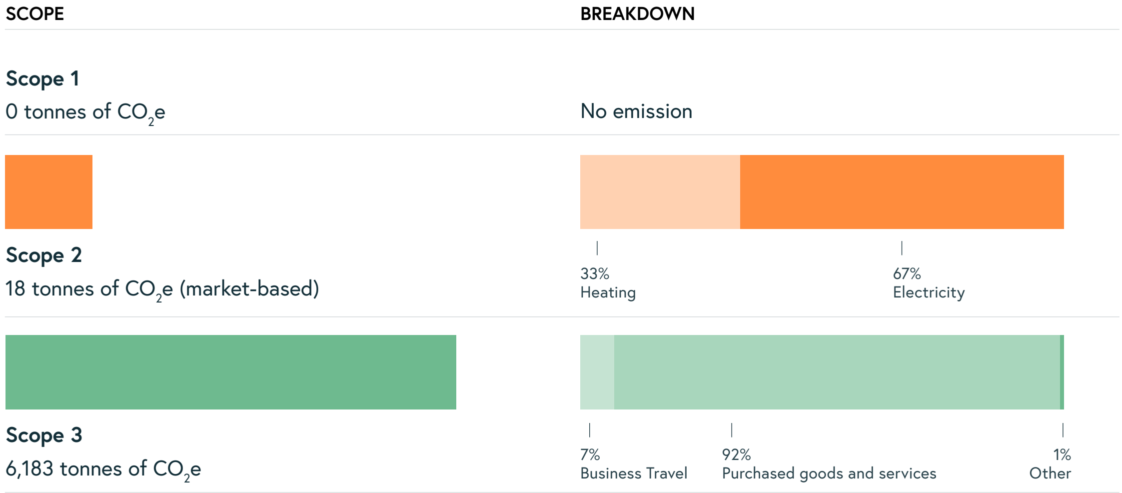
Scope 3: Value chain emissions

Emissions from MFT Energy's value chain represented 6,183 tonnes of CO_2e, which is an increase of 13% from 2022. The increase is mainly linked to 25 additional employees (equals 19% more employees) during 2023. 92% of emissions comes from purchased goods and services, and 7% 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 2023.

	2023	2022
Environmental *		
Scope 1 (tonnes) **	0	0
Scope 2 (tonnes) ***	18	22
Scope 3 (tonnes) ****	6,183	5,489
CO_2e total (tonnes)	6,201	5,551
Average CO_2e emissions per FTE *****	45.60	58.63

It is our ambition to reduce our total GHG emissions per employee going forward. During 2024, MFT Energy will explore initiatives to reduce our CO_2e footprint, which will include a supplier assessment framework to reduce emissions from purchased goods and services.

Scope 1, 2 and 3 breakdown for 2023



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* Accounting for MFT Energy's emissions scope 1, 2 and 3 follows the prescriptions of the GHG Protocol, and calculations are based on data from DEFRA and WIOD.
** 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 Energy reports Scope 2 emissions by using both the market-based and location-based. This entails emissions from electricity and district heating.
**** Scope 3 emissions entails from the categories business travel and purchased goods/services.
***** CO_2e total divided by average employees (FTE) for the year.

S

Social

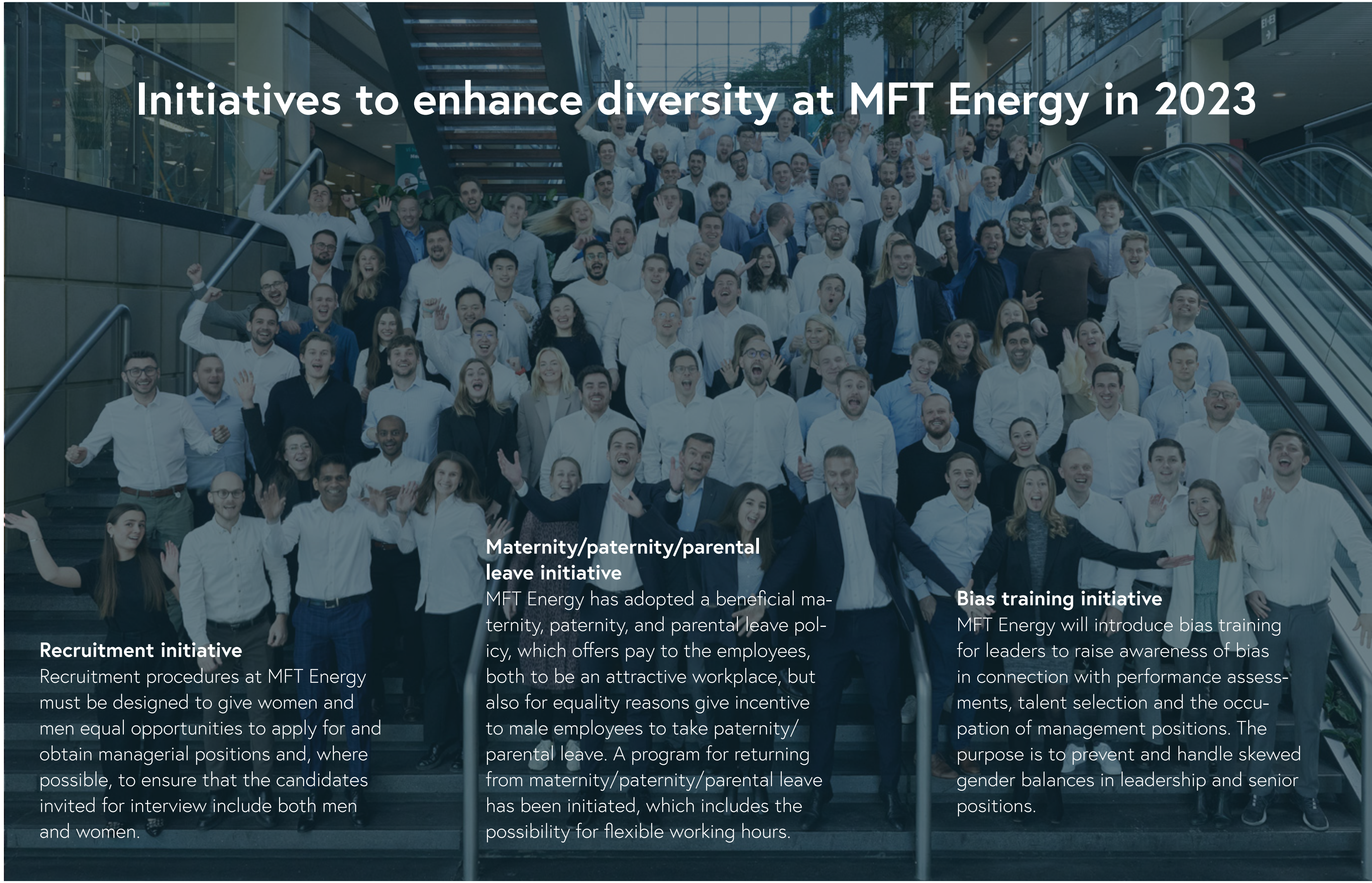
Remaining an inclusive workplace and being the employer of choice

Our talented employees are MFT Energy's most important asset, and their knowledge and insights stand out as one of our greatest strengths. Their well-being, commitment, and development are major priorities and key to retaining and attracting a talented workforce.

We are proud of having onboarded 45 new employees in 2023 as we expanded our organization to 155 employees by the end of 2023. In the coming years, we will have a constant focus on developing our workplace to attract and retain talents as we expect to grow the number of employees to more than 175 by the end of 2024.

Promoting diversity, equity, and inclusion

Embedded in MFT Energy's values is a commitment to prioritize diversity and inclusion. Maintaining a workplace that champions diversity and equity, where each colleague experiences inclusion and respect, is fundamental to improving employee well-being and fostering the attraction and retention of top talents.



Initiatives to enhance diversity at MFT Energy in 2023

Recruitment initiative

Recruitment procedures at MFT Energy must be designed to give women and men equal opportunities to apply for and obtain managerial positions and, where possible, to ensure that the candidates invited for interview include both men and women.

Maternity/paternity/parental leave initiative

MFT Energy has adopted a beneficial maternity, paternity, and parental leave policy, which offers pay to the employees, both to be an attractive workplace, but also for equality reasons give incentive to male employees to take paternity/parental leave. A program for returning from maternity/paternity/parental leave has been initiated, which includes the possibility for flexible working hours.

Bias training initiative

MFT Energy will introduce bias training for leaders to raise awareness of bias in connection with performance assessments, talent selection and the occupation of management positions. The purpose is to prevent and handle skewed gender balances in leadership and senior positions.

Harnessing the strength of diverse teams and varied perspectives is particularly crucial in crafting innovative, impactful solutions that support the green transition.

In the energy trading industry, achieving diversity has historically posed a challenge, given the industry's traditional male-dominated nature. Nevertheless, we are actively working to redress the gender imbalance and eliminate all forms of discrimination.

At the end of 2023, 16% of MFT Energy's total workforce constituted women. We are increasing our focus on gender balance and has a target of 20% women in our workforce by 2027. The target reflects the gender balance in the educational institutions from which we recruit and our own initiatives to create an even more inclusive workplace and culture.

We have introduced a gender balance target for other management levels* at MFT Energy A/S of 25% females by 2027, and in 2023 we followed the plan. In terms of female representation on our Board of Directors, we target 40% by 2025 after our 2023 target of 20% has been realized**.

The above initiatives support our focus on the United Nations' Sustainable Development Goal 5, gender equality and ensure commitment to preventing all forms of gender discrimination as well as full and effective participation and equal opportunities at all levels.

Our understanding of diversity extends beyond gender. We acknowledge the significance of cultivating a global workforce. By the end of 2023, our workforce comprised 155 individuals of 27 nationalities, working from 12 countries. Our global footprint not only allows us to tap into a diverse talent pool worldwide but also facilitates flexible working conditions and provides enhanced opportunities for personal development.

MFT Workspace Model

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 possibility of working remotely and benefits that include paid maternity/paternity leave, health insurance, and pension schemes. The Workspace Model provides flexibility for our employees and allows remote working, providing us a global reach of talents.

MFT Partnership Model

MFT Energy's 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 MFT Energy. We call this the MFT Partnership Model. In 2023, we welcomed 18 new partners at MFT Energy, and by the end of 2023, our number of partners reached 58 out of 155 employees. In early 2024, an additional 24 partners were announced.

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. MFT Energy is built by specialists; 75% of our people have a master's or Ph.D. degree, and it is a strategic focal point to further develop our specialists and leaders and actively contribute to their learning journey.

We took additional initiatives in 2023 by introducing the MFT Leaders Program and MFT Learning Hub. Our Graduate Program, a two-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.

MFT Energy is an international organization, and we see clear benefits in moving our talents around the world. To support this, we have developed a concept called MFT Globetrotters. This will help us acquire global understanding, streamline operations, and attract talents with an international mindset and ambitions.

	2023	2022
Social		
Employees (headcount) - end of year	155	130
Employees (FTE) - average for the year	136	94
Employee turnover, % ****	14.8%	9.8%
Employee Net Promoter Score *****	55	-
Female employees of total, %	16%	14%
Number of leaders at other management level *	14	12
Gender diversity, female leaders at other management level *	7%	8%

Employee survey

In 2023, we conducted our first Employee Engagement Survey. Maintaining an ongoing dialogue with our workforce and proactively responding to their feedback are crucial to establishing a workplace that aligns with the evolving needs and expectations of our employees. We quantify employee satisfaction using the employee Net Promotor Score (eNPS), which is assessed on a scale from -100 to +100. It helps us develop the commitment of our existing colleagues and make MFT Energy more appealing to candidates. In the 2023 survey, we achieved a very satisfactory eNPS of 55, which is within our target of minimum 30***. The response rate was 65%, and we have a clear priority going forward to ensure a higher response rate.

Our Employee Engagement Survey will be performed annually and will guide our focus areas to continue the journey towards becoming the employer of choice.

*As per Section 139c (1)(ii) and (iii) of the Danish Companies Act.
**Details in table on page 34.
***According to www.greatplacetowork.com, a good score is anywhere between 10 and 30, and a score of 30 or greater is considered excellent.
**** Number of employees who left in % of average number of employees (FTE).
***** Detractor % in employee survey is subtracted from the promoters %.

G

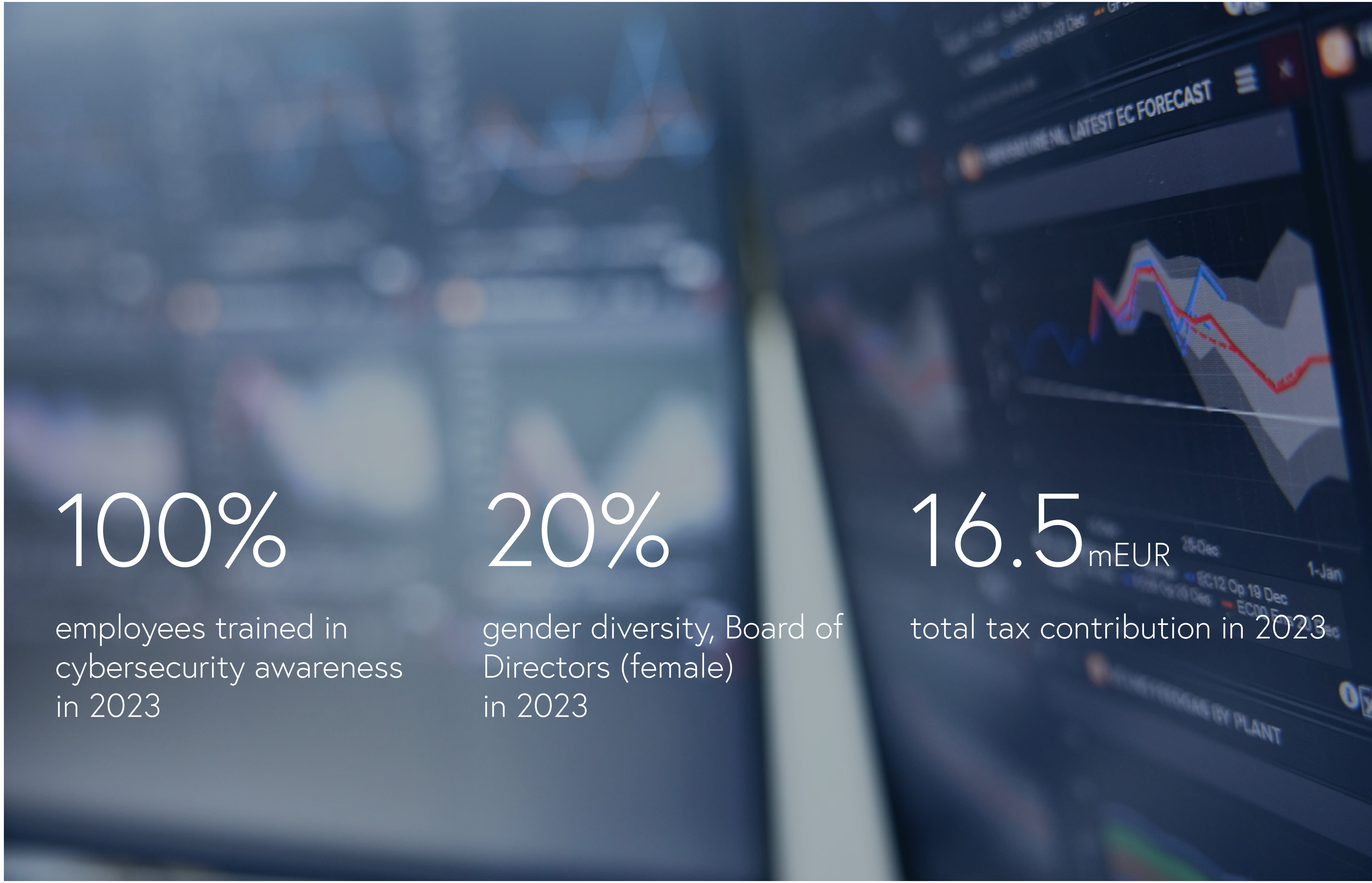
Governance

Ethical and responsible business

It is essential for MFT Energy to recognize the critical importance of maintaining the integrity and transparency of the energy trading markets. Committing to the regulatory requirements of the energy trading sector is not just a legal obligation to MFT Energy; it is also an integral part of our core values and business philosophy.

Establishing a strong compliance culture is an ongoing journey for MFT Energy where we constantly focus on strengthening our policies, processes, training, and communication in relation to business ethics. Non-compliance with the market regulation undermines the economic development of the energy market and has an adverse impact on the green transition.

MFT Energy is committed to conducting all business in an honest and ethical manner, wherever we operate. We are also heavily focused on mitigating potential governance risks that could impact MFT Energy's long-term sustainability and success.



100%

employees trained in cybersecurity awareness in 2023

20%

gender diversity, Board of Directors (female) in 2023

16.5mEUR

total tax contribution in 2023

Responsible tax

MFT Energy and its subsidiaries are committed to upholding the highest standards of integrity, transparency, and compliance with tax laws and regulations.

Our tax policy outlines and describes the governing principles for tax management at MFT Energy and includes

- An overall commitment and approach to responsible tax practices
- A governance structure where our tax policy is subject to annual review and approval by the Board of Directors
- An explicit policy on tax planning, transparency, and risk management
- For 2023, MFT Energy Group will pay EUR 16.5m in tax on profit for the year, corresponding to an effective tax rate of 24%.

Cybersecurity

IT security is a top priority for MFT Energy, and we have taken extensive measures to safeguard data and our critical infrastructure. 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 road map.

In addition, we mitigate cybersecurity risks and enhance the awareness of the organization by:

- Conducting mandatory security awareness training for all employees annually.
- Conducting regular risk assessments to identify, evaluate, and mitigate potential cybersecurity threats.
- Addressing cybersecurity and cyber threats, including in our IT and security policy.

Additional initiatives are planned for 2024:

- Creation of a specialized cybersecurity committee consisting of individuals with varied expertise and responsibilities, providing regular updates on MFT Energy's cybersecurity status.
- MFT Energy is in scope of and planning for the new version of EU's Network and Information Systems Directive (NIS2) aimed at establishing a higher level of cybersecurity and resilience within organizations.

Anti-bribery and corruption

The Anti-Bribery and Corruption Policy of MFT Energy adopts a zero-tolerance approach to breaches in any form. Given the nature of our business in terms of energy trading on exchanges, we assess the risk of bribery and corruption to be very limited, but we are monitoring compliance with our policies and legislation closely.

We will continue to monitor this area and consider the necessity of an explicit policy.

Regulatory frameworks

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.

Whistleblower system

A whistleblower system has been in place at MFT Energy since 2021. It is open to anonymous reporting of misconduct in all areas, including human rights, corruption, and market abuse. No reports were submitted through MFT Energy's whistleblower system in 2023.

Human rights

The risk of MFT Energy violating human rights is considered minimal, hence we have no explicit policy for this area. Additionally, we believe human rights are covered by the regulators of our industry and local legislation.

	2023	2022
Governance		
Total tax contribution in EUR '000	16,495	126,392
Relevant employees trained in anti-market abuse, %	100%	98%
Employees trained in cybersecurity awareness, %	100%	100%
Number of member on the Board of Directors	5	5
Gender diversity, Board of Directors (female), %	20%	20%
Attendance at BoD meetings, %	100%	100%
Data security breaches	0	0

We will keep monitoring this area and consider the necessity of an explicit policy.

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. MFT Energy's Executive Leadership sees no immediate need for adopting a policy on data ethics. The Executive Leadership will continue to monitor the topic closely for the purpose of potentially adopting such a policy in the future.

Commitment to UN Sustainable Development Goals

Gender equality

UN target
5.1 End all forms of discrimination against all women and girls everywhere.

5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

Our commitment
We are committed to advancing inclusion and diversity through our efforts to fulfill the targets and initiatives in our policy for equal gender composition.

Affordable and clean energy

UN target
7.1 By 2030, ensure universal access to affordable, reliable and modern energy services.

7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.

7.2.1 Renewable energy share in the total final energy consumption.

Our commitment
As an energy trader participating in global energy markets, MFT Energy is committed to supporting the growth of renewable energy and to ensuring access to affordable energy.

Trading energy across borders facilitates the movement of power from regions with low demand to those with high demand, thereby lowering prices for consumers.

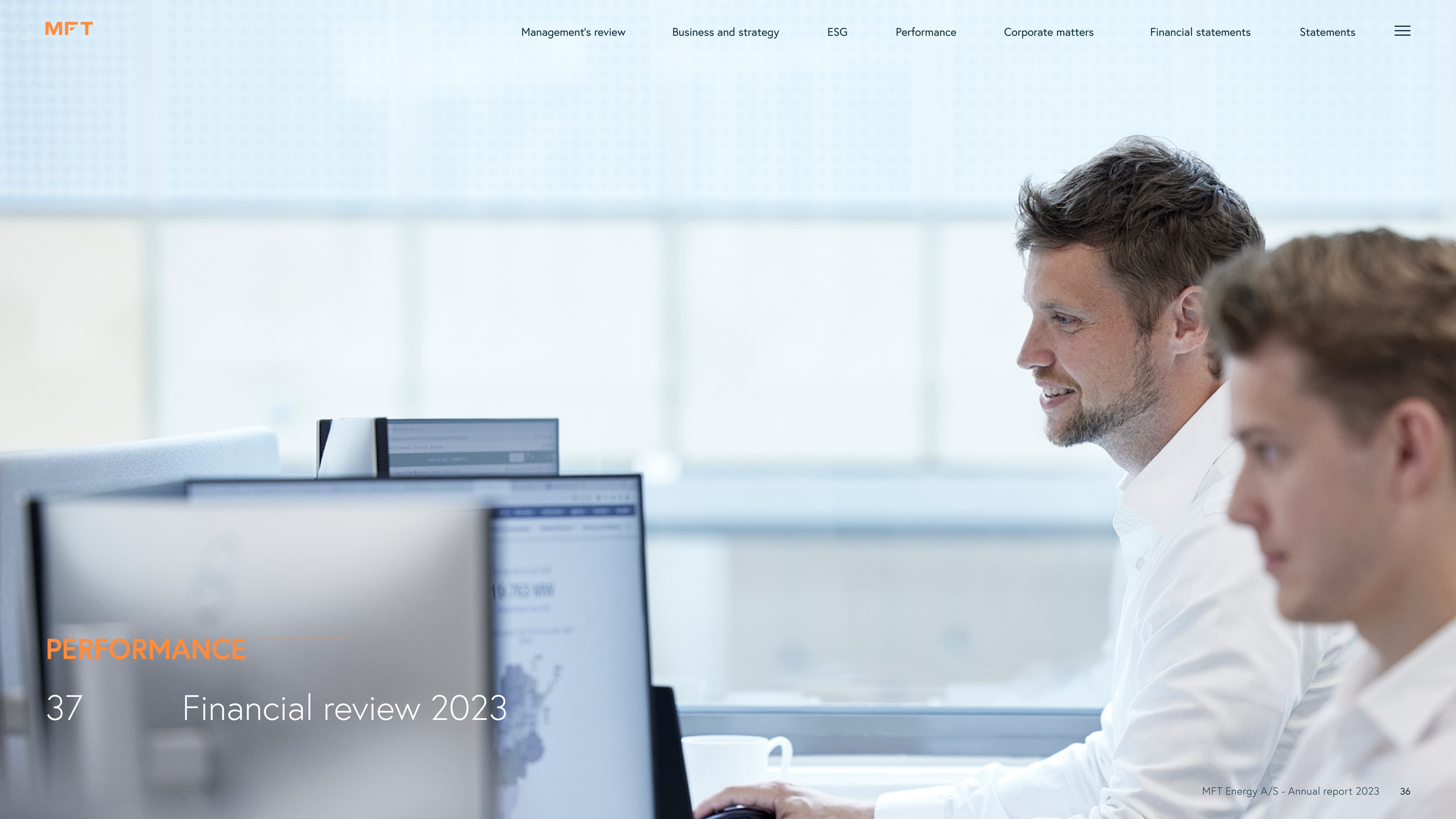
By making markets more efficient, we help to promote the cheapest energy sources, such as wind and solar. The prioritization of wind and solar in turn leads to increased investment in renewable energy.

Climate action

UN target
13.2 Integrate climate change measures into national policies, strategies, and planning.

Our commitment
We disclose our carbon footprint and are committed to continuing the reduction of our total emissions per FTE.

We will explore initiatives to reduce our CO_2e footprint, which will include a supplier assessment framework to reduce emissions from purchased goods and services.



PERFORMANCE

PERFORMANCE

Financial review 2023

The 2023 results reflect the normalization of the energy markets. The transition to lower volatility happened faster than expected and required adaptation and, as always, close monitoring of risk. Throughout the year, we successfully invested in our trading activities outside Europe opening new offices in the US and Singapore and also in our new business area, environmentals.

INCOME STATEMENT (EUR '000)	2023	2022	2021
Net trading income (gross profit)	101,525	641,864	83,702
Operating profit before financial income and expenses and tax (EBIT)	71,742	576,194	65,390
Scalability (EBIT as a percentage of net trading income/gross profit)	70.7%	89.8%	78.1%
Profit before tax (EBT)	68,447	573,129	63,817
Profit for the year	51,952	446,737	49,907

In 2022, the energy sector was deeply affected by the geopolitical tension spawned from the war in Ukraine. Supply chains were disrupted, and we saw severe changes in the demand patterns due to global events. However, in 2023, the markets normalized with reduced volatility providing a more normalized but, at the same time, less profitable trading environment to execute trading strategies and manage risks effectively.

Considering the lower volatility than expected in 2023, we are satisfied with the operating profit (EBIT) of EUR 71.7m achieved in 2023, despite expectations of EUR 150m to EUR 300m.

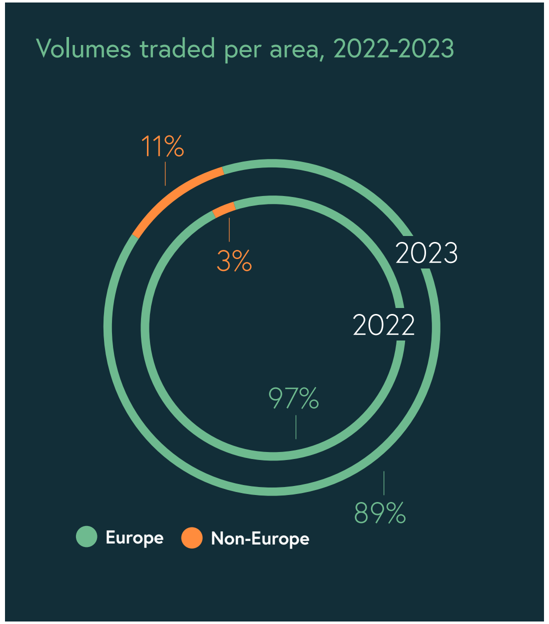
The outlook was prepared based on assumptions of more volatility, but the conditions in the energy markets during the year resulted in a fairly low volatility level throughout 2023 as there was less need for moving energy across Europe than anticipated. This implied more limited trading opportunities, which were significantly fewer than in the preceding year, 2022.

Normalized trading volumes

In 2023, we traded 293 TWh, down from 350 TWh in 2022, corresponding to a 16% volume decrease. The volume development from 2021 to 2023 shows an increase of 52%, corresponding to an average increase from 2021 to 2023 of 26%. The underlying split between power and gas illustrates a 41% growth rate in power from 37 TWh in 2022 to 54 TWh in 2023, whereas gas volumes dropped 22% from 313 TWh in 2022 to 240 TWh in 2023. The gas volume decrease reflects the extraordinary market situation in 2022 and is also the main reason behind the decrease in net trading income (gross profit) to EUR 101.5m compared to EUR 641.9m in 2022.

Net trading income (gross profit)

We delivered a net trading income of EUR 101.5m in 2023 down from EUR 641.9m in 2022 – an extraordinary year in the European gas markets.


Volumes traded per area, 2022-2023

Due to the extraordinary performance in 2022, a comparison with 2021 is more illustrative of the underlying growth. Net trading income in 2021 was EUR 83.7m, which leads to an average annual increase of 10.6% from 2021 to 2023.

In 2023, 11% of our volumes were traded outside Europe compared to 3% in 2022. The increase is anchored in our strategic focus on increasing volumes outside Europe, and especially our power trading volumes in APAC have increased significantly. We will continue our strategic focus on markets outside Europe and expect the non-European trading percentage to increase in the years to come.

Operating profit

In 2023, we delivered an operating profit (EBIT) of EUR 71.7m down from EUR 576.2m in 2022. Compared to 2021, the results show an underlying growth rate of 10%. A scalability of 71% was realized in 2023 (90% in 2022 and 78% in 2021).

The continued investment in technological advancements enables enhanced operational efficiencies and improves trading capabilities. Automation, data analytics, and artificial intelligence played pivotal roles in optimizing trading strategies, risk management, and overall performance.

Staff costs decreased significantly from EUR 58.4m in 2022 to EUR 20.2m in 2023. Compared to 2021 and 2022, the average salary cost per FTE is decreasing mainly due to lower bonus payments. Conversely, the headcount increased by 19% to 155 employees at the end of 2023. The organization was in 2023 mainly strengthened within the areas of trading, compliance, analytical skills, software, and technology.

Other external expenses grew to EUR 9.1m in 2023 from EUR 7.1m in 2022. The increase is linked to more employees, the expansion of the trading activities in environmentals, new offices in the US and Singapore, as well as continued focus on automation of MFT Energy's platform.

Net financial items constituted an expense of EUR 3.3m in 2023 compared to a net financial expense of EUR 3.1m in 2022. Financial income mainly arises from investments of excess cash in bonds, whereas financial expenses are linked to costs of credit facilities used for trading purposes and to the tax authorities.

Profit before tax

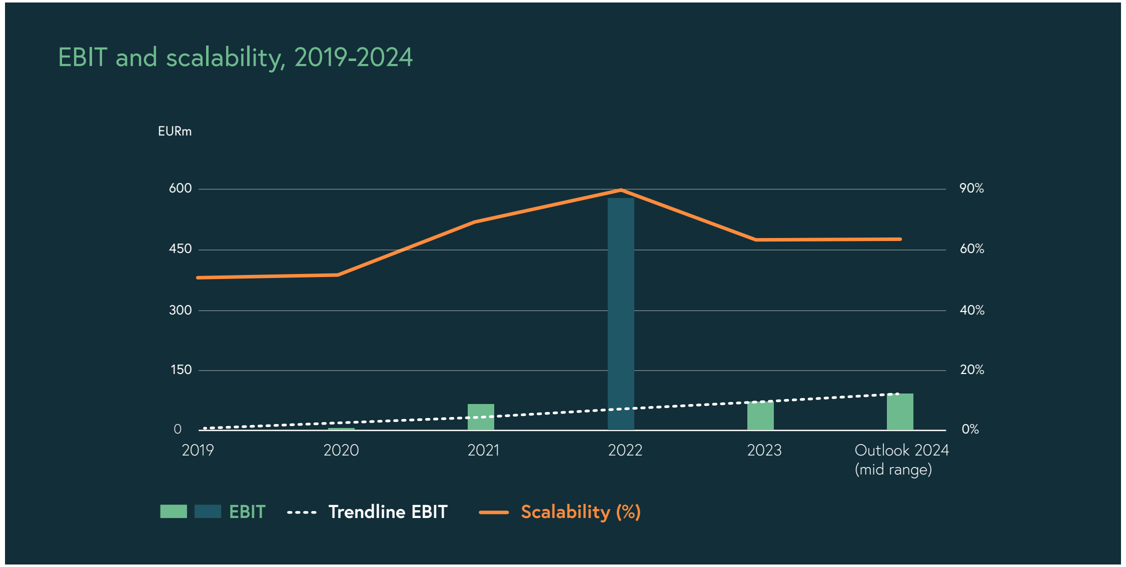
MFT Energy achieved pre-tax profit (EBT) of EUR 68.4m in 2023 compared to EUR 573.1m in 2022. Tax for the year amounted to EUR 16.5m corresponding to an effective tax rate of 24%. Again in 2023, more than 85% of the current income tax is payable in Denmark as most of our trading activities currently take place at our headquarters in Denmark. The total company tax contribution in Denmark for 2023 amounted to EUR 14.1m (2022: EUR 124.5m).

Profit for the year

Net profit for the year totaled EUR 52.0m compared to EUR 446.7m in 2022 and EUR 49.9m in 2021. This year's profit proves that our sustainable and scalable business model is still very attractive, also in less volatile years with investments in the platform.

Cash flow

Cash flow from operating activities was positive by EUR 26.1m in 2023 compared to EUR 476.9m in 2022. Operating profit was converted into cash and, additionally, the development in new working capital contributed positively to the cash flow in 2023. Net working capital decreased due to lower collateral requirements for our trading activities as a direct consequence of lower volatility and price levels at most of our trading venues. Tax payment for 2022 totals EUR 130.4m and this negatively impacts the cash flow from operating activities.



EBIT and scalability, 2019-2024

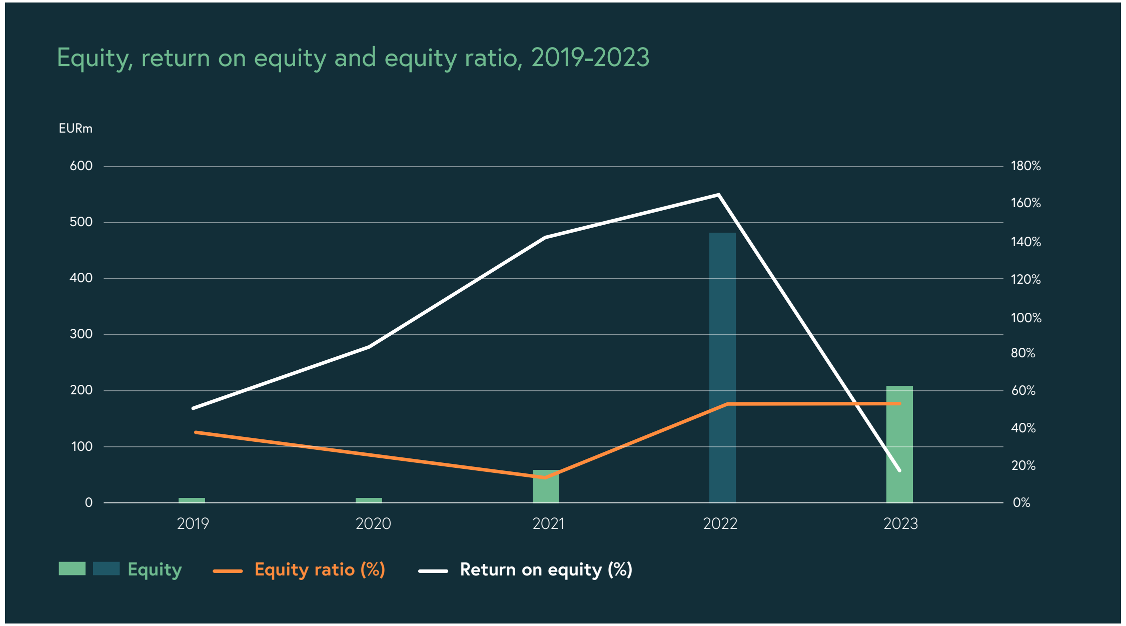
Cash flow from investing activities was an inflow of EUR 283.3m in 2023 compared to an outflow of EUR 349.1m in 2022. The investing activities are mainly linked to investments in German government bonds made to mitigate the risk related to the cash placed in banks.

Cash flow from financing activities was an outflow of EUR 337.5m in 2023 compared to an outflow of EUR 28.0m in 2022. In 2023, dividend payments of EUR 327.5m were the main reasons for the outflow of cash.

The total change in cash equivalents was an outflow of EUR 28.2m in 2023, compared with a cash inflow of EUR 99.8m in 2022.

Capital structure

At the end of 2023, total assets amounted to EUR 391.7m compared to EUR 910.3m in 2022. The EUR 518.6m decrease in total assets was



Equity, return on equity and equity ratio, 2019-2023

mainly linked to dividend payment, tax payment linked to 2022 and optimization of collateral for trading activities.

Cash and cash equivalents, including current asset investments (bonds), totaled EUR 170.6m at the end of 2023, down from EUR 483.2m in 2022. The decrease is primarily a result of dividend payment, tax payment, and change in working capital.

Other receivables decreased to EUR 19.6m in 2023 from EUR 198.8m in 2022 mainly due to a decrease in collateral required for trading activities. In 2022, higher price levels and uncertainty in the energy markets led to significantly increased collateral requirements. The levels normalized towards the end of 2023, resulting in lower capital requirements for market participants such as MFT Energy.

As per December 31, 2023, MFT Energy had equity of EUR 206.7m, down from EUR 483.1m on December 31, 2022. The decrease in equity is linked to payment of dividend in 2023. Return on equity decreased to 15% in 2023 compared to 164% in 2022 primarily explained by a high equity level throughout 2023 to ensure a strong liquidity and capital position in case volatility would spike again in 2023.

The equity ratio was 53% by the end of 2023, equal to the level by the end of 2022. The equity ratio excluding non-controlling interests increased from 32% by the end of 2022 to 34% as per December 31, 2023.

The Board of Directors continuously assess the capital structure to secure adequate funding for MFT Energy to meet the strategic growth ambitions. This particularly applies in connection with the recommendation of dividends.

Outlook for 2024

Looking ahead, uncertainties will persist in 2024. Geopolitical tension, evolving regulatory landscapes, and the ongoing transition towards sustainable energy sources continue to pose both challenges and opportunities for MFT Energy.

However, we remain committed to leveraging our strengths, adapting swiftly to changing dynamics, and capitalizing on emerging trends to drive sustainable growth and deliver value to our stakeholders.

MFT Energy's strategic priority remains to improve our market position especially outside Europe, and focus is on growing our traded volumes in all markets and products.

Finance team mission

Optimize financial performance through strategic financial management. Utilizing cutting-edge technology, streamlined processes, and proactive financial planning, we ensure fiscal responsibility, and support informed decision-making.

We safeguard assets, maximize returns, and empower stakeholders to achieve their financial objectives, thereby contributing to the overall success of the organization.

The general market conditions and volatility in 2024 are expected to remain on par with 2023, and we expect an EBIT level between EUR 50m and EUR 100m for 2024.

Our expectations for 2024 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

RISK MANAGEMENT

Risk management in ever-changing markets

Risk team mission

Safeguard MFT Energy through advanced risk management. By employing real-time monitoring, scalable automation, and proactive measures, we identify, assess, and mitigate risks. We protect stakeholders interests, seize opportunities, and contribute to executing the strategy.

In 2023, we experienced significant market changes, which required proactive risk management at all levels. Therefore, the risk organization was further strengthened by recruitment of a new Chief Risk Officer with the overall responsibility of the Risk and Treasury departments. Additionally, our risk team was extended in Singapore reinforcing proactive risk management for global expansion, and a new sustainability strategy has been included as part of the overall risk management framework of MFT Energy. This makes us ready to support our planned growth in markets and products and number of counterparties in 2024.

Risk management is essential to our success of delivering profitable growth year after year. When energy markets normalized in 2023, trading strategies and mandates were carefully monitored to ensure alignment with defined lines and risk appetite. The risk team proactively optimized all open positions, mandates, and liquidity to the current market situation, keeping return on invested capital in the trading teams as high as possible.

Decisions to approve or change trading mandates are always supported by extensive analyses, including stress tests and scenario analysis, to ensure the risks are fully understood by the Risk Committee approving all trading mandates. Under the umbrella of the approved policies, the risk team continuously supports the trading teams through adjustment of trading mandates, something which, during the normalization of the markets, has been supportive in achieving the results for 2023.

The risk team closely monitors trading mandates and positions to ensure that all risks remain within the risk appetite level, as defined and approved by both the Board of Directors and Executive Leadership.

Risk organization strengthened

To support our strategic growth plans and to always ensure the strongest possible risk management, Per H. Poulsen was recruited and started as new Chief Risk Officer (CRO) in February 2023 with the overall responsibility of the Risk and Treasury department. Primary focus has been on accelerating the embedment of the risk policies and risk governance framework throughout the organization concentrating on all risk categories.

All risk policies have been reviewed and approved and, in combination, our credit risk policy, risk governance policy, and treasury policy mark a significant milestone in establishing a comprehensive framework for governing all risk – including financial risks. These policies provide a solid foundation for our risk management strategy, ensuring stability and integrity of our financial operations.

Our risk management approach is further enhanced by the global expansion of our risk team, with a strategic physical presence now established in Singapore. This expansion supports our overarching strategy to expand globally.

Anticipating an expected increase in the number of counterparties, particularly with our entry into environmentals such as biogas and green certificates, our risk management practices are also well prepared to navigate the associated risks in this area covering everything from regulatory compliance to market dynamics.

Risk governance

The overall risk governance model has not changed in 2023, and the Board of Directors has the overall responsibility for approving the overall risk appetite. 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 CRO, 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 ensuring 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.

Risk governance framework

Mandates and governance

Reports and monitoring

	Responsibility	Tasks
Board of Directors	• Decides on the overall risk appetite • Has overall responsibility for MFT Energy's affairs • Appoints independent Risk and Audit Committee • The Risk and Audit Committee reviews and advises on the effectiveness of risk management, procedures, and capital allocation	• Determines the risk capacity and allocation of risk capital to the company • Delegates a clear risk mandate to the CEO governing all risk policies
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 • Compliant with MFT Energy's Risk Committee mandate as given by the CEO	• Decides on mitigating actions and priorities covering all risks across MFT Energy • Allocates capital based on expected return and risk • Evaluates trading mandate requests
Risk team	• Ensures compliance with the mandates given by the Risk Committee by monitoring the approved mandates and implementing mitigating actions when necessary • Facilitates dialogue with trading teams and Risk Committee covering trading mandates and operational risks.	• Performs mandate surveillance • Prepares risk reporting • Carries out mitigation instructions according to policies and as given by the Risk Committee

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 documentation

Risk communication

Risk reporting

Risk monitoring
Monitoring of accepted positions.

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

Continued strategic focus on risk management in 2024

Looking ahead to 2024, we emphasize the need to maintain a steadfast focus on continuous improvement within our risk management framework. By adhering to the fundamental principles that have guided us thus far — identification, assessment, mitigation, monitoring, and communication — we aim to fortify our ability to anticipate and respond to emerging risks.

The coming year presents new opportunities for growth and innovation, and it is crucial that we integrate risk considerations seamlessly into our decision-making processes. Through a commitment to ongoing refinement and alignment with our organizational objectives, we are positioned to not only withstand challenges but also to thrive in an ever-evolving business landscape.

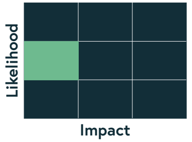
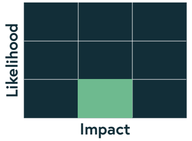
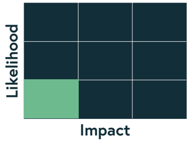
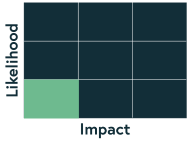
Key risk categories

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 the risk tolerance. These risks cannot be fully mitigated but can be planned for and managed.

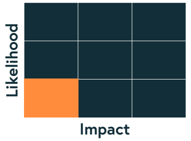
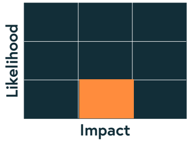
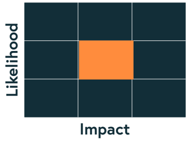
1. Market risk
2. Liquidity risk
3. Credit risk
4. Currency risk
5. Organizational risk
6. Operational and IT risk
7. Regulatory risk

Key risks

Key risks - financial

Key risk and risk level	Risk	Mitigation and 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.	• Holding and managing market risk are sources of competitive advantage for MFT Energy and an integral part of our business model. • Based on the risk appetite and risk policy of the company, risk/trading limits are set to fence (risk in) each trading mandate. • To ensure that trading mandates are kept within agreed risk limits, all positions are monitored daily as part of the second line of defense, where a range of tools, risk metrics, and warning mechanisms are in place to enable swift/prompt response to any potential excess risk (unmandated risk taking). • Trading mandates and positions are evaluated and adjusted as part of an ongoing process to optimize the portfolio of trading mandates against both risk strategy and market conditions.
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: • Liquidity utilization and forecasts are calculated daily for each trading mandate and for MFT Energy, ensuring liquidity is always available and within agreed 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. Credit risk  	Credit risk refers to the risk that the counterparty 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 credit 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. • The credit risk policy outlines the principles, guidelines, and procedures by which credit risk is managed, including credit risk appetite, specific credit lines, and mandatory KYC process ('Know Your Customer') and sanctions check. • Credit risk is mainly mitigated by collateral agreements supported by the use of bank guarantees to reduce the exposure to counterparties defaulting. • As part of the business strategy of expanding both globally and in environmental markets, MFT Energy anticipates an increase in the number of bilateral counterparties to support this growth and hence a continued focus on the procedures related to credit risk.
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 past 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 and 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 partnership model delivers significant benefits in terms of 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.	• MFT Energy continued its efforts to develop and implement internal procedures and systems to mitigate potential risk as outlined in the operational risk policy. • Risk assessments are conducted regularly to both create risk awareness and to help minimize the risk of human errors by implementing automation of procedures and tasks, setup warnings and alerts.
7. Regulatory risk 	Energy markets are highly regulated and subject to ongoing regulatory developments such as changes to the rules governing the actual markets, 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.	• Regulatory risk is a focus area for MFT Energy, and developments in the regulatory requirements are monitored closely to ensure and maintain compliance in all relevant markets. • 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). • The compliance policy holds the compliance framework covering market and trading regulations, economic crime and ethics, and IT security and privacy. Additionally, compliance manuals are established for all trading teams and markets, and anti-market abuse training has been executed throughout the organization. • To ensure that our business activities are aligned with MFT Energy's values, principles, and commitments, a Code of Conduct has been implemented. • Compliance reporting is presented to the Executive Leadership, risk team, and the Board of Directors on a regular basis.

Board of Directors

EIVIND KOLDING
Danish born 1959

Chair since 2022
Independent

Committee memberships
-

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

Directorship and other offices
- NTG, Chair
- NNIT, Vice Chair
- The LEO Foundation, Vice Chair
- Danish Ship Finance, Chair
- DAFA Group, Chair
- 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, COO
- MFT Energy US Inc, Director

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, Chair
- Jyske Bank Risk Committee, Member

Board of Directors

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
- GlobalConnect, Group CFO
- GlobalConnect, Chair

HEIDI FREDERIKKE SIGDAL
Danish born 1978

Board Member since 2022
Independent

Committee memberships
-

Competencies
- Communication and media advisor
- Positioning and branding

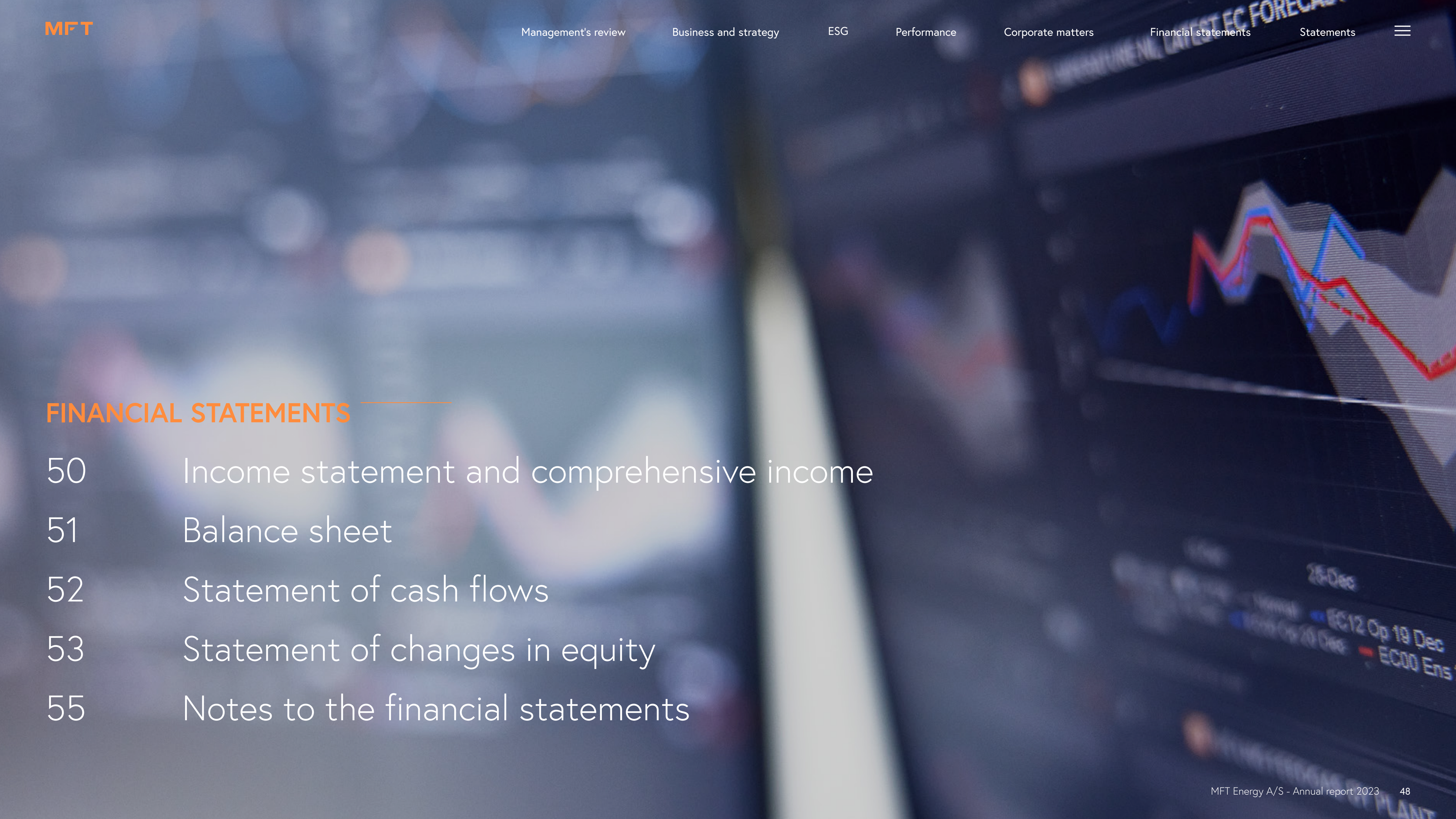
Directorship and other offices
- Cocuura, Board Member
- Team Rynkeby, Board Member
- GymDanmark, Board member
- FC København, Advisory Board
- By HeidiFrederikke, Founder
- Sigdal & Guldager, Co-founder

Executive Board

BO PALMGREN
Danish born 1982

Group CEO since 2023

Competencies
- Executive management
- Business strategy
- Energy trading
- Risk management



FINANCIAL STATEMENTS

Contents

Income statement

for the year ended December 31, 2023

		GROUP		PARENT	
EUR '000	**Notes**	**2023**	**2022**	**2023**	**2022**
Net trading income	4	**101,525**	**641,864**	**73,735**	**635,067**
Other external expenses		(9,050)	(7,097)	(4,957)	(4,543)
Staff costs	6	(20,164)	(58,354)	(8,174)	(8,639)
Other operating income		0	0	14,642	6,921
Other operating expenses	7	0	0	(72,483)	(635,103)
Depreciation, amortization and impairment losses		(569)	(219)	(283)	(211)
Operating profit before financial income and expenses and tax (EBIT)		**71,742**	**576,194**	**2,480**	**(6,508)**
Income from investments in subsidiaries	14	0	0	36,367	269,126
Financial income	8	9,923	1,577	9,529	1,520
Financial expenses	8	(13,218)	(4,642)	(12,187)	(6,344)
Profit before tax (EBT)		**68,447**	**573,129**	**36,189**	**257,794**
Tax on profit for the year	9	(16,495)	(126,392)	(283)	2,420
Profit for the year		**51,952**	**446,737**	**35,906**	**260,214**
Profit for the period attributable to:					
Shareholders of MFT Energy A/S		36,471	260,214		
Non-controlling interests		15,481	186,523		
		51,952	**446,737**		

Statement of comprehensive income

for the year ended December 31, 2023

		GROUP		PARENT	
EUR '000	**Notes**	**2023**	**2022**	**2023**	**2022**
Profit for the year		**51,952**	**446,737**	**35,906**	**260,214**
Other comprehensive income					
Items that may be reclassified to profit or loss					
Value adjustment of cash flow hedges for the year		0	(1,914)	0	(1,914)
Value adjustment of cash flow hedges reclassified to profit or loss		0	686	0	686
Income tax relating to these items		0	270	0	270
Exchange differences on translation of foreign operations		(4)	11	(4)	11
Other comprehensive income for the period, net of tax		**(4)**	**(947)**	**(4)**	**(947)**
Total comprehensive income for the period		**51,948**	**445,790**	**35,902**	**259,267**
Total comprehensive income for the period attributable to:					
Shareholders of MFT Energy A/S		36,467	259,266		
Non-controlling interests		15,481	186,524		
		51,948	**445,790**		
Extraordinary dividend after year end		0	142,539	0	74,000
Total extraordinary dividend after year end per share in EUR		0	279	0	145

Balance sheet

at December 31, 2023

		GROUP		PARENT	
EUR '000	Notes	2023	2022	2023	2022
ASSETS					
Non-current assets					
Intangible assets	10	36	40	0	0
Property, plant and equipment	11	285	135	116	127
Right-of-use assets	12	1,447	45	636	45
Deferred tax assets	13	1,897	4,447	1,860	4,410
Equity investments in subsidiaries	14	0	0	126,353	293,386
Deposits		422	300	277	245
Other receivables		2,056	1,439	1,650	1,390
Total non-current assets		**6,143**	**6,406**	**130,892**	**299,603**
Current assets					
Inventories	16	30,942	33,020	30,942	33,020
Trade receivables	17	17,144	33,346	15,114	29,083
Receivables from group enterprises		5,286	1,254	24,809	15,062
Income tax receivables		0	0	2,276	0
Derivatives	18, 19	142,733	155,018	142,631	154,783
Prepayments		1,343	593	1,194	461
Other receivables	21	17,572	197,394	9,210	194,300
Current asset investments	22	64,416	348,888	64,416	348,888
Cash and cash equivalents		106,164	134,344	99,573	127,677
Total current assets		**385,600**	**903,857**	**390,165**	**903,274**
Total assets		**391,743**	**910,263**	**521,057**	**1,202,877**

		GROUP		PARENT	
EUR '000	Notes	2023	2022	2023	2022
EQUITY					
Share capital	23	68	68	68	68
Reserves and retained earnings		133,556	288,710	133,556	288,710
Equity attributable to MFT Energy A/S's shareholders		133,624	288,778	133,624	288,778
Equity attributable to non-controlling interests		73,029	194,272	0	0
Total equity		**206,653**	**483,050**	**133,624**	**288,778**
LIABILITIES					
Non-current liabilities					
Borrowings	19	0	4,603	0	4,603
Lease liabilities	12	840	0	366	0
Payables to group enterprises		0	0	215,697	644,012
Provisions	24	5,725	8,405	5,725	8,405
Total non-current liabilities		**6,565**	**13,008**	**221,788**	**657,020**
Current liabilities					
Borrowings	19	0	1,008	0	1,008
Lease liabilities	12	629	47	277	47
Trade payables		35,490	55,010	34,668	55,010
Payables to group enterprises		0	0	5,791	3,379
Derivatives	18, 19	120,108	179,028	119,923	179,009
Corporate tax liabilities		13,521	129,978	0	1,707
Provisions	24	2,680	11,595	2,680	11,595
Other liabilities		6,097	37,539	2,306	5,324
Total current liabilities		**178,525**	**414,205**	**165,645**	**257,079**
Total liabilities		**185,090**	**427,213**	**387,433**	**914,099**
Total liabilities and equity		**391,743**	**910,263**	**521,057**	**1,202,877**

Statement of cash flows

for the year ended December 31, 2023

		GROUP		PARENT	
EUR '000	**Notes**	**2023**	**2022**	**2023**	**2022**
Cash flows from operating activities					
Net profit for the year		51,952	446,737	35,906	260,214
Adjustments	25	20,273	129,805	(33,328)	(267,027)
Changes in net working capital	25	87,543	(81,534)	118,255	(99,639)
Cash flows from operating activities before financial income and expenses		**159,768**	**495,008**	**120,833**	**(106,452)**
Interest received		9,923	1,577	9,529	1,520
Interest paid		(13,218)	(4,642)	(12,187)	(6,344)
Income taxes paid		(130,402)	(15,007)	(1,707)	833
Net cash flow from operating activities		**26,071**	**476,936**	**116,468**	**(110,443)**
Cash flows from investing activities					
Payments for property, plant and equipment	12	(257)	(115)	(48)	(115)
Fixed asset investments		0	0	0	155
Current asset investments, purchases		(377,798)	(348,888)	(377,798)	(348,888)
Current asset investments, sales		662,270	0	662,270	0
Payment of deposits		(122)	(64)	(32)	(37)
Purchase of shares in subsidiaries		(2,289)	0	(2,289)	0
Sale of shares in subsidiaries		1,493	0	1,132	0
Dividend received from subsidiaries		0	0	204,675	21,499
Net cash flow from investing activities		**283,297**	**(349,067)**	**487,910**	**(327,386)**

		GROUP		PARENT	
EUR '000	**Notes**	**2023**	**2022**	**2023**	**2022**
Cash flows from financing activities					
Proceeds from borrowings	20	(5,611)	(1,832)	(5,611)	(1,832)
Principal elements of lease payments	13	(444)	(67)	(221)	(54)
Change in loans with group enterprises		(4,032)	(879)	(435,650)	551,207
Dividends paid to shareholders		(191,000)	(16,121)	(191,000)	(16,121)
Dividends paid to non-controlling interests		(136,461)	(9,137)	0	0
Net cash flow from financing activities		**(337,548)**	**(28,036)**	**(632,482)**	**533,200**
Change in cash and cash equivalents		**(28,180)**	**99,833**	**(28,104)**	**95,371**
Cash and cash equivalents at January 1		134,344	34,511	127,677	32,306
Cash and cash equivalents at December 31		**106,164**	**134,344**	**99,573**	**127,677**

Statement of changes in equity, Group

for the year ended December 31, 2023

GROUP

EUR '000	Share capital	Hedging reserve	Foreign currency translation differences	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
At January 1, 2022	**68**	**958**	**0**	**43,974**	**45,000**	**16,409**	**61,409**
Profit for the period	0	0	0	260,214	260,214	186,524	446,738
Other comprehensive income	0	(958)	11	0	(947)	0	(947)
Total comprehensive income	**0**	**(958)**	**11**	**260,214**	**259,267**	**186,524**	**445,791**
Transactions with owners in their capacity as owners							
Extraordinary dividend paid	0	0	0	(16,121)	(16,121)	(9,137)	(25,258)
Share-based payments	0	0	0	141	141	0	141
Other equity movements	0	0	0	490	490	477	967
At December 31, 2022	**68**	**0**	**11**	**288,698**	**288,777**	**194,273**	**483,050**
At January 1, 2023	**68**	**0**	**11**	**288,698**	**288,777**	**194,273**	**483,050**
Profit for the period	0	0	0	36,471	36,471	15,481	51,952
Other comprehensive income	0	0	(4)	0	(4)	0	(4)
Total comprehensive income	**0**	**0**	**(4)**	**36,471**	**36,467**	**15,481**	**51,948**
Transactions with owners in their capacity as owners							
Extraordinary dividend paid	0	0	0	(191,000)	(191,000)	(136,461)	(327,461)
Share-based payments	0	0	0	(92)	(92)	0	(92)
Other equity movements	0	0	0	(528)	(528)	(264)	(792)
At December 31, 2023	**68**	**0**	**7**	**133,549**	**133,624**	**73,029**	**206,653**

Statement of changes in equity, Parent

for the year ended December 31, 2023

PARENT

EUR '000	Share capital	Reserve for loans to shareholders	Hedging reserve	Foreign currency translation differences	Reserve for net revaluation under the equity method	Retained earnings	Total equity
At January 1, 2022	**68**	**816**	**958**	**0**	**44,114**	**(956)**	**45,000**
Profit for the period	0	(115)	0	0	247,399	12,930	260,214
Other comprehensive income	0	0	(958)	11	0	0	(947)
Total comprehensive income	**0**	**(115)**	**(958)**	**11**	**247,399**	**12,930**	**259,267**
Transactions with owners in their capacity as owners							
Extraordinary dividend paid	0	0	0	0	0	(16,121)	(16,121)
Share-based payments	0	0	0	0	0	141	141
Other equity movements	0	0	0	0	0	491	491
At December 31, 2022	**68**	**701**	**0**	**11**	**291,513**	**(3,515)**	**288,778**
At January 1, 2023	**68**	**701**	**0**	**11**	**291,513**	**(3,515)**	**288,778**
Profit for the period	0	(701)	0	0	(168,308)	204,915	35,906
Other comprehensive income	0	0	0	(4)	0	0	(4)
Total comprehensive income	**0**	**(701)**	**0**	**(4)**	**(168,308)**	**204,915**	**35,902**
Transactions with owners in their capacity as owners							
Extraordinary dividend paid	0	0	0	0	0	(191,000)	(191,000)
Share-based payments	0	0	0	0	0	(92)	(92)
Other equity movements	0	0	0	0	(1,012)	1,048	36
At December 31, 2023	**68**	**0**	**0**	**7**	**122,193**	**11,356**	**133,624**

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, 2023 were authorized for issue in accordance with a resolution of the Board of Directors and Executive Board on March 18, 2024.

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, 2023. 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.

Changes in accounting policies in 2023

Classification of revenue and cost of sales

In 2022, the Group derived revenue from the transfer of sold power and gas at a point in time. Revenue comprised 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. Revenue from gas and power contracts, which resulted in physical delivery, was recognized upon delivery at the contractually stated fixed price adjusted for the fair value of the contract immediately before delivery.

In 2023, the principles for recognition of gains and losses arising from trading with energy commodity derivatives, including futures, options, swaps and certain forward sales and purchases, have changed to the effect that such gains and losses are excluded from revenue and cost of sales and treated within the scope of IFRS 9 Financial instruments. Likewise, energy commodity contracts with physical delivery and a net settlement option or past practice of settlement of contracts in net cash or other financial instruments are also to be excluded from revenue and cost of sales and treated within the scope of IFRS 9 Financial instruments.

Given the nature of MFT Energy's business model and the standard contracts with counterparts, all gains and losses arising from trading with energy commodity derivatives are accounted for using IFRS 9 Financial instruments and the own-use exemption. Therefore, management deems it more appropriate to present net trading income instead of gross revenue and cost of goods sold, when all contracts are settled on a net basis.

The change in accounting treatment has no effect on the reported results, income tax, statement of comprehensive income or equity in 2022 nor 2023. Changes in presentation have been accounted for retrospectively, and comparative information has been restated.

The changes in presentation affect comparative information for the Group and the Parent Company. The comparative amounts for the Group in terms of revenue of EUR 7,875,685k, fair value adjustment of financial and physical energy contracts of EUR 159,702k and cost of sales of a negative EUR 7,393,523k are now classified as net trading income totaling EUR 641,864k. In terms of the Parent Company's comparative amounts related to revenue of EUR 7,875,685k, fair value adjustment of financial and physical energy contracts of EUR 152,905k and cost of sales of a negative EUR 7,393,523k are now classified as net trading income totaling EUR 635,067k.

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.

Notes to the financial statements

1 Basis of preparation (continued)

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 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 (EUR) are translated into Euro (EUR) 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.

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.

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 high degree of judgment 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 judgments is included in the description below. Climate changes are not expected to have an impact on critical accounting estimates or judgments.

Critical accounting estimates and judgments

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

Estimates and judgment

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 Group's long-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 exists for certain products or market areas, prices are determined based on historical and long-term pricing relationships. The use of alternative estimates or valuation methodologies may result in significantly different values for such derivatives.

Onerous contracts

The Group also trades capacities for which no active market exists. As there is, thus, no explicit or observable input, the prices are estimated. Only contracts that are entered into for the Group's own use have been subject to such estimates. 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 supplemented by a management 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 18 a for more detailed description and a display of the fair value hierarchy.

Notes to the financial statements

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), which have been adopted by the EU and which are effective for the financial year January 1 – December 31, 2023. The following has been adopted:

- Amendments to IAS 8 Accounting policies: Changes in Accounting Estimates and Errors - Definition of Accounting Estimates.
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies.
- Amendments to IAS 12 Income Taxes: International Tax Reform - Pillar Two Model Rules.
- New standard; IFRS 17 Insurance Contracts.

In assessment of the Group, the new or amended standards and interpretations have neither had a material impact on the consolidated financial statements nor on the separate financial statements in 2023.

Certain new accounting standards, amendments to accounting standards and interpretations that have been published are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the Group. These standards include:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants (January 1, 2024, not yet endorsed by the EU).
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements (January 1, 2024, not yet endorsed by the EU).
- Amendments to IAS 21, Lack of Exchangeability (January 1, 2025, 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, 2024, neither in terms of the consolidated financial statements nor in terms of the separate financial statements.

4 Net trading income

	GROUP		PARENT	
EUR '000	**2023**	**2022**	**2023**	**2022**
Net trading income from energy commodities	101,525	641,864	73,735	635,067
	101,525	**641,864**	**73,735**	**635,067**

§ Accounting policies

Net trading income
MFT Energy routinely enters into sale and purchase transactions for physical delivery of energy commodities. All 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 transaction date 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 Groups'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.

Gains and losses arising from trading with energy commodity derivatives, including futures, options, swaps, and certain forward sales and purchases, are excluded from revenue and presented separately. Likewise, energy commodity contracts with physical delivery and a net settlement option or past practice of settlement of contracts in net cash or other financial instruments are also to be excluded from revenue and treated within the scope of IFRS 9 Financial instruments.

Given the nature of MFT Energy's business model and the standard contracts with counterparts, all gains and losses arising from trading with energy commodity derivatives are accounted for using IFRS 9 Financial instruments.

Notes to the financial statements

5 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, and the use of derivative financial instruments. The Risk and Audit Committee is organized by the Board of Directors, and the CFO and CRO of the Group are participating in the quarterly meetings, in order to elaborate on reporting and status. The Risk and Audit Committee works in close cooperation with the Risk Committee headed by the CRO. The CEO of the Group is part of the Risk Committee as well. The Risk Committee has the responsibility for ensuring that the level of risk is within the approved limits and policies while the Risk and Audit Committee ensures that the risk taken is within the overall risk capacity. New risk limits and policies are first assessed by the Risk and Audit Committee before being granted final approval by the Board of Directors.

The risk team headed by the CRO is the operational function constituting a second line of defense, while the operating units constitute the first line of defense. The risk team is monitors, identifies, performs stress tests, and evaluates risk based on live data from the operating units. The risk team works closely together with the finance and treasury teams on the monitoring and assessment of 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 market and currency risk. The use of hedging is closely determined under the risk mandate issued to the trading teams 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 risk relates to changing commodity prices and foreign currency 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 activities of the Group. As 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 certain loss limits are reached over a period of time. Different limits have been defined within the Group in order to reflect the different exposures and risks.

MFT Energy is focused on short-term trading. The maturity of its financial instruments supports this short-term focus, as the instruments primarily mature within 12 months. Please refer to the 'Liquidity risk' section for an overview of the maturity of financial instruments.

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 the markets.

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

The table below is prepared on an 'all else equal' assumption. Only the commodity price is subject to changes. The percentage change in commodity prices used to determine sensitivity is estimated by the leadership as a probable scenario, taking into consideration the historical volatility and the markets that have been calm recently.

Sensitivity by commodity

	GROUP Impact on profit or loss before tax	
EUR '000	**2023**	**2022**
Power, increase of 10%	(1,714)	232
Power, decrease of 10%	1,714	(232)
Gas, increase of 10%	286	(41)
Gas, decrease of 10%	(286)	41

Notes to the financial statements

5 Financial risk management (continued)

The sensitivity analysis shows the impact on profit or loss before tax. The effect on profit or loss after tax will be 78% of the profit or loss before tax. The effect on equity will be equivalent to the value of 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 inventory is hedged using forward contracts. MFT Energy applies hedge accounting to fair value hedges on inventory. Any ineffectiveness of a hedge position is recognized in the income statement once occurred.

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

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 Committee, and the risk is continuously monitored by the risk team in close collaboration with the treasury team. The exposure is not considered material at Group level.

The day-to-day 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 of most of the entities in the Group is EUR since the majority of the activities are performed in market areas where commodity products are traded in EUR.

The following table only contains the exposure of the Group. The table discloses the net monetary amount in currencies other than the functional currency.

Monetary items and sensitivity of the Group

EUR '000	2023			2022		
	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	1,350	1%	13	2,618	1%	26
USD/EUR	11,637	5%	554	9,464	7%	619
GBP/EUR	9,735	5%	464	43,829	5%	2,087
CZK/EUR	959	5%	46	13,235	5%	630
AUD/EUR	5,988	1%	59	6,142	1%	60
BGN/EUR	1,597	1%	16	11,719	0%	0
HUF/EUR	1,212	5%	58	17	7%	1
JPY/EUR	2,106	7%	138	362	6%	20

* Changes in the exchange rate in the opposite direction yield an inverse result.

Interest rate risk

The exposure to the risk of changes in interest rates relates primarily to interest-bearing assets and liabilities in the Group with a floating rate. The exposure is not considered material as the Group is primarily financed by its own equity. Please refer to 'Liquidity risk' for an overview of the maturity of the financial liabilities. The majority of the liabilities are maturing within 12 months, while the risk of material changes in the interest rates is considered low.

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.

The credit risk is managed on a consolidated basis and monitored by 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 on the bank collaterals and bank guaranties 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. The leadership 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 statements. These agreements are mitigating the credit risk of the Group.

Notes to the financial statements

5 Financial risk management (continued)

Please refer to note 20 for detailed 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 were made in 2023 and 2022. The Group has never realized any losses from counterparties. Trade receivables primarily consist of receivables from commodity exchanges, clearing houses and TSOs. 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, for example, 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.

A considerable part of MFT Energy's counterparts are covered by standard agreements. Such agreements contain regulations on credit, payment, and offsetting. This means that MFT Energy is less exposed to credit risk than if trading with fewer or no standardized terms. The minimal risk and low risk cover TSOs, exchanges, and other A-rated counterparts. MFT Energy assesses that these counterparts carry no or only limited credit risk as they are part of public security of supply or have high credit ratings. The category 'Not rated' covers counterparts with minor claims that have not been formally classified in the year-end process or counterparts with no formal rating. MFT Energy carries out an evaluation of the credit risk of all-counterpart before trading is commenced.

Credit quality of the Group's counterparties

EUR '000	GROUP 2023	GROUP 2022	PARENT 2023	PARENT 2022
Minimal risk (A rated)	234,494	711,765	228,853	708,993
Low risk (B rated)	2,200	2,200	2,200	2,200
High risk (C rated)	28	37	28	37
Not rated	7,199	22,083	1,940	17,215
Total	**243,921**	**736,085**	**233,021**	**728,445**

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 the liquidity required by the Group. This is ensured 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 Board of Directors.

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 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 of 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 the current credit lines to be sufficient to fulfill the obligations under such margin call agreements for possible changes in 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 too much.

Maturities of financial liabilities

The amounts disclosed in the following tables 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

5 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, 2023						
Trade payables	35,490	0	0	0	35,490	35,490
Lease liabilities	629	599	241	0	1,469	1,469
Derivatives held for trading	120,108	0	0	0	120,108	120,108
Provisions	2,680	5,725	0	0	8,405	8,405
Other liabilities	6,097	0	0	0	6,097	6,097
	165,004	**6,324**	**241**	**0**	**171,569**	**171,569**
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
Provisions	11,595	5,653	2,752	0	20,000	20,000
Other liabilities	37,539	0	0	0	37,539	37,539
	296,213	**7,022**	**6,482**	**147**	**309,864**	**308,843**

Contractual maturities of financial liabilities

	PARENT					
EUR '000	**< 1 year**	**1 - 2 year**	**2 - 5 years**	**> 5 years**	**Total contractual cash flows**	**Carrying amount**
At December 31, 2023						
Trade payables	34,668	0	0	0	34,668	34,668
Lease liabilities	277	269	97	0	643	643
Derivatives held for trading	119,923	0	0	0	119,923	119,923
Payables to group enterprises	5,791	220,033	0	0	225,824	221,488
Provisions	2,680	5,725	0	0	8,405	8,405
Other liabilities	2,306	0	0	0	2,306	2,306
	165,645	**226,027**	**97**	**0**	**391,769**	**387,433**
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
Provisions	11,595	5,653	2,752	0	20,000	20,000
Other liabilities	5,324	0	0	0	5,324	5,324
	267,358	**657,474**	**6,482**	**147**	**931,461**	**924,000**

Notes to the financial statements

6 Staff costs

	GROUP		PARENT	
EUR '000	**2023**	**2022**	**2023**	**2022**
Wages and salaries	19,854	57,000	8,043	8,168
Share-based payments	(92)	141	(92)	141
Pension cost, defined contribution plans	288	281	165	89
Other social security costs	114	932	58	241
	20,164	**58,354**	**8,174**	**8,639**
Average number of employees	136	94	71	44

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:

	GROUP		PARENT	
EUR '000	**2023**	**2022**	**2023**	**2022**
Wages and salaries	3,578	4,936	3,136	4,818
Share-based payment	(68)	46	(68)	46
Pension contribution	38	24	36	12
Other social security costs	65	14	64	21
Total compensation key management personnel	**3,613**	**5,020**	**3,168**	**4,897**
Executive Board				
Wages and salaries	356	270	356	270
Pension contribution	7	2	7	2
	363	**272**	**363**	**272**
Board of Directors				
Directors' remuneration	208	66	208	60
Total compensation Executive Board and Board of Directors	**571**	**338**	**571**	**332**

Notes to the financial statements

6 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 2023, 1,797 warrants were granted under the program (December 2022: 475). The warrants granted in 2023 are exercisable within one year as of January 2027 or upon an exit event, whichever is earlier. The program sets out a vesting period of three years. Settlement is made 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 and size of the grants, taking into account the 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 is made on the establishment of the program. The warrants granted are subject to the provisions of the Danish Public 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 2023, the fair value of warrants recognized in the income statement amounted to EUR 51k (2022: EUR 57k). 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 at which the employees are able to buy the share is equivalent to the market price.

The Board of Directors is covered by a comparable warrant program. Once a member of the Board has been a board member for 12 months, the warrants will be granted. The key terms of the program are the same as for the employees. In December 2023, 357 warrants were granted under the program (December 2022: 0).

Number of shares

	GROUP & PARENT	
2023	**Board of Directors**	**Employees**
Outstanding at the beginning of the period	0	2,514
Granted during the period	357	1,797
Forfeited during the period	0	(275)
Outstanding at the end of the period	357	4,036
Weighted-average remaining contractual life	3 years	4 years

	GROUP & PARENT	
2022	**Board of Directors**	**Employees**
Outstanding at the beginning of the period	0	2,039
Granted during the period	0	475
Forfeited during the period	0	0
Outstanding at the end of the period	0	2,514
Weighted-average remaining contractual life	4 years	5 years

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

Notes to the financial statements

6 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.

Under the share purchase programs, the employees obtain a legal non-recourse shareholder loan from MFT Energy A/S which in combination with an injection of private funds from the employees is used to purchase a fixed number of shares. During 2023, all employees covered by the program, repaid the debt and are no longer subject to the program.

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 2023, the total fair value of employee share purchase programs recognized in the income statement amounted to a negative EUR 143k (2022: EUR 84k) of which a negative EUR 68k relates to key management personnel (2022: EUR 46k).

Number of shares

	GROUP & PARENT		
2023	**Key management**	**Other employees**	**Total**
Outstanding at the beginning of the period	5,103	5,103	10,206
Forfeited during the period	(5,103)	(5,103)	(10,206)
Outstanding at the end of the period	0	0	0
Weighted-average remaining contractual life	0	0	0

	GROUP & PARENT		
2022	**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

Notes to the financial statements

6 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 benefit 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 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.

7 Other operating expenses

	PARENT	
EUR '000	**2023**	**2022**
Reimbursements to subsidiaries	(72,483)	(635,103)
	(72,483)	**(635,103)**

§ Accounting policies

Other operating expenses
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 consists solely of reimbursements to the subsidiaries.

Notes to the financial statements

8 Financial income and expenses

	GROUP		PARENT	
EUR '000	**2023**	**2022**	**2023**	**2022**
Financial income				
Interest income, banks	1,598	65	710	36
Financial income, bonds	6,886	951	6,886	951
Financial income, other	1,439	258	1,933	230
Gains on exchange forward derivatives	0	303	0	303
Total financial income	**9,923**	**1,577**	**9,529**	**1,520**
Financial expenses				
Interest on borrowings	109	429	110	429
Interest on lease liabilities	39	2	20	2
Total interest expense related to financial liabilities not at fair value through profit or loss	**148**	**431**	**130**	**431**
Interest expense, group enterprises	0	0	6,643	2,827
Interest expense, income tax	6,265	0	682	0
Financial expenses, guarantees	1,983	1,117	0	0
Financial expenses, bonds	1,561	471	1,561	471
Financial expenses, other	1,870	851	1,776	817
Foreign exchange rate losses	1,233	1,772	1,237	1,798
Loss on exchange forward derivatives	158	0	158	0
Total financial expenses	**13,218**	**4,642**	**12,187**	**6,344**

§ 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 and realized losses on exchange forward derivatives.

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 to the Parent Company.

Notes to the financial statements

9 Income tax expenses

	GROUP		PARENT	
EUR '000	**2023**	**2022**	**2023**	**2022**
Current tax				
Current tax on profit for the year	13,944	130,825	(2,268)	1,976
Deferred income tax	2,551	(4,433)	2,551	(4,396)
Income tax expense	**16,495**	**126,392**	**283**	**(2,420)**

	GROUP	
EUR '000	**2023**	**2022**
Reconciliation of effective tax rate		
Tax at the Danish tax rate of 22% (2022: 22%)	15,058	126,088
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	1,606	81
Other adjustments	(169)	223
Income tax expense	**16,495**	**126,392**
Effective tax rate	24%	22%

	PARENT	
EUR '000	**2023**	**2022**
Reconciliation of effective tax rate		
Tax at the Danish tax rate of 22% (2022: 22%)	7,962	56,715
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
Income from investments in subsidiaries	(8,001)	(59,208)
Non-deductible expenses	322	73
Income tax expense	**283**	**(2,420)**
Effective tax rate	1%	(1%)

§ Accounting policies

Income tax expenses

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. The leadership 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 the 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

10 Intangible assets

	GROUP		
EUR '000	**Incorporeal rights**	**Software**	**Total**
Cost:			
At January 1, 2023	71	6	77
At December 31, 2023	**71**	**6**	**77**
Accumulated amortization and impairment losses:			
At January 1, 2023	31	6	37
Amortization charge	4	0	4
At December 31, 2023	**35**	**6**	**41**
Carrying amount at December 31, 2023	**36**	**0**	**36**
Cost:			
At January 1, 2022	71	6	77
At December 31, 2022	**71**	**6**	**77**
Accumulated amortization and impairment losses:			
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**

	PARENT	
EUR '000	**Software**	**Total**
Cost:		
At January 1, 2023	6	6
At December 31, 2023	**6**	**6**
Accumulated amortization and impairment losses:		
At January 1, 2023	6	6
Amortization charge	0	0
At December 31, 2023	**6**	**6**
Carrying amount at December 31, 2023	**0**	**0**
Cost:		
At January 1, 2022	6	6
At December 31, 2022	**6**	**6**
Accumulated amortization and impairment losses:		
At January 1, 2022	5	5
Amortization charge	1	1
At December 31, 2022	**6**	**6**
Carrying amount at December 31, 2022	**0**	**0**

Notes to the financial statements

10 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

Notes to the financial statements

11 Property, plant and equipment

	GROUP		
EUR '000	**Other fixtures, fittings and equipment**	**Leasehold improvements**	**Total**
Cost:			
At January 1, 2023	161	69	230
Additions	209	48	257
At December 31, 2023	**370**	**117**	**487**
Accumulated depreciation and impairment losses:			
At January 1, 2023	64	31	95
Depreciation charge	89	18	107
At December 31, 2023	**153**	**49**	**202**
Carrying amount at December 31, 2023	**217**	**68**	**285**
Cost:			
At January 1, 2022	50	58	108
Additions	111	11	122
At December 31, 2022	**161**	**69**	**230**
Accumulated depreciation and impairment losses:			
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**

	PARENT		
EUR '000	**Other fixtures, fittings and equipment**	**Leasehold improvements**	**Total**
Cost:			
At January 1, 2023	154	69	223
Additions	0	48	48
At December 31, 2023	**154**	**117**	**271**
Accumulated depreciation and impairment losses:			
At January 1, 2023	64	32	96
Depreciation charge	42	17	59
At December 31, 2023	**106**	**49**	**155**
Carrying amount at December 31, 2023	**48**	**68**	**116**
Cost:			
At January 1, 2022	50	58	108
Additions	104	11	115
At December 31, 2022	**154**	**69**	**223**
Accumulated depreciation and impairment losses:			
At January 1, 2022	29	22	51
Depreciation charge	35	10	45
At December 31, 2022	**64**	**32**	**96**
Carrying amount at December 31, 2022	**90**	**37**	**127**

Notes to the financial statements

11 Property, plant and equipment (continued)

§ Accounting policies

Property, plant and equipment
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 the 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.

12 Leases

	GROUP		PARENT	
EUR '000	2023	2022	2023	2022
Amounts recognized in the balance sheet				
Right-of-use assets				
Properties	1,447	45	636	45
	1,447	**45**	**636**	**45**
Additions to the right-of-use assets	1,901	0	812	0
Lease liabilities				
Current	629	47	277	47
Non-current	840	0	366	0
	1,469	**47**	**643**	**47**
Amounts recognized in the income statement				
The income statement shows the following amounts relating to leases:				
Depreciation charge of right-of-use assets				
Properties	464	110	226	110
	464	**110**	**226**	**110**
Interest expense on lease liabilities	39	2	19	2
Expenses relating to short-term leases	61	123	37	123
Expenses relating to leases of low-value assets	16	48	3	48
Total cash outflow for leases	**580**	**283**	**285**	**283**

Please refer to note 5 for a disclosure of contractual maturities of the financial liabilities.

Notes to the financial statements

12 Leases (continued)

§ Accounting policies

Leases
MFT Energy leases various properties. Property contracts are typically made for one to five 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 of exercising 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 straight-line 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.

13 Deferred tax

	GROUP		PARENT	
EUR '000	**2023**	**2022**	**2023**	**2022**
Deferred tax				
Deferred tax at the beginning of period	(4,447)	(14)	(4,410)	(14)
Deferred tax recognized in the income statement	2,550	(4,433)	2,550	(4,396)
Deferred tax at year end	**(1,897)**	**(4,447)**	**(1,860)**	**(4,410)**
Deferred tax relates to:				
Property, plant and equipment	(13)	(10)	(13)	(10)
Deferred tax on accrued expenses	(40)	(37)	0	0
Provisions	(1,849)	(4,400)	(1,849)	(4,400)
Lease liabilities	5	0	2	0
Total	**(1,897)**	**(4,447)**	**(1,860)**	**(4,410)**
Of which presented as deferred tax assets	1,897	4,447	1,860	4,410

§ Accounting policies

Deferred tax
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.

Notes to the financial statements

14 Investments in subsidiaries

EUR '000	PARENT 2023	2022
Cost at January 1, 2023	1,864	1,869
Additions for the year	2,289	0
Disposals for the year	0	(5)
Cost at December 31, 2023	**4,153**	**1,864**
Value adjustments at January 1, 2023	291,522	44,114
Profit for the year	36,367	269,126
Dividend to the Parent Company	(204,675)	(21,499)
Other adjustments	(1,014)	(219)
Value adjustments at December 31, 2023	**122,200**	**291,522**
Carrying amount at December 31, 2023	**126,353**	**293,386**

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	92%
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 7 ApS	Denmark	DKK 40,000	56%
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	73%
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.	Turkey	TRY 2,000,000	61%
MFT Energy APAC 3 KK	Japan	JPY 5,000,000	80%

Notes to the financial statements

14 Investments in subsidiaries (continued)

§ Accounting policies

Investments in subsidiaries

The accounting policies below are only relevant to 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

15 Non-controlling interests

A significant part of the Group's activities are performed through five subsidiaries with significant non-controlling interests. Set out in the following table is summarized 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.

2023 **EUR '000**	**MFT Energy 1 ApS**	**MFT Energy 2 ApS**	**MFT Energy 3 ApS**	**MFT Energy 5 ApS**	**MFT Energy 6 ApS**
Non-controlling interests' ownership	8.01%	39.92%	40.00%	38.88%	46.17%
Summarized balance sheet					
Current assets	9	8	3	3,158	55
Current liabilities	8,844	1,066	590	3,049	8,972
Current net assets	**(8,835)**	**(1,058)**	**(587)**	**109**	**(8,917)**
Non-current assets	55,856	15,835	13,935	10,909	123,003
Non-current liabilities	804	0	0	56	688
Non-current net assets	**55,052**	**15,835**	**13,935**	**10,853**	**122,315**
Summarized statement of comprehensive income					
Gross profit	33,896	4,592	2,952	4,474	39,574
Profit for the period	20,546	3,191	1,714	2,604	24,706
Other comprehensive income	0	0	0	0	0
Total comprehensive income	**20,546**	**3,191**	**1,714**	**2,604**	**24,706**
Profit allocated to non-controlling interests	1,645	1,274	686	1,006	11,408
Dividends paid to non-controlling interests	2,838	2,377	2,400	771	127,940
Summarized cash flows					
Cash flows from operating activities	6,720	173	(1,628)	2,050	(90,443)
Cash flows from investing activities	0	0	0	0	0
Cash flows from financing activities	(6,731)	(171)	1,624	(260)	90,440
Net increase/(decrease) in cash and cash equivalents	**(11)**	**2**	**(4)**	**1,790**	**(3)**

Notes to the financial statements

15 Non-controlling interests (continued)

2022 EUR '000	MFT Energy 1 ApS	MFT Energy 2 ApS	MFT Energy 3 ApS	MFT Energy 5 ApS	MFT Energy 6 ApS
Non-controlling interests' ownership	10.26%	39.61%	40.00%	38.56%	45.69%
Summarized balance sheet					
Current assets	20	34	8	3	48
Current liabilities	26,228	4,111	3,933	2,840	124,999
Current net assets	**(26,208)**	**(4,077)**	**(3,925)**	**(2,837)**	**(124,951)**
Non-current assets	99,841	21,664	21,559	11,911	493,642
Non-current liabilities	962	0	0	0	0
Non-current net assets	**98,879**	**21,664**	**21,559**	**11,911**	**493,642**
Summarized statement of comprehensive income					
Gross profit	80,851	17,824	18,108	11,734	497,175
Profit for the period	51,524	13,380	13,403	7,956	363,828
Other comprehensive income	0	0	0	0	0
Total comprehensive income	**363,828**	**363,828**	**363,828**	**7,956**	**363,828**
Profit allocated to non-controlling interests	5,160	5,300	5,361	3,068	166,250
Dividends paid to non-controlling interests	145	1,089	1,360	180	6,364
Summarized cash flows					
Cash flows from operating activities	63,864	15,716	15,149	10,272	482,364
Cash flows from investing activities	0	0	0	0	0
Cash flows from financing activities	(63,854)	(15,719)	(15,154)	(10,275)	(482,371)
Net increase/(decrease) in cash and cash equivalents	**10**	**(3)**	**(5)**	**(3)**	**(7)**

Notes to the financial statements

16 Inventories

EUR '000	GROUP 2023	2022	PARENT 2023	2022
Gas storage at weighted average cost	40,310	44,629	40,310	44,629
Adjustment from fair value hedging	(9,368)	(11,609)	(9,368)	(11,609)
Total inventories	**30,942**	**33,020**	**30,942**	**33,020**

Inventories consist of gas intended for resale. The expenses associated with the gas trading inventories are recognized as 'net trading income' in the income statement. The outflow from our gas storages recognized during the year amounted to MWh 94,561k (2022: MWh 705,626k).

There were no write-down of inventories to net realizable value during 2023 and 2022.

The Group has designated the spot component of gas swap contracts as the hedging instrument. The cumulative fair value adjustment recognized in inventories as of 31 December 2023 amounts to a negative EUR 9,368k (2022: a negative EUR 11,609k). As further described in note 5, the Group hedges the price risk of gas inventories. These contracts are designated as fair value hedges of the gas inventory.

The cumulative fair value adjustment recognized in the carrying amount of inventories during 2023 amounted to EUR 2,241k (2022: a negative EUR 8,539k). The Group is hedging according to the written principles set out by the Risk Committee, hence, all storage is hedged unless otherwise stated in the mandates given. The fair value adjustments, as well as any ineffectiveness, are included in the line item net trading income from financial and physical energy contracts, along with the adjustment of the other trades and hedge positions.

§ Accounting policies

Inventories
The gas storage recognized in inventories is acquired and used for trading. Inventories are measured at the lower of cost under the weighted average cost method adjusted by 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 trading 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 are 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 are recorded as part of the carrying amount of the hedged item and are 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

17 Trade receivables

	GROUP		PARENT	
EUR '000	**2023**	**2022**	**2023**	**2022**
Trade receivables from contracts	17,144	33,346	15,114	29,083
Loss allowance	0	0	0	0
Net trade receivables	**17,144**	**33,346**	**15,114**	**29,083**

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 5 for a description of the expected credit losses and risks regarding trade receivables.

§ Accounting policies

Trade receivables

Trade receivables are amounts due from commodities 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 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 within operating profit. Subsequent recoveries of amounts previously written down are recognized as a reduction of costs against the same line item.

Notes to the financial statements

18 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 currency contracts are valued 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 valued 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 in MFT Energy are measured using internal models. Internal models refer to standard valuation models that use market forward levels on standard instruments, as well as incorporate inputs for the volatility of the underlying indices, markets or commodities.

Valuation processes

The valuation process of the derivatives includes input from relevant employees of MFT Energy, and the final valuation is verified and approved by the risk management function. 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 the 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

18 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:

	GROUP			
	Quoted prices in active markets	Significant observable inputs	Un-observable input	
2023 **EUR '000**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Power trading derivatives	7,257	0	0	7,257
Gas trading derivatives	3	144,746	0	144,749
Foreign currency derivatives	95	0	0	95
Total financial assets at fair value	**7,355**	**144,746**	**0**	**152,101**
Non-financial assets				
Gas trading inventories	0	(9,368)	0	(9,368)
Total financial and non-financial assets	**7,355**	**135,378**	**0**	**142,733**
Financial liabilities				
Power trading derivatives	5,546	0	0	5,546
Gas trading derivatives	0	114,562	0	114,562
Foreign currency derivatives	0	0	0	0
Total financial liabilities at fair value	**5,546**	**114,562**	**0**	**120,108**

	GROUP			
	Quoted prices in active markets	Significant observable inputs	Un-observable input	
2022 **EUR '000**	**Level 1**	**Level 2**	**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
Foreign currency derivatives	0	0	0	0
Total financial liabilities at fair value	**3,656**	**175,372**	**0**	**179,028**

Notes to the financial statements

18 Fair value measurement (continued)

	PARENT			
2023 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	7,155	0	0	7,155
Gas trading derivatives	3	144,746	0	144,749
Foreign currency derivatives	95	0	0	95
Total financial assets at fair value	**7,253**	**144,746**	**0**	**151,999**
Non-financial assets				
Gas trading inventories	0	(9,368)	0	(9,368)
Total financial and non-financial assets	**7,254**	**135,378**	**0**	**142,631**
Financial liabilities				
Power trading derivatives	5,361	0	0	5,361
Gas trading derivatives	0	114,562	0	114,561
Foreign currency derivatives	0	0	0	0
Total financial liabilities at fair value	**5,361**	**114,562**	**0**	**119,923**

	PARENT			
2022 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**

Notes to the financial statements

18 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 similarly to financial commodity contracts.

MFT Energy uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing 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 purpose 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

19 Financial assets and financial liabilities

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

	GROUP		PARENT	
EUR '000	**2023**	**2022**	**2023**	**2022**
Financial assets				
Financial assets measured at fair value through profit and loss				
Derivatives and commodity contracts not entered into for own use	152,101	166,627	151,999	166,392
Derivatives in hedge accounting, inventory	(9,368)	(11,609)	(9,368)	(11,609)
	142,733	155,018	142,631	154,783
Financial assets at amortized cost				
Deposits	422	300	277	245
Trade receivables	17,144	33,346	15,114	29,083
Receivables from group enterprises	5,286	1,254	24,809	15,062
Other receivables	20,971	198,833	12,054	195,690
Current asset investments	64,416	348,888	64,416	348,888
Cash and cash equivalents	106,164	134,344	99,573	127,677
	214,403	716,965	216,243	716,645
Financial assets	**357,136**	**871,983**	**358,874**	**871,428**

	GROUP		PARENT	
EUR '000	**2023**	**2022**	**2023**	**2022**
Financial liabilities				
Financial liabilities measured at fair value through profit and loss				
Derivatives and commodity contracts not entered into for own use	120,108	179,028	119,923	179,009
	120,108	179,028	119,923	179,009
Financial liabilities at amortized cost				
Trade payables	35,490	55,010	34,668	55,010
Borrowings	0	5,611	0	5,611
Payables to group enterprises	0	0	221,488	647,391
Lease liabilities	1,469	47	643	47
Corporate tax liabilities	13,521	125,578	0	0
Other payables	6,097	37,539	2,306	5,324
	56,577	223,785	259,105	713,383
Financial liabilities	**176,685**	**402,813**	**379,028**	**892,392**

Notes to the financial statements

19 Financial assets and financial liabilities (continued)

	GROUP					
	2023			2022		
EUR '000	Current	Non-current	Total	Current	Non-current	Total
Borrowings						
Credit institutions	0	0	**0**	1,008	4,603	**5,611**
	0	0	**0**	1,008	4,603	**5,611**

	PARENT					
	2023			2022		
EUR '000	Current	Non-current	Total	Current	Non-current	Total
Borrowings						
Credit institutions	0	0	**0**	1,008	4,603	**5,611**
Payables to group enterprises	0	215,697	**215,697**	0	647,391	**647,391**
	0	215,697	**215,697**	1,008	651,994	**653,002**

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 is changing continuously. The remaining outstanding borrowings carried a floating interest rate in both 2023 and 2022.

§ 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 prepayment for liquidity services and amortized over the term of the facility to which it relates.

Notes to the financial statements

20 Offsetting financial assets and financial liabilities

2023 EUR '000	GROUP Gross amounts	Offsetting	Net amounts presented in the balance sheet	Related amounts not set off in the balance sheet Cash collateral (received/ pledged)	Net amount
Financial assets					
Trade receivables	292,697	(275,553)	**17,144**	1,135	18,279
Derivatives held for trading	356,471	(213,738)	**142,733**	0	142,733
Total financial assets	**649,168**	**(489,291)**	**159,877**	**1,135**	**161,012**
Financial liabilities					
Trade payables	311,043	(275,553)	**35,490**	(7,731)	27,759
Derivatives held for trading	333,846	(213,738)	**120,108**	(581)	119,527
Total financial liabilities	**644,889**	**(489,291)**	**155,598**	**(8,312)**	**147,286**

2022 EUR '000	GROUP Gross amounts	Offsetting	Net amounts presented in the balance sheet	Related amounts not set off 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**	**220,351**
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 currently has a legally enforceable right to set off the recognized amounts, and
- that MFT Energy 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.

Notes to the financial statements

20 Offsetting financial assets and financial liabilities (continued)

2023	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	290,667	(275,553)	**15,114**	1,135	16,249
Derivatives held for trading	356,369	(213,738)	**142,631**	0	142,631
Total financial assets	**647,036**	**(489,291)**	**157,745**	**1,135**	**158,880**
Financial liabilities					
Trade payables	310,221	(275,553)	**34,668**	(7,731)	26,937
Derivatives held for trading	333,661	(213,738)	**119,923**	(581)	119,342
Total financial liabilities	**643,882**	**(489,291)**	**154,591**	**(8,312)**	**146,279**

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**

§ 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 their 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

21 Other receivables

	GROUP		PARENT	
EUR '000	**2023**	**2022**	**2023**	**2022**
Deposits related to trading	16,573	197,223	8,953	194,163
Other receivables	999	171	257	137
Other receivables, net	**17,572**	**197,394**	**9,210**	**194,300**

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
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.

22 Current asset investments

	GROUP & PARENT	
EUR '000	**2023**	**2022**
German government bonds	64,416	348,888
Total current assets investments	**64,416**	**348,888**

In order to mitigate the risk and ensure interest income on excess liquidity, the Group purchases German government bonds, all of which have a short maturity period.

§ Accounting policies

Current asset investments
Current asset 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.

The bonds will be held within a business model where the investment is returned through a repayment of the principal and interest on the principal amount. The maximum duration of the bonds is 12 months.

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

23 Share capital

	GROUP & PARENT			
	2023		2022	
	Number of shares	EUR '000 Nominal value	Number of shares	EUR '000 Nominal value
The share capital consists of:				
Ordinary shares	510,206	68	510,206	68
Capital increase	0	0	0	0
Ordinary shares at December 31	510,206	68	510,206	68

No shares carry any special rights.

EUR per share	2023	2022
Total dividend paid out for the year	374.4	31.6
Total dividend proposed for the year	0	0

The dividend distributed has no tax implications for the 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 of 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, 2023 amounted to 52.8% (December 31, 2022: 53.1%).

§ 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.

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 on legal shareholder loans of 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.

Notes to the financial statements

24 Provisions

	GROUP & PARENT	
EUR '000	**Onerous contracts**	**Total**
Provisions at January 1, 2023	20,000	20,000
Additions for the year	8,405	8,405
Utilized amounts	(11,595)	(11,595)
Reversal of provisions made in previous years	(8,405)	(8,405)
Provisions at December 31, 2023	**8,405**	**8,405**
Current/non-current classification:		
Non-current provisions	2,680	2,680
Current provisions	5,725	5,725
Provisions at December 31, 2023	**8,405**	**8,405**

Provisions consist of onerous contracts with delivery from 2024 to 2025 and comprise contracts for which the unavoidable costs related to purchase of commodities exceed the economic benefits of such 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.

25 Cash flow specifications

	GROUP		PARENT	
EUR '000	**2023**	**2022**	**2023**	**2022**
Adjustments				
Financial income	(9,923)	(1,577)	(9,529)	(1,520)
Financial expenses	13,218	4,642	12,187	6,344
Depreciation, amortization and impairment charges	569	219	285	211
Income from investments in subsidiaries	0	0	(36,485)	(269,126)
Share-based remuneration	(92)	141	(92)	141
Income tax	16,495	126,392	283	(2,420)
Other adjustments	6	(12)	(93)	(657)
	20,273	**129,805**	**(33,328)**	**(267,027)**
Changes in net working capital				
Change in inventories	2,078	(22,300)	2,078	(22,300)
Change in trade receivables	16,202	(12,309)	13,969	(8,250)
Change in derivatives as an asset	12,285	178,347	12,152	178,582
Change in other operating assets	178,455	(118,612)	184,097	(116,026)
Change in trade payables	(19,520)	4,370	(20,342)	4,372
Change in derivatives as a liability	(58,920)	(158,684)	(59,086)	(158,703)
Change in other operating liabilities	(43,037)	47,654	(14,613)	22,685
	87,543	**(81,534)**	**118,255**	**(99,640)**

Notes to the financial statements

25 Cash flow specifications (continued)

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, 2022	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**
Cash flows	(5,611)	(581)	(6,192)	(5,611)	(285)	0	(5,896)
Additions without cash effect	0	2,003	2,003	0	882	(428,315)	(427,433)
At December 31, 2023	**0**	**1,469**	**1,469**	**0**	**644**	**215,697**	**216,341**

§ Accounting policies

Statement of cash flows

The cash flow statement 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

26 Contingent liabilities, commitments and contingencies

Contingent liabilities

EUR '000	GROUP & PARENT 2023	2022
Charges and security		
The following assets have been provided as security to the main bank facilities:		
Security comprising simple claims	4,294	4,303
Pledged assets	6,190	153,111
Total charges and security	**10,484**	**157,414**

EUR '000	GROUP 2023	2022	PARENT 2023	2022
Rental and lease obligations				
MFT Energy has the following lease obligations under operating leases. Total future lease payments are:				
Within 1 year	15	86	14	5
Between 1 and 5 years	0	3	0	0
	15	**89**	**14**	**5**

Charges and security

The Parent Company has provided all its trade receivables as security for all outstanding amounts related to its main bank facility. The pledged assets consist of two elements as MFT Energy A/S has provided some cash accounts and government bond portfolios as security for guarantee facilities with its main bank facilities. The present value of the security is EUR 6,190k.

The Parent Company 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, 2023 this equity amounted to EUR 6,464k.

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

27 Related party transactions

The Group is controlled by the following entity:

Name of entity	Type	Place of business
MFT Energy Holding ApS	Ultimate parent company	Denmark

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 6.

Investments in subsidiaries are set out in note 14.

Transactions with other related parties

	GROUP		PARENT	
EUR '000	2023	2022	2023	2022
The following transactions occurred with related parties:				
MFT Energy Holding ApS				
Proceeds from group enterprises	(8,554)	(1,535)	(8,554)	(1,535)
Dividend payments to MFT Energy Holding ApS	190,941	15,806	190,941	15,806
Other related parties*				
Purchase of services	230	36	230	36
Financial expenses	13	101	13	101
Proceeds from loans with other related parties	153	(1,438)	153	(1,438)

* Other related parties comprise Rathjen Invest ApS, VORUP INVEST ApS, NOAK Holding ApS, BRAA INVEST A/S, NORDAL CLAUSEN HOLDING ApS, Tore Invest ApS, Hviid Østergaard ApS, Forsom Invest ApS, SP50 Invest ApS, Ates Invest ApS and Amiki Group.

Notes to the financial statements

27 Related party transactions (continued)

	GROUP		PARENT	
EUR '000	**2023**	**2022**	**2023**	**2022**
Key management personnel				
Purchase of services	61	129	61	129
Proceeds from loans in connection with share purchase programs	0	(54)	0	(54)
Group enterprises				
Income statement				
Sale of services			14,642	6,921
Purchase of services			72,483	635,103
Financial expenses			4,596	2,827
Balance sheet				
Trade receivables			10,354	9,076
Loans obtained from group enterprises			(428,315)	556,904
Trade payables			2,412	3,379
Dividend paid			191,000	16,121
Dividend received			204,675	21,499

28 Fee to auditors appointed at the annual general meeting

	GROUP		PARENT	
EUR '000	**2023**	**2022**	**2023**	**2022**
PricewaterhouseCoopers				
Audit fee	232	64	54	43
Other assurance services	7	5	7	5
Tax advisory services	68	40	46	40
Other services	299	179	285	164
	606	**288**	**392**	**252**

29 Subsequent events

No 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

30 Definitions of financial ratios

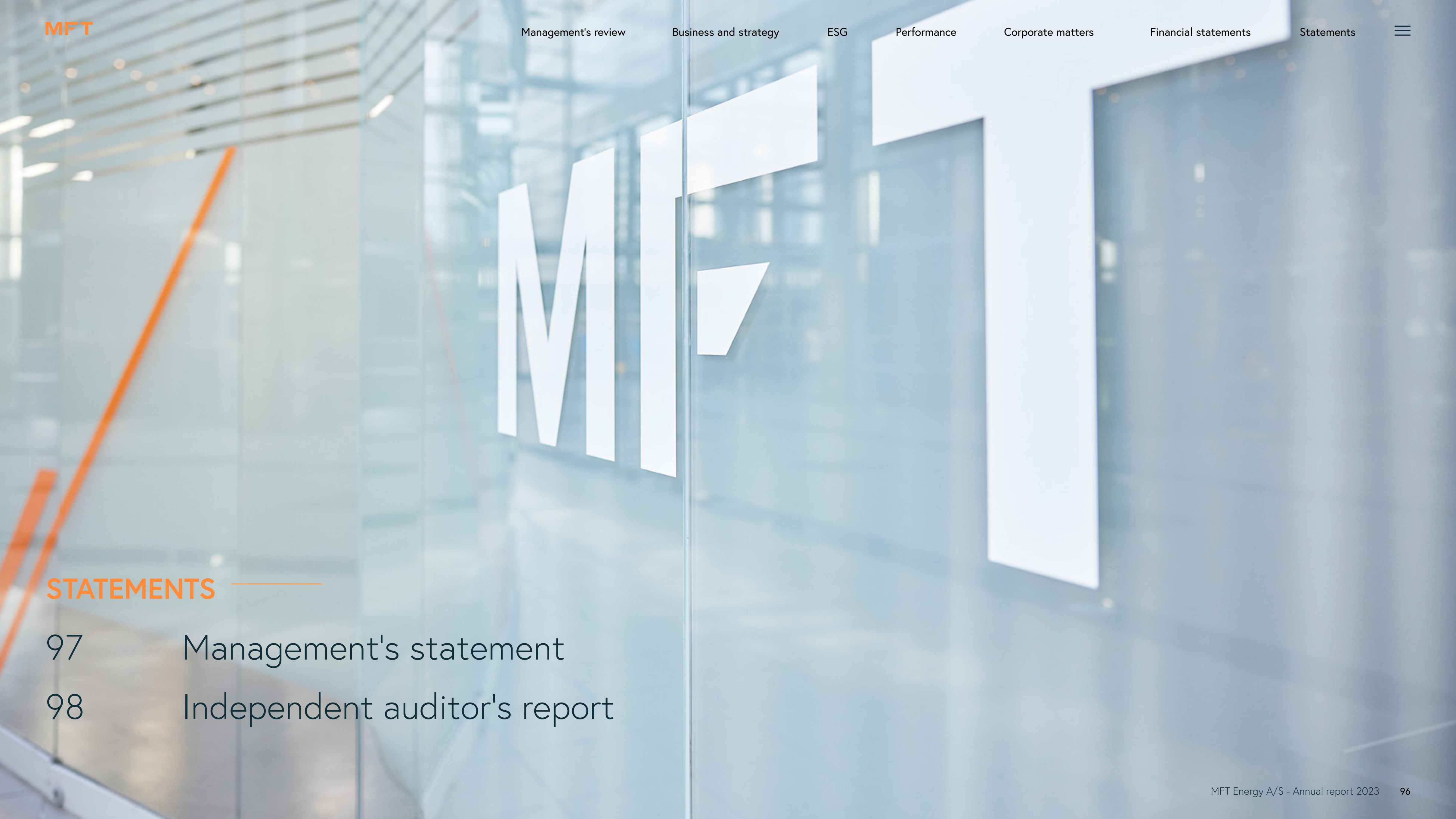
The financial ratios have been calculated in accordance with the recommendations of CFA Society Denmark.

Scalability = $\dfrac{\text{Earnings before interest and tax (EBIT) x 100}}{\text{Net trading income (gross profit)}}$

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

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

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, 2023.

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, 2023 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for 2023.

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 as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

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

Aarhus, March 18, 2024

Executive Board

Bo Palmgren
Group CEO

Board of Directors

Eivind Kolding
Chair

Simon Rathjen
Deputy Chair

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 31 December 2023 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2023 in accordance with IFRS Accounting 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 1 January - 31 December 2023, which comprise statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement 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 IFRS Accounting 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.

Trekantsomraadet, March 18, 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Rasmus Friis Jørgensen
State Authorized Public Accountant
mne28705

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