MFT Energy Holding ApS

Margrethepladsen 4, 3., 8000 Aarhus C

CVR no 38 17 42 07

Annual report for 1 January - 31 December 2021

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 30 June 2022.

Tore Høffner Andersen
Chairman of the General Meeting

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Financial Highlights and Key Ratios

	GROUP			
TEUR	2021	2020	2019*	2018*
Income Statement				
Revenue	1,338,762	173,480	115,960	53,729
Gross profit	83,702	13,408	3,877	2,992
Profit before financial income and expenses and tax (EBIT)	65,376	7,813	2,221	2,325
Net financials	-1,647	-740	-256	-193
Profit before tax (EBT)	63,729	7,073	1,965	2,131
Profit for the year	49,823	5,523	1,525	1,850
Profit for the year attributable to				
- Shareholders in MFT Energy Holding ApS	*33,813*	*4,702*	*1,442*	*1,816*
- Non-controlling interests	*16,010*	*821*	*83*	*34*
Balance Sheet				
Balance sheet total	481,095	41,557	11,043	6,518
Equity	61,162	9,420	3,925	2,332
Equity attributable to				
- Shareholders in MFT Energy Holding ApS	*44,754*	*8,331*	*3,789*	*2,297*
- Non-controlling interest	*16,408*	*1,089*	*136*	*35*
Cash and cash equivalents	34,517	12,624	3,382	4,434
Cash flows				
Cash flows from operating activities	22,494	5,177	-2,705	2,733
Cash flows from investing activities	-977	-280	-140	-35
Cash flows from financing activities	376	5,707	1,794	-550
Change in cash and cash equivalents for the year	21,893	10,604	-1,051	2,148
Number of employees - average for the year	70	34	22	9

	2021	2020	2019*	2018*
Key ratios				
Gross margin	6.3%	7.7%	3.3%	5.6%
EBIT margin	4.9%	4.5%	1.9%	4.3%
Scalability	78.1%	58.3%	57.3%	77.7%
Equity ratio	12.7%	22.7%	35.5%	35.8%
Return on equity	141.2%	82.8%	48.7%	110.0%

For definitions of financial key figures and ratios, please refer to note 26.

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

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Management's review

Key activities of the group

The principal activities of the Group and of MFT Energy Holding ApS are trading with commodities.

Development in the year

The income statement of the Group for 2021 shows a profit of TEUR 49,823 and at 31 December 2021 the balance sheet of the Group shows equity of TEUR 61,162.

The past year and follow-up on development expectations from last year

2021 was an extraordinary year. The team navigated the volatile power and gas markets while executing on our accelerated growth strategy. We created a record high EBIT result of EUR 65.4m, grew all our trading and support teams, and continued our international expansion - all confirming our commitment to growth.

Key Risk Categories

MFT Energy is exposed to a range of risk factors, which are assessed on probability of occurrence and potential damage, followed by appropriate risk mitigation measures based on MFT Energy's risk tolerance.

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

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. Price volatility in power and gas price is therefore constantly monitored and assessed by the Risk Team. Volatility is driven by constant changes in supply and demand in the power and gas markets, as well as changes in foreign exchange rates. Also see note 6.

Mitigation: The risk limits at MFT Energy are determined by the risk tolerance set out in the overall risk policy, and the different mandates are kept within those limits. This ensures a clear and constant knowledge of the total risk within the Group. All positions are monitored as a second line of defence and MFT Energy operates several warning levels and stop-loss limits to ensure timely action. All mandates across all teams are regularly reassessed and updated to comply with the overall risk strategy and changing market conditions. MFT Energy's currency exposure is monitored and measured constantly, and since exposure to currency fluctuations is not part of the core business, this exposure is to a large extend hedged by the treasury team on an ongoing basis. The currency risk is therefore seen as relatively low.

2. Liquidity risk:

A key business target for MFT Energy is to maintain financial stability. Several measures and procedures are implemented as part of the day-to-day operations to always ensure a solid capital structure and a good level of liquidity. Also see note 6.

Mitigation: The cash flow from operations, cash reserves and unutilized credit facilities are the key aspects in maintaining a stable and adequate level of liquidity. MFT Energy measures its overall liquidity position on a continuous basis and a number of different operating scenarios and cash flow outcomes are routinely simulated. 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 ensure that liquidity is immediately brought back to the approved levels. This approach ensures that MFT Energy is strongly positioned and can withstand very significant market movements.

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3. 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 has employees with very specific areas of expertise and skills, which makes the company vulnerable to employees resigning.

Mitigation: The essence of MFT Energy's business and partner model is to attract and retain talented employees by offering partnerships and attractive incentive schemes 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 the organizational risk.

4. Operational and IT risk

Operational risk relates to the risk of financial losses because of system or human errors, including unsuitable internal procedures.

Mitigation: Throughout 2021, MFT Energy continued its efforts to develop and implement internal procedures and systems to mitigate potential risks. The process of automating procedures and tasks will continue in 2022 to further minimize the risk of human error. In 2021, an operational risk task force was established to create awareness and to migrate potential operational risks. At the end of 2021, an audit of IT general controls relating to financial reporting was conducted to mitigate potential risks within these processes. The suitability and potential risks of the existing IT infrastructure, systems and external partner setup is evaluated on a regular basis and adjustments as well as upgrades are continuously implemented to mitigate potential risks.

5. Regulatory risk

Energy markets are highly regulated and have been exposed to several significant new regulations in recent years. The ongoing structural changes in the energy markets may drive further new regulation. Accordingly, regulatory risk is the risk of MFT Energy not being able to comply with laws, standards or regulations related to our activities, and regulatory risk could have a financial, reputational, or organizational impact.

Mitigation: During 2021, further efforts were made to update procedures and systems for regulatory reporting to ensure compliance with the Regulation of Energy Markets. The compliance reporting will be further developed in 2022 and presented to the Executive Leadership Team, Risk Team and the Board of Directors on a regular basis. This will ensure that MFT Energy is up to date on compliance risks while also providing a solid platform for new initiatives and high ethical and regulatory standards within MFT Energy. As part of MFT Energy's further internationalization and expansion of new activities, a number of new procedures were implemented in 2021 to prevent criminal events and minimize the risk of fraud and money laundering. MFT Energy closely monitors developments in the regulatory requirements to maintain compliance within all relevant markets. Such monitoring is done on a regular and continuous basis. In 2021, a legal team has been established to secure a strong focus on regulatory risk. The team is headed by Legal Director & Partner Tore Høffner Andersen.

6. Counterparty risk

Counterparty risk is the risk of financial loss due to a counterparty failing to meet its financial obligations. Also see note 6.

Mitigation: MFT Energy's counterparties can be divided into three main categories: 1) Transmission System Operators (TSO), which are large state-owned operators of national high-voltage grids, 2) exchanges and clearing banks, which operate according to a highly regulated and monitored standardized framework for power and gas trading, and 3) large energy and utility companies, which produce and supply companies and consumers with power and gas. The counterparties are therefore either financially very strong due to their ownership structure as state-owned companies or highly regulated because they operate in compliance with well-proven and monitored systems. MFT Energy's counterparty policy and KYC procedure clearly sets out the exposure limits to be observed, and MFT Energy aims to have collaterals at counterparties as client money. To date, MFT Energy has not incurred any losses due to counterparty risk.

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Corporate Responsibility

For MFT Energy, corporate responsibility is a key enabler of our sustainable long-term performance. We have built a culture where everyone is empowered to act in a responsible way and make wise decisions.

Our code of conduct sets out clear guidelines and expectations on ethical behavior in relation to human rights, respect for the environment, anti-corruption, and social responsibility. Furthermore, we focus on our responsibility for the local environment, personal data protection, accounting methods, and respect for tax legislation.

The overall responsibility for MFT Energy's Corporate Responsibility strategy is anchored with the Board of Directors and executed at all levels of the organization.

In 2021, MFT Energy implemented a whistle-blower program, and in 2022, MFT Energy will establish a CSR Committee to further embed the policies of our corporate responsibility throughout the organization.

Contributing to the green transition and to efficient markets

At MFT Energy, we trade power and gas on energy exchanges every day, and our trading activities help balance supply and demand and align timing and place of delivery requirements. This contributes to efficient marketplaces for participants in the energy markets and for society as a whole. More and more power is generated from renewable sources, and MFT Energy's trading activities contribute to the distribution of green power from areas with a production surplus to areas experiencing a shortage. This contributes to a more efficient use of renewable energy and the assets producing it, the green transition and to fair energy pricing in the market.

The UN has an ambition of providing affordable and clean energy to the world, and trading activities from companies like MFT Energy contribute to the green transition and to greater and more efficient use of renewable energy.

Taking care of the environment

Due to the online and digital nature of our business and because we work out of modern premises, the business activities of MFT Energy have a very limited environmental impact. Potential environmental risks are assessed to be very limited, and no policy is considered to be required. Nevertheless, we have defined principles for and are firmly committed to taking an environmentally-friendly and responsible approach to matters such as recycling and reduction of food waste. We have a digital mindset, paperless offices, make intense use of digital meetings and whenever possible we use digital signatures. Acting in an environmentally-friendly manner reduces the risk of losing or not attracting highly-skilled employees demanding a responsible conduct.

In 2021, MFT Energy continued implementing and ensuring compliance with the Group's environmentally-friendly principles, especially in connection with moving into new office facilities in Aarhus, Denmark.

Our MFT Workspace approach, which applies to all employees in the organization, encourage our staff to work from home or remotely when needed and possible, which reduces transport activities to and from our offices. We call it MFT Workspace.

Approach to human rights

We believe that the risk of MFT Energy violating human rights in connection with our business activities is at a minimum. We have no explicit policy for this area as we believe human rights are covered by the regulators of our industry and by local legislation.

Zero tolerance approach to bribery and corruption

MFT Energy has a zero-tolerance approach to bribery and corruption, and we will always monitor compliance with our anti-bribery and corruption policy and current legislation.

Because of the nature of our business, we assess the risk of being involved in bribery and corruption to be very limited. We trade physical and financial power and gas on registered exchanges with no cash settlement and limited bilateral negotiations. This naturally limits the number of occasions where MFT Energy and its subsidiaries could be exposed to incidents of bribery and corruption.

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).

The Market Abuse Policy applies to all employees of the MFT Energy group regardless of jurisdiction.

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All employees who have a direct or indirect impact on our primary business activities are obliged to attend compliance courses. MFT Energy's Board of Directors carry the ultimate responsibility for ensuring compliance in this area.

An embracing workplace

MFT Energy's employees are our most important asset. It is essential for the execution of our business model and the Group's continuing growth that MFT Energy is able to attract and retain highly skilled employees. Through our employee policy and partnership model we have implemented measures and principles to mitigate the potential risk of losing key employees.

Together we have built MFT Energy, and our employees are the reason for our success. By the end of 2021, MFT Energy had grown to 87 employees and our organization continues to grow every month. All employees are treated equally, and all applicants are treated on the basis of their competences regardless of gender, nationality, religion, sexual orientation, or political beliefs.

High employee satisfaction

Our culture and team spirit bind it all together. Everyone is part of a team, meeting up regularly and having 1:1-meetings scheduled with their respective team leads on a regular basis. Employee development reviews are held twice a year including follow-ups on career and educational opportunities. We have very high employee satisfaction ratings, as is also reflected in a very low level of absence due to illness, very few resignations and our internal recruiting power in the sense that current employees recommend their own network to join MFT Energy.

Many initiatives have been implemented throughout the years to ensure a healthy workplace, including healthy food and beverages, height-adjustable desks and a very flexible and responsible work environment approach. MFT Workspace, has been very well received by the employees for giving greater flexibility and the opportunity to work from anywhere at anytime.

Further, part of the Danish night trading desk has been moved to Singapore to reduce work shifts for our traders and to provide international opportunities.

Employee incentives

The MFT Energy partnership model gives all employees the opportunity to become a partner and co-owner of MFT Energy. In 2021, 12 employees were promoted to partner status, bringing the partner percentage to 43%. At the beginning of 2022, a further 11 employees were promoted to partner status, bringing the total number of partners to 48 and the percentage to 52%. We believe in co-ownership and the motivation and recognition it brings to our employees.

It is MFT Energy's ambition to create an inspiring and developing workplace where both genders can thrive equally, drive a career path, and where colleagues and leaders work in an inclusive and respectful environment. At 31 December 2021, 14% of our employees were women, a number we hope to increase in the years to come.

Launching the MFT Energy Graduate Program

In 2021, MFT Energy attended several career fairs and presented the wide range of opportunities MFT Energy can offer as an interesting and developing workplace. At the end of 2021, we launched The MFT Energy Graduate Program, a 2-year learning journey intended to grow and develop talented specialists. Graduates of the program will gain an in-depth understanding of MFT Energy's different teams and the energy market.

Statement on data ethics

MFT Energy complies with Danish legislation on GDPR regarding employee and personal data.

Given the Group's business model and activities, data is acquired from external sources in support of our market strategy and trading activities. All data is considered business critical and will as such never be shared with or in any way made available to third parties. The management of MFT Energy sees no immediate need for adopting a policy on data ethics. Management will continue to monitor the topic closely for the purpose of potentially adopting such a policy in the future.

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Attracting and developing talent

It takes great talent and a strong corporate culture to create great results, and at MFT Energy we have both. In 2021, we grew our employee headcount by almost 60% to 87.

At MFT Energy, we have a dedicated focus on recruiting and developing talented employees. The organization grew by 32 people to 87 employees at the end 2021, and both our trading and support teams welcomed new members.

We have a strong corporate culture and a high level of employee satisfaction, as reflected in a low churn of less than 4 percent in 2021. We are committed to our three values: Grit, Hunger and Unity. Together, they set out our common ground and organizational driving force which includes giving all employees the possibility of becoming a partner and to benefit from the results we create together.

Experience and educational background

Through our growth in recent years, we have reached a level of organizational maturity, which clearly shows agility and strength. The level of educational background, the many years of industry experience, and the diversity, all contribute to and improve our business performance further.

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

64% of our staff are employed in the trading teams while 36% work in our support teams. 70% of the MFT Energy staff hold a master's degree.

Diversity at all levels supports innovation and creativity. We are truly international, and we also want to be truly diversified in respect of nationalities, age, skills and gender. In relation to gender diversity, we currently employ 14% women, a percentage we hope to see grow in the coming years

Outlook 2022

At MFT Energy, we will continue to execute on our accelerated growth strategy in 2022 and to further strengthen all trading teams and our platform. The key strategic priority is to expand our market position, by growing our traded volumes in the current markets and expand internationally.

We expect to generate EBIT above EUR 135m in 2022. The markets are still very volatile in the beginning of 2022 and the expectation for the financial year can be affected by changes in the volatility and in the general situation in the markets.

Subsequent events

The extremely volatile trends in commodity markets seen at the end of 2021 have continued into 2022 and a series of events drove up prices on various commodities. In addition, the war in Ukraine caused market uncertainty and drove up prices even further, resulting in pressure on liquidity.

Despite the high prices and extremely volatile markets, MFT Energy has managed to navigate the challenges in the market thanks to active risk management and an amended trading strategy.

Management is closely monitoring the risk and the trading mandates in close cooperation with the Risk Committee headed by the CEO. Events in the market taking place in 2022 and thus occurring after the balance sheet date are categorized as subsequent events. Accordingly, these are non-adjusting events for MFT Energy.

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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 Holding ApS for the financial year 1 January – 31 December 2021.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management's Review has been prepared in accordance with 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 31 December 2021 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January - 31 December 2021.

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 that the Annual Report be adopted at the Annual General Meeting.

Aarhus, 30 June 2022

Executive Board

Torben Nordal Clausen

Board of Directors

Simon Fisker Rathjen
Chairman

Torben Nordal Clausen

Cagdas Ozan Ates

Lars Kristensen

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Independent Auditors Report

To the Shareholders of MFT Energy Holding ApS

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2021 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2021 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of MFT Energy Holding ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("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 Financials 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.

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Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the 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.

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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, 30 June 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Lasse Berg
State Authorised Public Accountant
mne35811

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Contents of the notes to the consolidated financial statements company financial statements

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Income Statement

for the year ended 31 December 2021

TEUR	Notes	2021	2020
Revenue	4	1,338,762	173,480
Fair value adjustment of financial and physical energy contracts	5	45,540	6,378
Cost of sales		- 1,300,600	- 166,450
Gross profit		**83,702**	**13,408**
Other external expenses		- 4,656	- 1,659
Staff costs	7	- 13,589	- 3,819
Other operating income		44	-
Depreciation, amortisation and impairment		- 125	- 117
Operating profit before financial income and expenses and tax (EBIT)		**65,376**	**7,813**
Financial income	8	1,625	484
Financial expenses	8	- 3,272	- 1,224
Profit before tax (EBT)		**63,729**	**7,073**
Tax on profit for the year	9	- 13,906	- 1,550
Profit for the year		**49,823**	**5,523**
Profit for the period attributable to:			
Shareholders of MFT Energy Holding ApS		33,813	4,702
Non-controlling interests		16,010	821
		49,823	**5,523**

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Statement of Comprehensive Income

for the year ended 31 December 2021

TEUR	Notes	**2021**	**2020**
Profit for the year		49,823	5,523
Other comprehensive income			
Items that may be reclassified to profit or loss			
Value adjustment for cash flow hedges for the year	6	1,914	-
Value adjustments on cash flow hedges reclassified to profit or loss		- 686	-
Income tax relating to these items		- 270	-
Other comprehensive income for the period, net of tax		**958**	**-**
Total comprehensive income for the period		**50,781**	**5,523**
Total comprehensive income for the period attributable to:			
Shareholders of MFT Energy Holding ApS		34,752	4,702
Non-controlling interests		16,029	821
		50,781	**5,523**

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Balance Sheet

as at 31 December 2021

TEUR	Notes	**2021**	**2020**	**1 January 2020**
ASSETS				
Non-current assets				
Intangible assets	10	43	47	73
Property, plant and equipment	11	58	98	51
Right-of-use assets	12	155	96	154
Deferred tax assets	13	14	1	-
Deposits		236	136	30
Other receivables		941	92	-
Total non-current assets		**1,447**	**470**	**308**
Current assets				
Inventories	14	10,720	530	0
Trade receivables	15	20,988	9,166	4,405
Claim for payment of company capital		-	50	50
Income tax receivables		185	1	-
Derivatives	17	333,365	9,139	-
Prepayments		367	421	131
Other receivables		79,506	9,156	4,120
Cash and cash equivalents		34,517	12,624	2,020
Total current assets		**479,648**	**41,087**	**10,727**
Total assets		**481,095**	**41,557**	**11,035**

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Balance Sheet
as at 31 December 2021

TEUR	Notes	2021	2020	1 January 2020
EQUITY				
Share capital	19	10	10	9
Reserves and retained earnings		44,744	8,271	3,618
Proposed dividend for the year		-	50	-
Equity attributable to MFT Energy Holding ApS's shareholders		44,754	8,331	3,626
Equity attributable to non-controlling interests		16,408	1,089	136
Total equity		**61,162**	**9,420**	**3,762**
LIABILITIES				
Non-current liabilities				
Borrowings	17	6,730	7,495	2,243
Lease liabilities	12	47	43	99
Other liabilities		49	384	944
Total non-current liabilities		**6,826**	**7,922**	**3,286**
Current liabilities				
Borrowings	17	712	181	12
Lease liabilities	12	111	56	55
Trade payables		50,653	9,658	2,967
Derivatives	17	337,712	9,053	-
Corporate tax liabilities		14,193	1,994	487
Other liabilities		9,726	3,273	466
Total current liabilities		**413,107**	**24,215**	**3,987**
Total liabilities		**419,933**	**32,137**	**7,273**
Total liabilities and equity		**481,095**	**41,557**	**11,035**

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Statement of Cash Flows

for the year ended 31 December 2021

TEUR	Notes	2021	2020
Cash flows from operating activities			
Net profit (loss) for the year		49,823	5,523
Adjustments	20	15,899	2,608
Changes in net working capital	20	-39,591	-1,773
Cash flows from operating activities before financial income and expenses		26,131	6,358
Interest received		1,625	484
Interest paid		-3,272	-1,224
Income taxes paid		-1,990	-441
Net cash flow from operating activities		22,494	5,177
Cash flows from investing activities			
Payments for property, plant and equipment	11	-61	-79
Fixed asset investments		-	-214
Payment of deposits		-100	13
Share purchase programs		-816	-
Net cash flow from investing activities		-977	-280
Cash flows from financing activities			
Proceeds from borrowings	17	-234	5,421
Principal elements of lease payments	12	-147	-55
Proceeds from group enterprises		-	442
Change in loans with group enterprises		-125	-79
Dividends paid to shareholders		-50	-22
Equity shareholder increase		932	-
Net cash flow from financing activities		376	5,707
Change in cash and cash equivalents		**21,893**	**10,604**
Cash and cash equivalents at 1 January		12,624	2,020
Cash and cash equivalents at 31 December		**34,517**	**12,624**

In addition to cash and cash equivalents The Group had deposits related to trading of EUR 68,951k in 2021 and EUR 7,631k in 2020. These deposits are included in Other receivables and can in general be withdrawn at short notice (1-5 days).

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Statement of Changes in Equity

for the year ended 31 December 2021

TEUR	Share capital	Reserve for unpaid share capital	Share premium account	Hedging reserve	Retained earnings	Proposed dividend for the year	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
As at 1 January 2020	**10**	**50**	**-**	**-**	**3,566**	**-**	**3,626**	**136**	**3,762**
Profit for the period	-	-	-	-	4,652	50	4,702	821	5,523
Total comprehensive income	**-**	**-**	**-**	**-**	**4,652**	**50**	**4,702**	**821**	**5,523**
Transactions with owners in their capacity as owners									
Dividends paid	-	-	-	-	-	-	-	-22	-22
New non-controlling interests	-	-	-	-	-	-	-	154	154
Share-based payment	-	-	-	-	3	-	3	-	3
	-	**-**	**-**	**-**	**3**	**-**	**3**	**132**	**135**
As at 31 December 2020	**10**	**50**	**-**	**-**	**8,221**	**50**	**8,331**	**1,089**	**9,420**
As at 1 January 2021	**10**	**50**	**-**	**-**	**8,221**	**50**	**8,331**	**1,089**	**9,420**
Profit for the period	-	-	-	-	33,813	-	33,813	16,010	49,823
Other comprehensive income	-	-	-	958	-	-	939	19	958
Total comprehensive income	**-**	**-**	**-**	**958**	**33,813**	**-**	**34,752**	**16,029**	**50,781**
Transactions with owners in their capacity as owners									
Cash capital increase	-	-	931	-	-	-	-	931	931
Dilution gain	-	-	-	-	752	-	752	-752	-
Dividends paid	-	-	-	-	-	-50	-50	-	-50
Share-based payments	-	-	-	-	80	-	80	-	80
Remaining share capital paid	-	-50	-	-	50	-	-	-	-
Transfer from share premium account	-	-	-931	-	931	-	-	-	-
As at 31 December 2021	**10**	**-**	**-**	**958**	**43,847**	**-**	**43,865**	**17,297**	**61,162**

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 1 Basis of preparation

The consolidated financial statements of MFT Energy Holding ApS ('the Parent Company') and its subsidiaries ('the Group') for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Board of Directors and Executive Management on 30 June 2022.

The significant accounting policies adopted in the preparation of the consolidated financial statements and the separate financial statement 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, unless otherwise stated. The consolidated financial statements are for the Group consisting of MFT Energy Holding ApS and its subsidiaries while the financial statements are for MFT Energy Holding ApS.

Basis of preparation

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

In 2021, the parent company was legally merged with its parent company, ARK Holding ApS with MFT Energy Holding A/S as the surviving company. ARK Holding ApS held all shares in MFT Energy Holding A/S and had no other assets or liabilities. The transaction is considered a capital reorganisation and had no accounting implications.

First-time adoption of IFRS

The consolidated financial statements are the first financial statements that are presented in accordance with IFRS.

The comparative figures for 2020 in the income statement and the balance sheet items as at 1 January 2020 and 31 December 2020 were restated in accordance with IFRS. The accounting policies applied are based on the standards and interpretations effective for 2021. No standards or interpretations which are not yet effective have been adopted.

Refer to note 25 for information on how the Group adopted IFRS.

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.

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised 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 are presented in Euro (EUR), which is the functional and presentation currency of the Group.

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 recognised in profit or loss.

The results and financial position of foreign operations that have a functional currency different from Euro are translated into Euro as follows:
- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates, and
- all resulting exchange differences are recognised in other comprehensive income.

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

Cost of sales

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

Other external expenses

Other external expenses comprise of expenses for premises, consultants, marketing as well as office expenses, etc.

Deposits

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

Other receivables

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

Prepayments

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

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 2 Critical accounting estimates and judgements

The preparation of MFT Energy Holding ApS's consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

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

Critical accounting estimates and judgements	Estimate/ judgement	Impact from estimate and judgements
Valuation of derivatives	Estimate	Moderate

Estimates

Valuation of derivatives and commodity contracts not entered into for the Group's own use

In some cases, the fair values of derivatives are estimated using internal models due to the absence of quoted prices or other observable, market-corroborated data. This primarily applies to the Group's longer-term, structured derivative contracts or contracts in illiquid markets. The majority of these contracts are valued using models with inputs that include price curves for each of the different products. These price curves are built up from available active market pricing data including volatility and correlation and modelled using the maximum available market-derived information. Additionally, when limited data exist for certain products or market areas, prices are determined using historical and long-term pricing relationships. The use of alternative estimates or valuation methodologies may result in significantly different values for these derivatives. The Group also trades capacities for which no active market exists hence the price is estimated, as there is no explicit and observable input. The estimate is based on the future spreads between the given market areas, which may result in different values for these derivatives. Please refer to note 16 for more detailed description and a display of the fair value hierarchy.

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Note 3 Impact of new accounting standards

Refer to note 25 for comments relating to implementation of the International Financial Reporting Standards and the effect on historically reported numbers.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations that have been published are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 4 Revenue

TEUR	2021	2020
Revenue from contracts, IFRS		
Sales of Power	648,367	150,916
Sales of Gas	690,395	22,564
Revenue	**1,338,762**	**173,480**

The Group derives revenue from the transfer of sold power and gas at a point in time. For 2021 as well as 2020 the whole revenue was generated within Europe, hence it is the only region of which the trades are crossborder and uses capacities. The Group also enters into trading outside of Europe, but those trades do not use capacities neither in 2021 or 2020 and therefor do not qualify for recognition within revenue. Instead they are recognised on a net basis within the line-item fair value adjustment of financial and physical energy contracts.

According to the accounting standard IFRS 15, it is only possible to recognise revenue if it has had a physical delivery. In the Group there are made numerous trades, both with and without physical delivery. Trades without physical delivery is recognised as a net position in the line-item fair value adjustment of financial and physical energy contracts. According to the Danish GAAP it is possible to recognise the revenue from a trade within Revenue in Profit and loss even if it does not go into physical delivery. The management recognise the revenue in the internal reporting in accordance with the Danish GAAP as well. It has been reported as:

TEUR	2021	2020
Revenue from contracts, Danish GAAP		
Sales of Power	1,091,818	211,753
Sales of Gas	3,137,124	249,099
Revenue	**4,228,942**	**460,852**

Accounting policies

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

As part of its ordinary activities, the Group regularly enters into offsetting contracts to close out positions before delivery. Therefore, such contracts are not considered for the purpose of selling or taking delivery of gas and power. Consequently, they are initially classified as derivative financial instruments and are measured at fair value with changes in fair value recognised in the income statement.

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

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 5 Fair value adjustments

TEUR	2021	2020
Fair value adjustments of financial and physical energy contracts		
Fair value adjustments related to Power contracts	- 13,888	- 1,312
Fair value adjustments related to Gas contracts	59,428	7,690
Total fair value adjustments	**45,540**	**6,378**

Accounting policies

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

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

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

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

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 6 Financial risk management

The Group's risk management is predominantly controlled by the risk management team under supervision of the Risk Committee and policies approved by the Board of Directors.
The Board of Directors provides written principles for the overall risk management covering areas as market risk, foreign exchange risk, credit risk, use of derivative financial instruments, and non-derivative financial instruments.
The Risk Committee is headed by the CEO with the responsibility of ensuring that the level of risk is within the approved limits and policies. The risk management team identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

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

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

Market risk

The Group's most significant market risks relate to price changes in gas and power, foreign currency risk and interest rates 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 statement 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 monitor the trading activity of the Group. As part of the risk management position, limits are in place thus limiting the positions the Group 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 the Group to close positions in case a certain loss is reached over a period of time.

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

Value-at-Risk

The table below shows the VaR (Value-at-Risk) for the positions in the trading units in the Group at 31 December 2021 and 31 December 2020.

There has been made no material changes to the VaR model in 2021 compared to 2020.
VaR is calculated under the assumption of 1-day holding periods, 95% confidence and 1-year historical data.

TEUR	**2021**	**2020**
Power at 31 December	136	19
Gas at 31 December	842	88

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

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. The Group's exposure to the risk of changes in commodity prices and volumes relates to the trading performed by MFT Energy Holding in power and gas.

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

The commodity price risk on gas in relation to the Group's inventory of gas is hedged using forwards. The Group applies hedge accounting on the fair value hedges on the inventory and hedge according to the written principles approved by the Risk Committee.

Additionally, The Group has entered into several forward contracts which hedge highly probable future sales and purchases of gas. These contracts are designated as cash flow hedges and are shown below:

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

The total fair value of derivatives designated as cash flow hedges amounts to EUR 1,228k. If a hedge is ineffective it is recognised in the profit and loss statement and is included in the line-item fair value adjustment of financial and physical energy contracts. Amounts reclassified to the profit or loss statement are included in revenue.

The disclosed table is prepared under the assumption that it is only the respective market risk that is changed. All other variables are not subject for changes. The percentage change in commodity prices that are used to determine sensitivity is estimated by management as the most probable scenario.

Sensitivity by commodity		
	Impact on profit or loss before tax	
TEUR	**2021**	**2020**
Power, increase of 20%*	60	40
Power, decrease of 20%*	-60	-40
Gas, increase of 20%*	-749	85
Gas, decrease of 20%*	749	-85

*) changes in the opposite direction yields an inverse result.

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

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. The Group's exposure to foreign currency risk is derived from the Group's trading activities in which trade receivables, account payables and derivatives are denominated in a currency other than the functional currency.

The Group manages its risk towards 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. The exposure is not considered material.

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

Interest rate risk

The exposure to the risk of changes in market interest rates relates primarily to interest-bearing assets and liabilities in the Group. The exposure is not considered material.

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 group basis and monitored by the Risk Committee and the risk management team in accordance with the written principles and policies in the Group. The risk management team monitors the credit risk daily and is actively optimising on the bank collaterals and bank guaranties made to counterparties.

The Group makes numerous trades with commodity exchanges that generally settle at fair value on a daily basis. The management considers its credit risk exposure to commodity exchanges to be insignificant due to the daily settlement.
The trades entered into are in general performed under standard agreements that allow netting provisions. These agreements are mitigating the credit risk for the Group.

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

For more information about the trade receivables please refer to note 15. Please refer to note 18 for more 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 have been made for 2021 and 2020.

Trade receivables primarily consist of receivables against commodity exchanges, clearing houses and TSOs. Such receivables amount to EUR 16,333k (2020: EUR 3,023k) for the Group. Receivables against other parties amount to EUR 4,704k (2020: EUR 6,059k) for the Group. The provision for the trade receivables is immaterial for the Group.

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

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Liquidity risk

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

The Group regularly enters into commodity derivative transactions which according to their terms require daily margin calls. To comply with the risk limits, the market risk of such derivatives is reduced through offsetting positions. The terms of these offsetting positions may not require daily margin calls or no margin calls at all. Movements in the market prices for the underlying derivatives may therefore have an adverse impact on the Group's liquidity position irrespective of the fact that the market price movements do not result in a loss. The Group assesses that the current credit lines are sufficient to fulfill the obligations under such margin call agreement for reasonably possible changes in the market prices.

Maturities of financial liabilities

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

Contractual maturities of financial liabilities *TEUR*	< 1 year	1 - 2 years	2 - 5 years	> 5 years	Total contractual cash flows	Carrying amount
At 31 December 2021						
Trade payables	50,640	-	-	-	50,640	50,640
Borrowings	1,145	1,525	4,247	2,413	9,330	7,442
Lease liabilities	115	47	-	-	162	158
Other payables	9,775	-	-	-	9,775	9,775
	61,675	**1,572**	**4,247**	**2,413**	**69,907**	**68,015**
At 31 December 2020						
Trade payables	9,655	-	-	-	9,655	9,655
Borrowings	713	1,072	4,243	3,828	9,856	7,676
Lease liabilities	59	58	-	-	117	99
Other payables	3,657	-	-	-	3,657	3,657
	14,084	**1,130**	**4,243**	**3,828**	**23,285**	**21,087**

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Accounting policies

Cash flow hedges that qualify for hedge accounting

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

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

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

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

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 7 Staff costs

TEUR	2021	2020
Wages and salaries	13,269	3,615
Share-based payments	80	1
Pension cost, defined contribution plans	102	169
Other social security costs	138	34
	13,589	**3,819**
Average number of employees	70	34

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

Wages and salaries	785	497
Pension contribution	18	14
Other social security costs	112	51
Share-based payment	31	-
	946	**562**

Executive Board

Wages and salaries	222	183
Pension contribution	4	5
Other social security costs	-	1
	226	**189**

Board of Directors

Board fee	13	10

Share-based payments

Warrant program

MFT Energy A/S has established a warrant program in order to motivate and retain certain key employees. In December 2021, 753 warrants were granted under the program (December 2020, 1,286). The warrants are exercisable within 1 year as of January 2026 or upon an exit event, whichever is earlier. Settlement is in shares of MFT Energy A/S.

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

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

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 2021, the fair value of warrants recognised in the income statement amounts to EUR 80k (2020: EUR 1k). No key management personnel are included in the warrant program. The employees that have been given warrants has the option to buy the predefined amount of shares at a predefined value. The value that the employees is able to buy the share for is equivalent to the market price.

Number of shares	**2021**	**2020**
Outstanding at the beginning of the period	1,286	-
Granted during the period	753	1,286
Outstanding at the end of the period	2,039	1,286
Weighted-average remaining contractual life	6 years	7 years

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

Share purchase program

MFT Energy A/S has in 2021 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 together with an injection of private funds from the employees are used to purchase a fixed number of shares. The shares are locked until 31 December 2031 unless an exit event occurs before this point in time.

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

The fair value of the 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 2021, the total fair value of employee share programs recognised in the income statement amounts to EUR 80k (2020: EUR 1k) of which EUR 31k (2020: EUR 0) relates to key management personnel.

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

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Accounting policies

Staff costs

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

Employee benefits - Pensions

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments are 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 recognised as a compensation expense over the vesting period with a corresponding entry to equity.

At the end of each period, the Group revises its estimates of the number of warrants that are expected to vest based on service conditions. Adjustments, if any, are recognised in profit or loss, with a corresponding adjustment to 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 employees. The shares cannot be sold until an exit event. The nature of the arrangement is considered an option arrangement due to the non-recourse financing from MFT Energy A/S. Consequently, the arrangement is accounted for as an employee warrant program.

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 8 Financial income and expenses

TEUR	**2021**	**2020**
Financial income		
Gains on exchange forward derivatives	391	66
Other financial income	101	144
Foreign exchange rate gains	1,133	274
Total financial income	**1,625**	**484**
Financial expenses		
Interest on borrowings	511	419
Interest on lease liabilities	5	2
Total interest expense related to financial liabilities not at fair value through profit or loss	**516**	**421**
Foreign exchange rate losses	1,448	493
Loss on exchange forward derivatives	564	-
Other financial expenses	744	310
Total financial expenses	**3,272**	**1,224**

Accounting policies

Financial income and expenses

Financial income and expenses comprise interest income and interest expenses, realised and unrealised 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 realised gains on exchange forward derivatives as well as interest income. Other financial expenses primarily comprise realised and unrealised exchange rate adjustments as well as interest expenses.

Foreign currency translation

Foreign currency translation of receivables from and payables to subsidiaries are recognised in the income statement of the consolidated financial statement under financial income or financial expenses.

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 9 Income tax expenses

TEUR	2021	2020
Current tax		
Current tax on profit for the year	13,919	1,551
Deferred income tax	-13	-1
Income tax expense	**13,906**	**1,550**

TEUR	2021	%	2020	%
Reconciliation of effective tax rate				
Tax at the Danish tax rate of 22% (2020: 22%)	14,036	22%	1,556	22%
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:				
Non-deductible expenses	30	22%	1	22%
Other adjustments	-160	22%	-7	22%
Income tax expense	**13,906**		**1,550**	

Accounting policies

The income tax expense or credit for the period is the tax payable on the current periods 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 management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 10 Intangible assets

TEUR	Incorporeal rights	Software	Total
Cost:			
At 1 January 2021	71	6	77
At 31 December 2021	**71**	**6**	**77**
Accumulated depreciation and impairment:			
At 1 January 2021	27	3	30
Amortisation charge	2	2	4
At 31 December 2021	**29**	**5**	**34**
Carrying amount at 31 December 2021	**42**	**1**	**43**
Cost:			
At 1 January 2020	50	6	56
Addition	21	0	21
At 31 December 2020	**71**	**6**	**77**
Accumulated depreciation and impairment:			
At 1 January 2020	3	1	4
Amortisation charge	24	2	26
At 31 December 2020	**27**	**3**	**30**
			-
Carrying amount at 31 December 2020	**44**	**3**	**47**

Accounting policies

Intangible assets

Intangible assets are measured at cost less accumulated amortisation 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.

Amortisation methods and useful lives

The Group amortises intangible assets with a limited useful life, using the straight-line method over the following periods:

Software	3 years
Incorporeal rights	10 years

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 11 Property, plant and equipment

TEUR	Other fixtures, fittings and equipment	Leasehold improvements	Total
Cost:			
At 1 January 2021	141	20	161
Additions	33	28	61
Transfers	-27	27	-
Disposals	-97	-17	-114
At 31 December 2021	50	58	108
Accumulated depreciation and impairment:			
At 1 January 2021	60	3	63
Depreciation charge	20	12	32
Transfer	-16	16	-
Returned impairment and depreciations	-35	-10	-45
At 31 December 2021	29	21	50
Carrying amount at 31 December 2021	**21**	**37**	**58**
Cost:			
At 1 January 2020	72	10	82
Additions	69	10	79
At 31 December 2020	141	20	161
Accumulated depreciation and impairment:			
At 1 January 2020	29	1	30
Depreciation charge	31	2	33
At 31 December 2020	60	3	63
Carrying amount at 31 December 2020	**81**	**17**	**98**

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Accounting policies

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

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

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

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

Depreciation methods and useful lives

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

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

Impairment of assets

Other non-current assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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.

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 12 Leases

TEUR	2021	2020
Amounts recognised in the balance sheet		
Right-of-use assets		
Properties	155	96
	155	**96**
Additions to the right-of-use assets	146	-
Lease liabilities		
Current	111	56
Non-current	47	43
	158	**99**

Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2021	2020
Depreciation charge of right-of-use assets		
Properties	88	58
	88	**58**
Interest expense on lease liabilities	5	2
Expenses relating to short-term leases	105	18
Expenses relating to leases of low-value assets	35	8
Total cash outflow for leases	233	86

Accounting policies

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

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

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

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

Right-of-use assets are measured at cost which comprises the amount of the initial measurement of 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 recognised 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.

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 13 Deferred tax

TEUR	2021	2020
Deferred tax		
Deferred tax at the beginning of period	-1	-
Deferred tax recognised in the statement of profit or loss	-13	-1
Deferred tax at year end	**-14**	**-1**
Deferred tax relates to:		
Right-of-use assets	-15	-1
Lease liabilities	1	-
Total	**-14**	**-1**
Of which presented as deferred tax assets	14	1

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

Accounting policies

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise 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 realise the asset and settle the liability simultaneously.

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

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 14 Inventories

TEUR	2021	2020	1 January 2020
Gas storage at weighted average cost	13,790	530	-
Basis adjustment from fair value hedging	-3,070	-	-
Total inventories	**10,720**	**530**	**-**

Amounts recognised in profit and loss

Inventories recognised as an expense during 2021 amounted to EUR 103,754k (2020: EUR 13,331k). These were included in cost of sale.

There has been no write-down of inventories to net realisable value during 2021 and 2020.

2021 TEUR	Assets	Liabilities	Total
Accumulated fair value adjustments at 1 January	-	-	-
Fair value adjustments during the year	-3,070	-	-3,070
Accumulated fair value adjustments at 31 December	**-3,070**	**-**	**-3,070**

As further described in note 6, the Group hedges the price risk of gas inventory. These contracts are designated as fair value hedges of the gas inventory. In 2020, hedge accounting was not applied.

The Group has designated the spot component of gas swap contracts as the hedging instrument. The cumulative fair value adjustment included in inventories as of 31 December 2021 amounts to EUR 3,070k.

The notional amount of swaps as of 31 December 2021 amounts to EUR 9,534k (MWh 70,680). The swap matures within 2 months, and the weighted average MWh price is EUR/MWh 134.89.

The cumulative fair value adjustment recognised in the carrying amount of inventories during 2021 amounts to EUR -3,070k, and the cumulative fair value adjustment on the designated gas swaps during 2021 amounts to EUR 9,534k. The fair value adjustments as well as an ineffectiveness at EUR 4,256k are included in the line-item fair value adjustment of financial and physical energy contracts.

Accounting policies

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

The Group hedges the fair value of its inventory of gas and applies fair value hedge accounting. Consequently, changes in the fair value of the hedged item attributable to the gas price risk is recorded as an adjustment to the carrying value of the inventory. The carrying amount of inventory is recognised 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 recognised in profit or loss. Changes in the fair value of the hedged item attributable to the hedged risk is recorded as part of the carrying amount of the hedged item and is also recognised in the profit or loss. The gain or loss relating to the ineffective portion is recognised 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 recognised in profit or loss at the time when the hedged item is recognised in profit or loss.

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 15 Trade receivables

TEUR	2021	2020	1 January 2020
Trade receivables from contracts	20,988	9,166	4,405
Loss allowance	-	-	-
Net trade receivables	**20,988**	**9,166**	**4,405**

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

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

Accounting policies

Trade receivables are amounts due from power and gas sold during the ordinary course of business. Trade receivables are recognised 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 amortised cost using the effective interest method, less allowance for life-time expected losses. The Group 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 recognised as a reduction of costs against the same line item.

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 16 Fair value measurement

Derivative financial instruments in the Group 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 recognised and measured at fair value through profit and loss in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into three levels prescribed under the accounting standards.

Exchange-traded derivatives as well as foreign exchange contracts are valued using closing prices provided by the exchanges at the balance sheet date. These derivatives are categorised within 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 categorised within level 2 of the fair value hierarchy.

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

The level 3 fair value measurements are limited to being only energy capacities. Since there are no active markets for these long-term products spreads, a fair value of the given products is estimated based on the future spreads between the given market areas. The valuation of the products is the managements best estimate as there exists no explicit and observable market price between the market areas. As a consequence of the unobservable market prices the product is classified as level 3 in the fair value hierarchy.

Valuation processes

The valuation process of the derivatives includes input from relevant employees of MFT Energy A/S, and the final valuation is verified and approved by the risk management function. In order to minimise the use of subjective estimates or modifications of parameters and calculation models, it is the Group'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. The Group's policy is to recognise transfers into and out of fair value hierarchy levels at the end of each reporting period.

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

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

2021 *TEUR*	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Unobservable input Level 3	Total
Financial assets				
Power trading derivatives	513	122	1	**636**
Gas trading derivatives	-	330,083	2,603	**332,686**
Foreign currency derivatives	43	-	-	**43**
Total financial assets at fair value	**556**	**330,205**	**2,604**	**333,365**
Financial liabilities				
Power trading derivatives	392	-	279	**671**
Gas trading derivatives	-	336,832	203	**337,035**
Foreign currency derivatives	6	-	-	**6**
Total financial liabilities at fair value	**398**	**336,832**	**482**	**337,712**

2020 *TEUR*	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Unobservable input Level 3	Total
Financial assets				
Power trading derivatives	13	-	136	**149**
Gas trading derivatives	-	8,963	-	**8,963**
Foreign currency derivatives	27	-	-	**27**
Total financial assets at fair value	**40**	**8,963**	**136**	**9,139**
Financial liabilities				
Power trading derivatives	62	17	56	**135**
Gas trading derivatives	0	8,397	521	**8,918**
Total financial liabilities at fair value	**62**	**8,414**	**577**	**9,053**

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Accounting policies

Fair value measurement

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within 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 recognised 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 recognised at fair value with subsequent remeasurement at fair value through profit and loss and recognised 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 recognised assets or liabilities or a firm commitment (fair value hedges), or
- hedges of a particular risk associated with the cash flow of recognised 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.

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 17 Financial assets and financial liabilities

The Group holds the following financial instruments:

TEUR	2021	2020	1 January 2020
Financial assets			
Financial assets measured at fair value through profit and loss			
Derivatives and commodity contracts not entered into for own use	333,365	9,139	-
Derivatives in hedge accounting, inventory	- 3,070	-	-
	330,295	9,139	-
Financial assets at amortised cost			
Deposits	236	136	30
Trade receivables	20,988	9,166	4,405
Other receivables	80,447	9,248	4,120
Cash and cash equivalents	34,517	12,624	2,020
	136,188	31,174	10,575
Financial assets	**466,483**	**40,313**	**10,575**
Financial liabilities			
Financial liabilities measured at fair value through profit and loss			
Derivatives and commodity contracts not entered into for own use	337,712	9,053	-
	337,712	9,053	-
Liabilities at amortised cost			
Trade payables	50,653	9,658	2,967
Borrowings	7,442	7,676	2,255
Lease liabilities	158	99	154
Corporate tax liabilities	14,193	1,994	487
Other payables	9,775	3,657	1,410
	82,221	23,084	7,273
Financial liabilities	**419,933**	**32,137**	**7,273**

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

	2021			2020		
TEUR	Current	Non-current	Total	Current	Non-current	Total
Borrowings						
Credit institutions	712	5,385	**6,097**	181	6,049	**6,230**
Other loans	-	1,345	**1,345**	-	1,446	**1,446**
	712	6,730	**7,442**	181	7,495	**7,676**

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

All of the borrowings carry a floating interest rate in 2021. Approximately 9.6% of the borrowings in December 2020 carried a fixed interest while the remaining part of the borrowings carried a floating interest rate.

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 recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

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

Fees paid on the establishment of loan facilities are recognised 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 capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 18 Offsetting financial assets and financial liabilities

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

- that the Group currently has a legally enforceable right to set off the recognised amounts, and
- that the Group intends either to settle on a net basis, or to realise 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.

Due to the immateriality, there have not been made any changes to the balance at 1 January 2020.

2021				Related amounts not set off in the balance sheet	
TEUR	Gross amounts	Offsetting	**Net amounts presented in the balance sheet**	Cash collateral (received/ pledged)	Net amount
Financial assets					
Trade receivables	114,503	- 93,515	**20,988**	5,451	26,439
Derivatives held for trading	810,176	- 476,811	**333,365**	-	333,365
Total financial assets	**924,679**	**- 570,326**	**354,353**	**5,451**	**359,804**
Financial liabilities					
Trade payables	144,106	- 93,466	**50,640**	- 27,376	23,264
Derivatives held for trading	814,523	- 476,811	**337,712**	- 2,264	335,448
Total financial liabilities	**958,629**	**- 570,277**	**388,352**	**- 29,640**	**358,712**

2020				Related amounts not set off in the balance sheet	
TEUR	Gross amounts	Offsetting	**Net amounts presented in the balance sheet**	Cash collateral (received/ pledged)	Net amount
Financial assets					
Trade receivables	60,798	- 51,632	**9,166**	936	10,102
Derivatives held for trading	29,301	- 20,162	**9,139**	-	9,139
Total financial assets	**90,099**	**- 71,794**	**18,305**	**936**	**19,241**
Financial liabilities					
Trade payables	61,371	- 51,716	**9,655**	- 2,366	7,289
Derivatives held for trading	29,215	- 20,162	**9,053**	- 1,063	7,990
Total financial liabilities	**90,586**	**- 71,878**	**18,708**	**- 3,429**	**15,279**

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

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 recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The Group 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 the Group 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.

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 19 Share capital

	2021		2020	
		TEUR		TEUR
	Number of shares	Nominal value	Number of shares	Nominal value
The share capital comprises of:				
Ordinary shares (fully paid)	70,290	10	70,290	10
Ordinary shares (unpaid)	-	-	-	-

TEUR	**2021**	**2020**
Changes in share capital		
Opening balance	10	9
Capital increase	-	1
Total	10	10

The share capital of EUR 10k at 31 December 2021 (2020: EUR 10k) is divided into 70,290 (2020: 70,290) shares at a nominal value of DKK 1 each. No shares carry any special rights.

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

The objectives when managing capital are to safeguard the ability to continue as a going concern and in order to provide sufficient returns for shareholders and benefits for other stakeholders, and at the same time maintain an optimal capital structure to reduce the cost of capital.

The long-term objective relating to capital structure is to improve solvency ratio or at least hold it at the level as of 31 December 2021. This will primarily be achieved through consolidation of future results. The solvency ratio at 31 December 2021 amounts to 12.7% (31 December 2020: 22.7%)

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Accounting policies

Equity reserves

Share capital

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

Reserve for unpaid share capital

Unpaid share capital is recognised on a gross basis, according to which the unpaid share capital is recognised and treated as a receivable in the statement of financial position called "Claim for payment of company capital".

An amount corresponding to the unpaid share capital is reclassified from "Retained earnings" to "Reserve for unpaid share capital".

Hedging reserve

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

Reserve for loans to shareholders

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

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised 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 recognised as a separate item within consolidated equity. Transactions with non-controll interests including purchases and sales are treated as equity transactions. Any gain or loss on such transactions is re-attributed between

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 20 Cash flow specifications

TEUR	2021	2020
Adjustments		
Financial income	-1,625	-484
Financial expenses	3,272	1,224
Depreciation, amortisation and impairment charges	125	117
Income from investments in subsidiaries	-	-
Share-based remuneration	80	1
Income tax	13,906	1,550
Other adjustments	141	200
	15,899	2,608
Changes in net working capital		
Change in inventories	-10,190	-530
Change in trade receivables	-11,906	-4,764
Change in derivatives as an asset	-324,226	-9,139
Change in other operating assets	-70,329	-5,332
Change in trade payables	40,998	6,690
Change in derivatives as a liability	328,659	9,053
Fair value adjustments of hedging instruments	1,228	-
Change in other operating liabilities	6,175	2,249
	-39,591	-1,773

Net debt reconciliation

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

TEUR	Borrowings	Leases	Total
Net debt:			
At 1 January 2020	2,255	154	2,409
Cash flows	5,421	-55	5,366
At 31 December 2020	**7,676**	**99**	**7,775**
Cash flows	-234	-88	-322
Additions without cash effect	-	147	147
At 31 December 2021	**7,442**	**158**	**7,600**

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

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, amortisation, 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.

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 21 Contingent liabilities, commitments and contingencies

Contingent liabilities

TEUR	**2021**	**2020**
Charges and security		
The following assets have been placed as security with the main bank facility:		
Security comprising simple claims	4,303	4,303
Pledged assets	16,004	1,621
Total charges and security	**20,307**	**5,924**

Charges and security

The Group has placed all its trade receivables in the Group as security for all the outstanding amounts to its main bank facility. At the same time, the Group has pledged some cash accounts as security for guarantee facilities with its main bank facility.

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

TEUR	**2021**	**2020**
Rental and lease obligations		
The Group has the following lease obligations under operating leases. Total future lease payments are:		
Within 1 year	165	73
Between 1 and 5 years	3	39
	168	**112**

Other contingent liabilities

The Group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. Moreover, the Group companies 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 in the Group are jointly and severally liable for VAT on the joint registration of VAT. MFT Energy A/S is the management company of the joint VAT purposes.

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 22 Related party transactions

Related parties are defined as parties with control or significant influence, including group companies.
There are no parties with controlling influence.
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.

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

Transactions with other related parties

TEUR	**2021**	**2020**
The following transactions occurred with related parties:		
Other related parties*		
Purchase of services	12	85
Financial expenses	37	160
Loans received from other related parties	723	-

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

Terms and conditions for loan to other related parties

The remaining loan from other related parties matures in 7 years. The average interest rate on the loans during the year was 3%.

TEUR	**2021**	**2020**
Key management personnel		
Remuneration	234	195
Loans in connection to share purchase programs	816	-

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 23 Fee to auditors appointed at the general meeting

TEUR	**2021**	**2020**
PricewaterhouseCoopers		
Audit fee	31	31
Other assurance services	3	3
Tax advisory service	25	17
Other services	122	49
	181	100

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 24 Subsequent events

The extremely volatile trends in commodity markets seen at the end of 2021 have continued into 2022 and a series of events drove up prices on various commodities. In addition, the war in Ukraine caused market uncertainty and drove up prices even further, resulting in pressure on liquidity.

Despite the high prices and extremely volatile markets, the Group has managed to navigate the challenges in the market thanks to active risk management and an amended trading strategy.

Management is closely monitoring the risk and the trading mandates in close cooperation with the Risk Committee headed by the CEO.

Events in the market taking place in 2022 and thus occurring after the balance sheet date are categorized as subsequent events. Accordingly, these are non-adjusting events for the Group.

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 25 First-time adoption of IFRS

The consolidated financial statements for the year ended 31 December 2021 are the first financial statements prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2020 the Group prepared its financial statements in accordance with The Danish Financial Statements Act ('Danish GAAP').

The consolidated financial statements comply with IFRS applicable as at 31 December 2021, together with the comparative period information for the year ended 31 December 2020.

In preparing these financial statements, the Group's opening statement of financial position was prepared as at 1 January 2020 (date of transition to IFRS).

The disclosures required by IFRS 1, *First-time Adoption of IFRS,* explaining the principal adjustments made by the Group in restating Danish GAAP financial statements are provided below.

Except in respect of leases, as described below, there was no material impact on the cash flow statement in the adoption of IFRS.

Notes to the reconciliation from Danish GAAP to IFRS - Consolidated financial statements

Leases

In accordance with the provisions in IFRS 1, the Group has adopted IFRS 16, *Leases,* from the date of transition. With the adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which under Danish GAAP were classified as operating leases. These liabilities were measured at the present value of the remaining lease liabilities as at the transition date using the incremental borrowing rates of 1 January 2020. The weighted average incremental borrowing rate applied was 1% at the date of transition. The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

By 31 December 2020, a lease liability of EUR 99k and a right-of-use asset of EUR 96k was recognised. In the cash flow statement as per Danish GAAP, lease payments were presented in cash flow from operating activities. Under IFRS, the principal elements of lease payments are presented in cash flows from financing activities, whereas the interest element is presented as cash flows from operating activities.

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Group has applied the following exemptions:

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2020. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2020. The lease payments associated with leases for which the lease term ends within 12 months of the date of transition to IFRS and leases for which the underlying asset is of low value have been recognised as an expense on either a straight-line basis over the lease term or another systematic basis.

Classification of revenue

Under Danish GAAP, the settlement of all physical commodity contracts has been recognised as revenue regardless of whether offsetting contracts have been entered into. Accordingly, the price paid for all purchased contracts has been classified as costs of goods sold. Under IFRS only contracts which result in physical delivery are treated as revenue contracts. Therefore, only net volumes delivered are reported as revenue.

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

In accordance with IFRS 15, Revenue from contracts with customers, contracts classified as "non-own use contracts" shall be considered to be comprised of two elements, being a fixed pay floating forward contract and a physical contract for a spot price delivery. The spot delivery shall be presented as revenue in accordance with IFRS 15 while the difference between the fixed price and the spot prices is classified as a derivative gain or loss. According to Danish GAAP the entire contract is presented as revenue. Consequently, an amount for the Group in 2021 equals to EUR 2,890,180k and EUR 287,372k in 2020 has been reclassified from revenue to fair value gains and losses on derivatives.

Share-based payments

The Group has granted warrants to certain key employees. According to IFRS 2, the fair value of such instruments shall be recognised as compensation expenses in profit and loss with a corresponding increase in equity over the period in which the instruments vest. At the same time there has been granted the option for some employees to purchase a fixed number of shares in MFT Energy A/S. This is financed through a non-recourse loan from MFT Energy A/S and a down payment by the employees. It is considered an option agreement due to the economic nature of the program, and consequently it is accounted for as an warrant program. Under Danish GAAP, the Group has not recognised any expenses. The compensation expenses for 2020 amounts to EUR 1k.

Netting of financial assets and liabilities

The Group has entered into several agreements with counterparties whereby they de facto make net payments. According to IAS 32, financial assets and liabilities shall be presented net, if the entity has a legal right as well as an intention to settle net. The Group has made a thorough review of the counterparties and found that these criterias are complied with, so the assets and liabilities can be presented net. The financial statement for 2020 prepared in accordance with Danish GAAP presented such assets and liabilities on a net basis to a wider extent.

Group reconciliation

	As at 1 January 2020			For the year ended 31 December 2020	As at 31 December 2020		
TEUR	Assets	Liabilities	Equity	Profit for the year	Assets	Liabilities	Equity
According to the Danish Financial Statements Act	10,881	7,119	3,762	5,526	32,408	22,987	9,421
IFRS adjustments							
Leases	154	154	-	-3	95	97	-3
Offsetting of financial assets and liabilities	-	-	-	-	9,053	9,053	-
Share-based payment	-	-	-	-1	-	-	1
Deferred tax of changes	-	-	-	1	1	-	1
	154	154	-	-3	9,149	9,150	-1
According to IFRS	11,035	7,273	3,762	5,523	41,557	32,137	9,420

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

TEUR	For the year ended 31 December 2020 Change in cash and cash equivalents	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities
According to the Danish Financial Statements Act	10,858	5,501	-399	5,756
IFRS adjustments				
Leases	-	55	-	-55
Reclassification from cash to operating assets	-254	-379	119	6
	-254	-324	119	-49
According to IFRS	10,604	5,177	-280	5,707

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 26 Definitions of financial ratios

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

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

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

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

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

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

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

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Parent company

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Income Statement (Parent)

for the year ended 31 December 2021

TEUR	Notes	2021	2020
Gross profit/loss		**-14**	**-2**
Income from investement in subsidiaries		34,639	4,705
Financial income		1	-
Financial expenses		-75	-
Profit/loss before income tax		**34,551**	**4,703**
Tax on profit/loss for the year	1	4	1
Profit/loss for the year		**34,555**	**4,704**

Distribution of profit

Proposed distribution of profit		
Reserve for net revaluation under the equity method	34,599	4,705
Retained earnings	-44	-1
	34,555	**4,704**

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Balance Sheet (Parent)
for the year ended 31 December 2021

Assets

TEUR	Notes	**2021**	**2020**
Investments in subsidiaries	2	44,100	8,444
Fixed asset investments		**44,100**	**8,444**
Fixed assets		**44,100**	**8,444**
Receivables from group enterprises		2,521	-
Corporation tax		185	1
Receivables		**2,706**	**1**
Cash and cash equivalents		**6**	**6**
Current assets		**2,712**	**7**
Assets		**46,812**	**8,451**

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Balance Sheet (Parent)
for the year ended 31 December 2021

Liabilities and equity

TEUR	Notes	**2021**	**2020**
Share capital	3	10	10
Reserve for net revaluation under the equity method		43,538	7,922
Retained earnings		306	350
Equity		**43,854**	**8,282**
Trade payables		13	3
Payables to group enterprises		2,945	166
		2,958	**169**
Short-term debt			
Debt		**2,958**	**169**
Liabilities and equity		**46,812**	**8,451**

Contigent assets, liabilities and other financial obligations	4
Related parties	5
Accounting policies	6

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Statement of Changes in Equity (Parent)
for the year ended 31 December 2021

TEUR	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 January 2021	10	7,922	350	8,282
Other equity movements	-	977	-	977
Net profit/loss for the year	-	34,639	-44	34,595
Equity at 31 December 2021	**10**	**43,538**	**306**	**43,854**

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 1 Tax on profit/loss for the year

TEUR	2021	2020
Current tax for the year	- 4	- 1
	- 4	**- 1**

Note 2 Investments in subsidiaries

TEUR	2021	2020
Cost at 1 January	522	522
Additions for the year	50	-
Disposals for the year	- 10	-
Cost at 31 december	**562**	**522**
Value adjustments at 1 January	7,922	3,217
Net profit/loss for the year	34,639	4,705
Dividend to the Parent company	- 50	-
Other equity movements, net	1,185	-
Reversals for the year of revaluations in previous year	- 158	-
Value adjustments at 31 December	43,538	7,922
Carrying amount at 31 December	**44,100**	**8,444**

Investments in subsidiaries are specified as follows:

Name	Place of regi-strered office	Share capital	Votes and ownership
MFT Energy A/S	Aarhus	DKK 510,206	98%

Note 3 Share capital

TEUR	2021	2020	2019	2018
Share capital at 1 January	10	9	9	7
Capital increase	-	1	-	2
Share capital at 31 December	**10**	**10**	**9**	**9**

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 4 Contingent assets, liabilities and financial obligations

TEUR	2021	2020
Charges and security		
The following assets have been placed as security with bankers:		
Subsidiaries' share capital with a nom. value of	67	67
Surety provided for MFT Energy A/S limited to	-	403

Contigent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to TEUR 14,008. Moreover, the group companies 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.

Note 5 Related parties

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Note 6 Accounting Policies

The seperate financial statements of MFT Energy Holding ApS for 2021 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

Foreign currencies

Euro (EUR) is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income statement

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of other external expenses.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the finacial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit/loss for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

Balance sheet

Investments in subsidiaries
Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at EUR 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Receivables
Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Equity

Dividend
Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Current tax receivables and liabilities
Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts
Debts are measured at amortised cost, substantially corresponding to nominal value.

Penneo dokumentnøgle: VWZ3S-EYZWI-82K1D-EG1C5-OLYDP-D0PBL

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Lars Kristensen
Bestyrelsesmedlem
On behalf of: MFT Energy Holding ApS
Serial number: PID:9208-2002-2-915592377967
IP: 91.144.xxx.xxx
2022-07-01 07:35:30 UTC
NEM ID

Simon Fisker Rathjen
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Serial number: PID:9208-2002-2-374545814762
IP: 58.96.xxx.xxx
2022-07-01 08:02:58 UTC
NEM ID

Lasse Andre Berg
Statsautoriseret revisor
On behalf of: PricewaterhouseCoopers Statsautoriseret…
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IP: 208.127.xxx.xxx
2022-07-01 09:04:09 UTC
NEM ID

Tore Høffner Andersen
Dirigent
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