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MFT Energy A/S

Banegårdspladsen 11, 4., 8000 Aarhus

Annual report

2018

Company reg. no. 38 17 51 30

The annual report have been submitted and approved by the general meeting on the 22 January 2019.

Simon Rathjen
Chairman of the meeting

Contents

Page	
	Reports
1	Management's report
2	Independent auditor's report
	Management's review
5	Company data
6	Management's review
	Annual accounts 1 January - 31 December 2018
7	Accounting policies used
13	Profit and loss account
14	Balance sheet
16	Notes

Notes:
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of MFT Energy A/S for the financial year 1 January to 31 December 2018.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Aarhus, 21 January 2019

Managing Director

Cagdas Ozan Ates

Board of directors

Torben Nordal Clausen

Lars Kristensen

Cagdas Ozan Ates

Simon Fisker Rathjen

Independent auditor's report

To the shareholders of MFT Energy A/S

Opinion

We have audited the annual accounts of MFT Energy A/S for the financial year 1 January to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

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

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control.

- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management’s preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management’s review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 21 January 2019

Martinsen
State Authorised Public Accountants
Company reg. no. 32 28 52 01

Leif Tomasson
State Authorised Public Accountant
mne25346

Company data

The company	MFT Energy A/S Banegårdspladsen 11, 4. 8000 Aarhus	
	Company reg. no.	38 17 51 30
	Established:	11 November 2016
	Domicile:	
	Financial year:	1 January 2018 - 31 December 2018 2nd financial year
Board of directors	Torben Nordal Clausen Lars Kristensen Cagdas Ozan Ates Simon Fisker Rathjen	
Managing Director	Cagdas Ozan Ates	
Auditors	Martinsen Statsautoriseret Revisionspartnerselskab Øster Allé 42 2100 København Ø	
	Phone	+45 35 38 48 88
	www.martinsen.dk	
Parent company	MFT Energy Holding ApS	
Subsidiary	MFT Energy 2 ApS, Århus	

Management's review

The principal activities of the company

The principal activities are trading with energy.

Development in activities and financial matters

The gross profit for the year is DKK 20.781.000 against DKK 9.391.000 last year. The results from ordinary activities after tax are DKK 13.567.000 against DKK 7.574.000 last year. The management consider the results satisfactory.

Accounting policies used

The annual report for MFT Energy A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, cost of sales, and external costs.

Accounting policies used

The net turnover from sale of goods for resale is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes purchases of goods for resale and transportation of these incurred to achieve revenue for the year.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised exchange rate adjustments and price adjustment of securities.

Results from equity investment in group enterprise

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the group enterprise is recognised in the profit and loss account at a proportional share of the group enterprise's results after tax.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

Accounting policies used

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	Useful life
Other plants, operating assets, fixtures and furniture	*3 years*

Leasing contracts

All leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Accounting policies used

Financial fixed assets

Equity investment in group enterprise

Equity investment in group enterprise is recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

To the extent the equity exceeds the cost, the net revaluation of equity investment in group enterprise is transferred to the reserves under the equity for net revaluation as per the equity method. Dividend from group enterprise expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprise.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

Profit or loss in connection with the sale of group enterprise is measured as the difference between the sales amount and the book value of net assets at the time of the sale, inclusive of remaining consolidated goodwill and expected costs for sale and cession. Profit and loss are recognised in the profit and loss account under net financials.

In connection with the acquisition of new group enterprises and associated enterprises, the acquisition method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for decided restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of the revaluations carried out is taken into consideration.

Positive differences (goodwill) between cost and fair value of identifiable, acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investment in group enterprise, and they is amortised over their estimated useful life. The useful life is determined on the basis of the management's experience with the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a long-range earnings potential. The book value of goodwill is evaluated currently and written down in the profit and loss account in those cases where the book value exceeds the expected future net income from the enterprise or the activity, to which the goodwill is attached.

Accounting policies used

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Reserves for net revaluation as per the equity method

Reserves for net revaluation as per the equity method comprise net revaluation of equity investments in subsidiaries and associates in proportion to cost.

The reserves may be eliminated in case of losses, realisation of equity investments or changes in the financial estimates.

It is not possible to recognise the reserves with a negative amount.

Reserve for unpaid contributed capital

Unpaid contributed capital is recognised by means of the gross method, after which the unpaid contributed capital is recognised and treated as a amount receivable in the balance sheet, called "Claims on contributed capital”. An amount corresponding to the unpaid contributed capital is reclassified from “Results brought forward” to “Reserves for unpaid contributed capital”.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, MFT Energy A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Accounting policies used

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Profit and loss account

All amounts in DKK.

Note		1/1 2018 - 31/12 2018	11/11 2016 - 31/12 2017
	Gross profit	**20.780.650**	**9.390.743**
1	Staff costs	-4.954.950	-431.718
	Depreciation and writedown relating to tangible fixed assets	-38.177	-30.583
	Operating profit	**15.787.523**	**8.928.442**
	Income from equity investments in group enterprises	976.074	0
2	Other financial costs	-1.443.193	-1.353.954
	Results before tax	**15.320.404**	**7.574.488**
	Tax on ordinary results	-1.753.268	0
	Results for the year	**13.567.136**	**7.574.488**
	Proposed distribution of the results:		
	Extraordinary dividend adopted during the financial year	2.400.000	0
	Reserves for net revaluation as per the equity method	976.074	0
	Dividend for the financial year	0	1.708.762
	Allocated to results brought forward	10.191.062	5.865.726
	Distribution in total	**13.567.136**	**7.574.488**

Balance sheet 31 December

All amounts in DKK.

Note	Assets	2018	2017
	Fixed assets		
3	Other plants, operating assets, and fixtures and furniture	79.763	67.576
	Tangible fixed assets in total	79.763	67.576
4	Equity investment in group enterprise	1.016.074	0
5	Deposits	208.450	0
	Financial fixed assets in total	1.224.524	0
	Fixed assets in total	**1.304.287**	**67.576**
	Current assets		
	Trade debtors	14.050.527	7.073.132
	Amounts owed by group enterprises	1.002.757	0
	Other debtors	214.831	35.269
	Debtors in total	15.268.115	7.108.401
	Available funds	33.098.916	22.187.907
	Current assets in total	**48.367.031**	**29.296.308**
	Assets in total	**49.671.318**	**29.363.884**

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities

Note		2018	2017
	Equity		
6	Contributed capital	500.000	500.000
7	Unpaid contributed capital	-375.000	-375.000
	Reserves for net revaluation as per the equity method	976.074	0
8	Reserve for unpaid contributed capital	375.000	0
9	Results brought forward	15.681.788	5.865.726
10	Proposed dividend for the financial year	0	1.708.762
	Equity in total	**17.157.862**	**7.699.488**
	Liabilities		
	Bank debts	4.559	5.126.287
	Trade creditors	17.447.802	5.211.710
	Debt to group enterprises	2.657.441	1.156.250
	Corporate tax	1.753.268	0
	Other debts	10.650.386	10.170.149
	Short-term liabilities in total	32.513.456	21.664.396
	Liabilities in total	**32.513.456**	**21.664.396**
	Equity and liabilities in total	**49.671.318**	**29.363.884**

11 Mortgage and securities

12 Contingencies

Notes

All amounts in DKK.

		1/1 2018 - 31/12 2018	11/11 2016 - 31/12 2017
1.	**Staff costs**		
	Salaries and wages	4.760.670	408.594
	Pension costs	46.832	0
	Other costs for social security	26.791	3.692
	Other staff costs	120.657	19.432
		4.954.950	**431.718**
	Average number of employees	8	1
2.	**Other financial costs**		
	Financial costs, group enterprises	36.794	0
	Other financial costs	1.406.399	1.353.954
		1.443.193	**1.353.954**
3.	**Other plants, operating assets, and fixtures and furniture**		
	Cost opening balance	98.159	0
	Additions during the year	50.364	98.159
	Cost closing balance	**148.523**	**98.159**
	Revaluation opening balance	-30.583	0
	Revaluation closing balance	**-30.583**	**0**
	Depreciation for the year	-38.177	-30.583
	Depreciation and writedown closing balance	**-38.177**	**-30.583**
	Book value closing balance	**79.763**	**67.576**

Notes

All amounts in DKK.

		31/12 2018	31/12 2017
4.	**Equity investment in group enterprise**		
	Additions during the year	40.000	0
	Cost closing balance	**40.000**	**0**
	Results for the year before goodwill amortisation	976.074	0
	Revaluation closing balance	**976.074**	**0**
	Book value closing balance	**1.016.074**	**0**

Group enterprise:

	Domicile	Share of ownership
MFT Energy 2 ApS	Århus	80 %

5.	**Deposits**		
	Additions during the year	208.450	0
	Cost closing balance	**208.450**	**0**
	Book value closing balance	**208.450**	**0**
6.	**Contributed capital**		
	Contributed capital opening balance	500.000	500.000
		500.000	**500.000**
7.	**Unpaid contributed capital**		
	Unpaid contributed capital opening balance	-375.000	-375.000
		-375.000	**-375.000**
8.	**Reserve for unpaid contributed capital**		
	Reserve for unpaid contributed capital opening balance	375.000	0
		375.000	**0**

Notes

All amounts in DKK.

		31/12 2018	31/12 2017
9.	**Results brought forward**		
	Results brought forward opening balance	5.865.726	0
	Reserve for unpaid contributed capital	-375.000	0
	Profit or loss for the year brought forward	10.191.062	5.865.726
	Extraordinary dividend adopted during the financial year	2.400.000	0
	Distributed extraordinary dividend adopted during the financial year.	-2.400.000	0
		15.681.788	**5.865.726**
10.	**Proposed dividend for the financial year**		
	Dividend opening balance	1.708.762	0
	Distributed dividend	-1.708.762	0
	Dividend for the financial year	0	1.708.762
		0	**1.708.762**

11. Mortgage and securities

The company has deposited a total of DKK 10.000.000 in debt securities for bank debts. This security comprises simple claims such as trade debtors.

12. Contingencies

Contingent liabilities

Leasing liabilities

In addition to financial leasing contracts, the company has entered into operational leasing contracts with an average annual leasing payment of DKK 411.382. The leasing contracts have 43 months left to run, and the total outstanding leasing payment is DKK 1.474.120.

Joint taxation

ARK Holding ApS, company reg. no 39632462 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

Notes

All amounts in DKK.

12. Contingencies (continued)

Joint taxation (continued)

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The total tax payable under the joint taxation amounts to DKK 1.724.470.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

MFT Energy A/S has entered joint taxation as of 8 June 2018, as from the time the company is liable for any tax claims against the other jointly taxed companies.