Committed to growth

Annual Report 2021

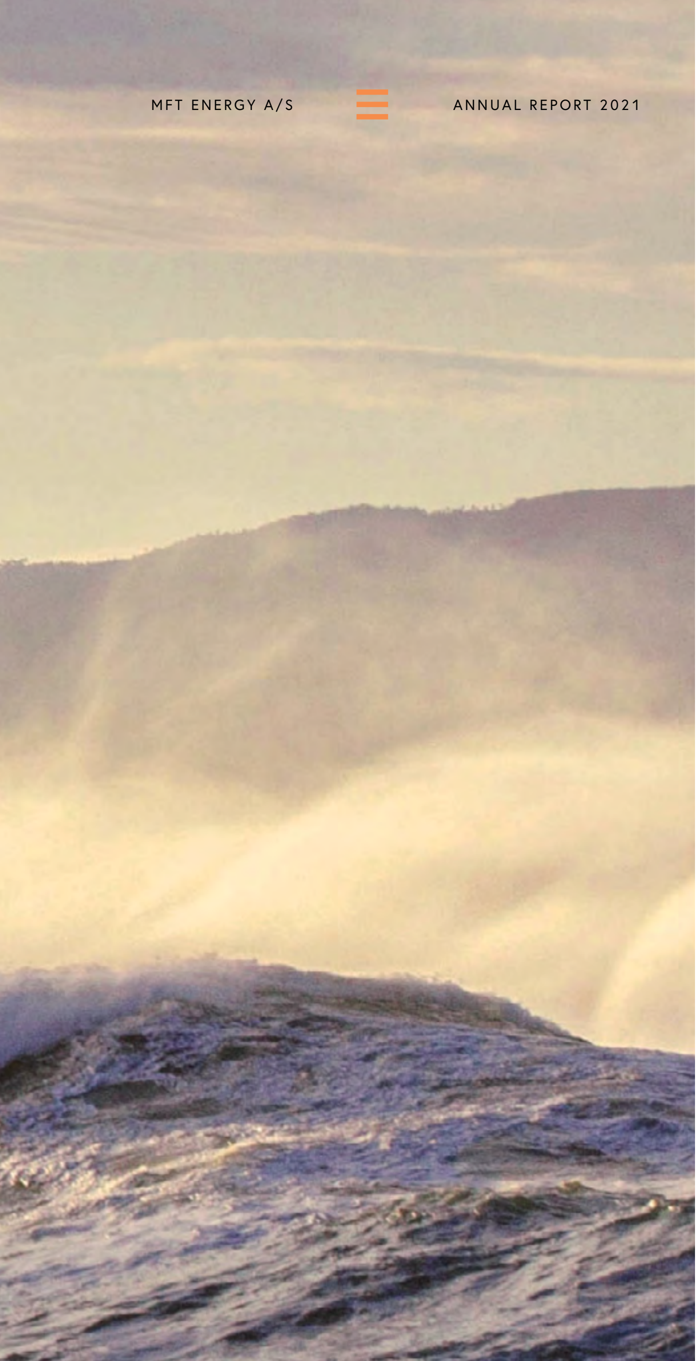
The Annual Report was presented and adopted at the Annual General Meeting of the Company on 7 June 2022

Tore Høffner Andersen
Chairman of the General Meeting

MFT Energy A/S

Margrethepladsen 4, 3rd floor • DK-8000 Aarhus • CVR No 38 17 51 30

We trade power and gas and our trading activities facilitate the green transition and contribute to efficient markets



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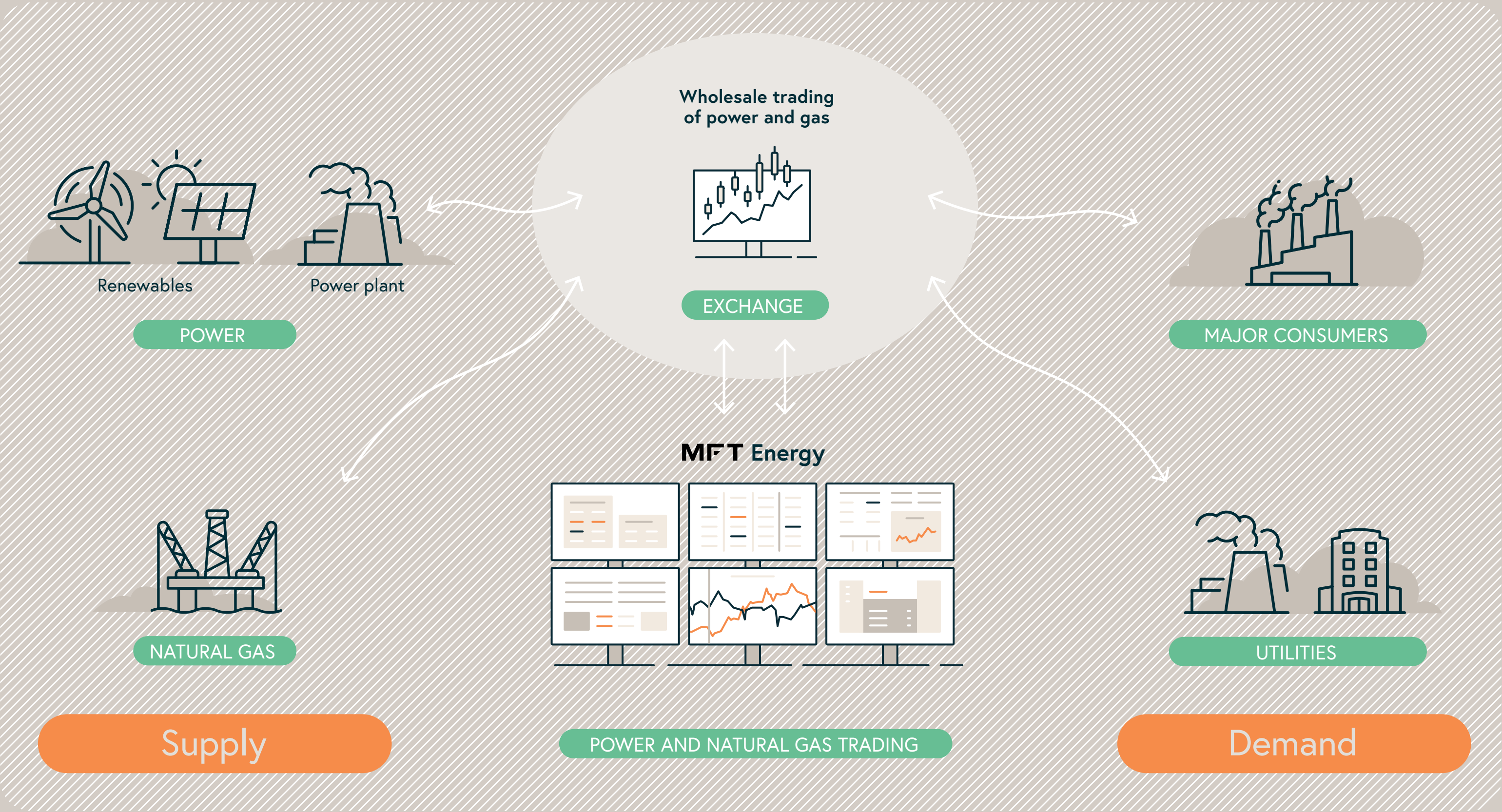
Creating value through power and gas trading

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

Our specialized trading teams apply in-depth market knowledge and comprehensive data sets to analyze, build and execute their trading strategies.

MFT Energy is active in Intraday, Day Ahead and Forward trading and focused on both physical and financial products.

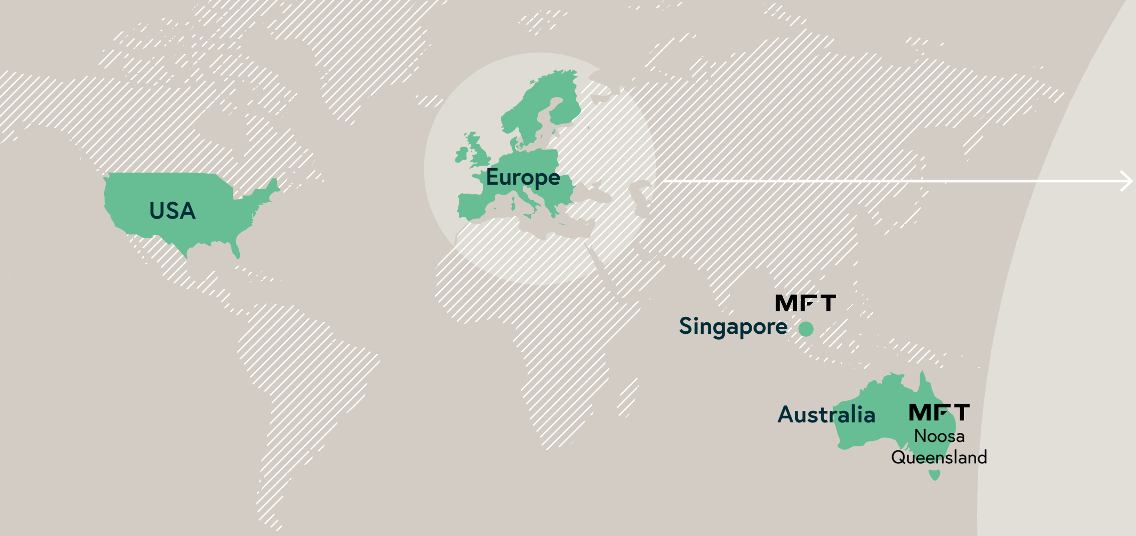
We are headquartered in Aarhus, Denmark, and at the end of 2021, MFT Energy had 87 employees based in Europe, Turkey, the USA, Singapore, and Australia.



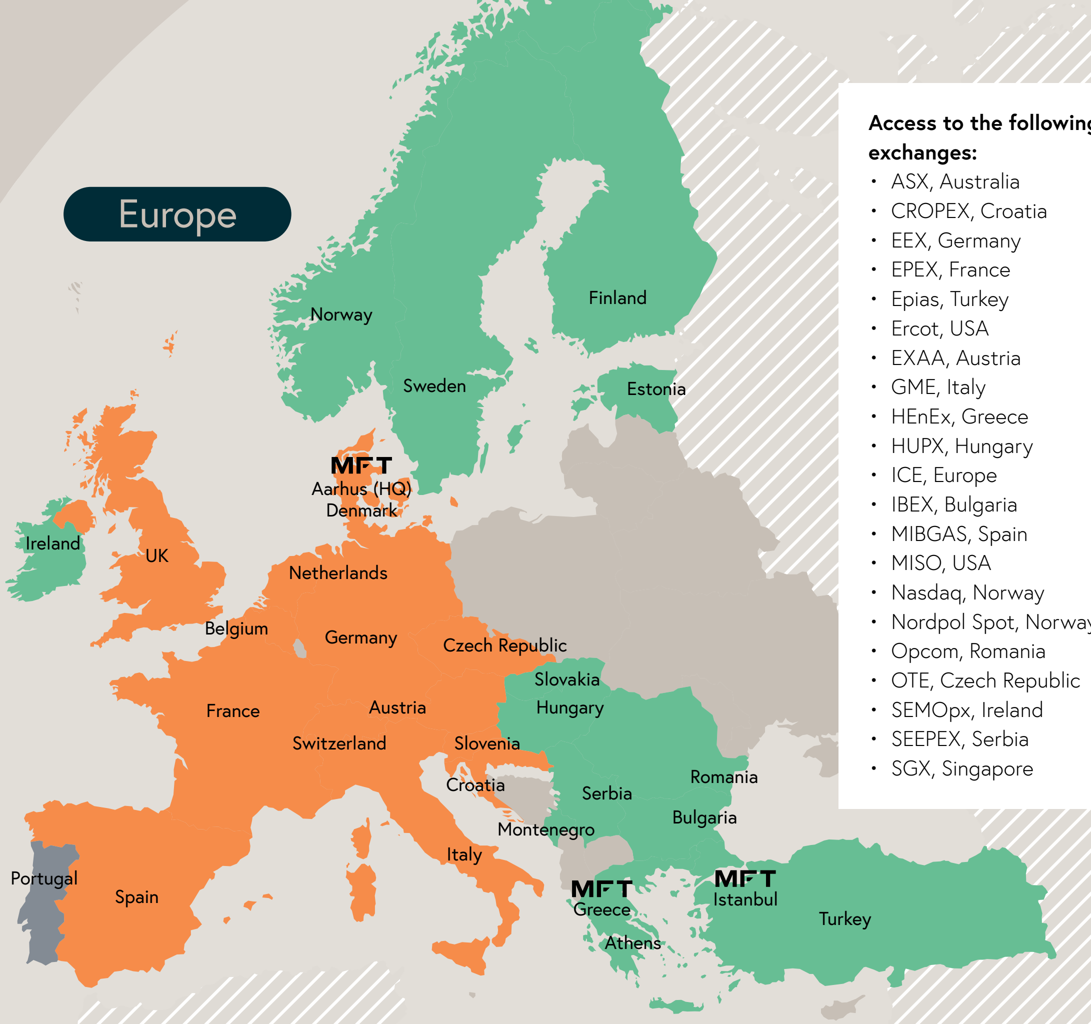
Our markets

Our growth strategy is based on growing in our existing markets and expanding into new ones.

Global



Europe



Access to the following exchanges:

- ASX, Australia
- CROPEX, Croatia
- EEX, Germany
- EPEX, France
- Epias, Turkey
- Ercot, USA
- EXAA, Austria
- GME, Italy
- HEnEx, Greece
- HUPX, Hungary
- ICE, Europe
- IBEX, Bulgaria
- MIBGAS, Spain
- MISO, USA
- Nasdaq, Norway
- Nordpol Spot, Norway
- Opcom, Romania
- OTE, Czech Republic
- SEMOpx, Ireland
- SEEPEX, Serbia
- SGX, Singapore

30
Trading markets
+5 in 2021

21
Exchanges
+10 in 2021

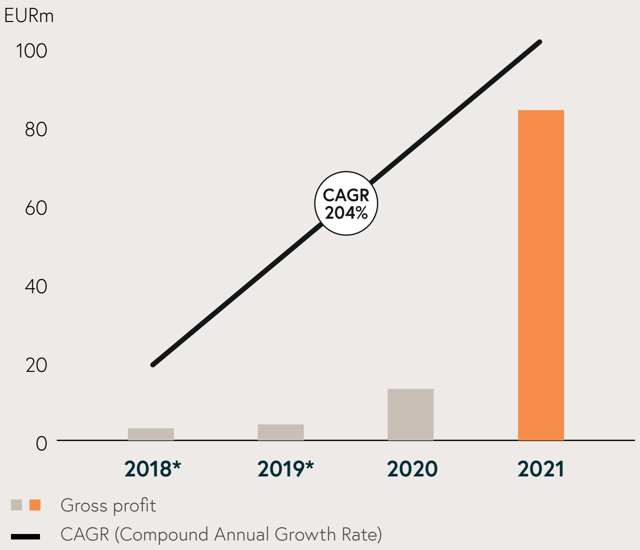
205 TWh
Traded
+170% in 2021

- Trading Power and Gas
- Trading Power
- Trading Gas
- MFT Country office

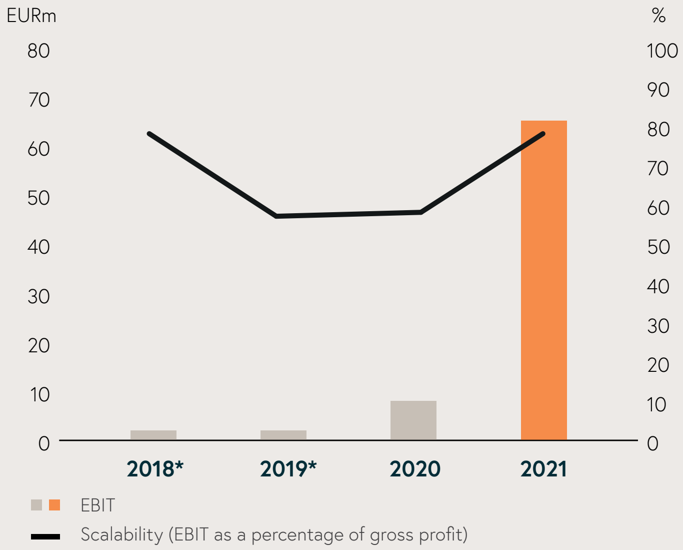
Performance highlights 2021

MFT Energy delivered strong growth and operating profitability in 2021, increasing gross profit by 524% to EUR 83.7m and EBIT by 737% to EUR 65.4m. The return on equity was strong too, at 141% for the year.

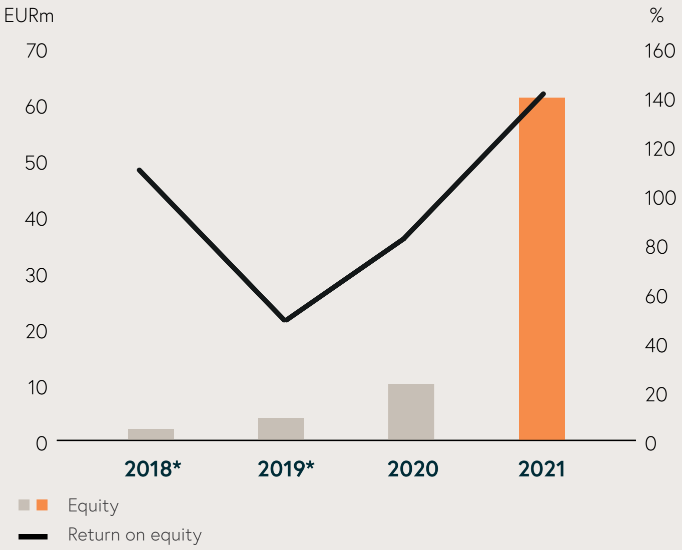
Gross profit, 2018 - 2021



EBIT and scalability, 2018 - 2021



Equity and return on equity, 2018 - 2021



*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.

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
Operating profit before financial income and expenses and tax (EBIT)	65,390	7,815	2,221	2,325
Net financials	-1,573	-740	-256	-193
Profit before tax (EBT)	63,817	7,075	1,965	2,131
Profit for the year	49,907	5,524	1,525	1,850
Profit for the year attributable to				
- Shareholders in MFT Energy A/S	*34,587*	*4,703*	*1,442*	*1,816*
- Non-controlling interests	*15,320*	*821*	*83*	*34*
Balance Sheet				
Balance sheet total	481,328	41,716	11,043	6,518
Equity	61,408	9,582	3,925	2,332
Equity attributable to				
- Shareholders in MFT Energy A/S	*45,000*	*8,493*	*3,789*	*2,297*
- Non-controlling interest	*16,408*	*1,089*	*136*	*35*
Cash and cash equivalents	34,511	12,618	3,382	4,434
Cash flows				
Cash flows from operating activities	22,494	5,176	-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	10,603	-1,051	2,148
Number of employees - average for the year	70	34	22	9

	GROUP			
	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 (EBIT as a percentage of gross profit)	78.1%	58.3%	57.3%	77.7%
Equity ratio	12.8%	23.0%	35.5%	35.8%
Return on equity	140.6%	81.8%	48.7%	110.0%

For definitions of financial key figures and ratios, please refer to note 28.

83.7m
Gross profit (EUR)
+524%

65.4m
EBIT (EUR)
+737%

*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.

Letter from the CEO

Committed to growth

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.

The power and gas markets were characterized by several extraordinary events in 2021. A combination of low gas storage levels and low power production from renewable resources drove prices to extremely high levels and increased the price volatility. In addition, tensions in Eastern Europe added to the risk premiums.

The increased use of renewable resources has created a more unstable production output and a greater need for cross-border trading of power and gas - a core activity at MFT Energy. Every day, we facilitate the distribution of power from renewables and contribute to the optimum use of renewable energy and to efficient markets.

The robustness of our platform

In 2021, our highly skilled trading teams succeeded in turning a demanding market situation into highly attractive business opportunities, increasing our traded volume by 170% to 205 TWh. Nevertheless, we are still a relatively small global player, and we have significant room for further growth internationally. We are very proud of the preparedness of our entire organization, the robustness of our platform, and our ability to respond quickly in these challenging markets.

2021 was the second year of our accelerated growth strategy, and we exceeded even our most optimistic expectations. We increased our EBIT to a record EUR 65.4m (2020: EUR 7.9m) and we executed on all our strategic business goals for the year.

We continued our investments in all parts of our business and platform – significantly improving the strength and efficiency of our organization. Our scalability, measured as our ability to convert gross profit to EBIT, increased to 78% (2020: 58%).

Our financial robustness has been strengthened as well, as MFT Energy's equity rose to EUR 61.4m at 31 December 2021 (year-end 2020: EUR 9.6m).

Expanding globally

It requires an extraordinary team effort to navigate in highly volatile markets, while at the same time executing on our ambitious growth strategy in Europe, the USA, Turkey, and in the APAC region.

170%

In 2021, traded volume increased by 170% to 205 TWh

During 2021, we strengthened our global market position further and are now trading in 30 different markets. In Europe, our Gas team expanded into six new markets and is now trading in 14 markets. Our Power teams are trading in 26 European markets, and we strengthened our European position and opened an office in Athens.

Our US Power team leveraged on the successful entry in 2020 and expanded the trading activities to additional states in the USA. We see a significant growth potential in the American market and expect further expansion in 2022 and the years to come.

Our Singapore office is now fully operational and running our European night desk. At the end of 2021, we entered the Australian market and expect further growth and expansion in the APAC region in the years to come.

In only five years, we have become a global player, and we have a strong pipeline of potential new growth markets to be explored further in 2022.

Strengthening the organization

MFT Energy has a dedicated focus on recruiting and developing talented people, and in 2021 we onboarded an additional 35 exceptional colleagues, growing the organization by almost 60% to 87 employees. In May, we also strengthened the leadership team by appointing Christian Pape as our new CFO.

Our growth journey continues, and we expect to reach a milestone of 100 employees during Q2 2022, all committed to building the most scalable global trading hub. We are aiming to become a leading global player within power and gas trading and at the same time contributing to the green energy transition.

We have become a truly international company with 23 nationalities in our organization working out of 12 countries. Our MFT Workspace approach allows people to work from home, or from another country, and has been warmly received for giving a high level of flexibility and work satisfaction.

Our partnership model offers the opportunity for all MFT Energy employees to become a partner. In 2022, we were pleased to announce that an additional 11 employees had been promoted, bringing the total number of partners to 48.

Managing volatile markets

The volatile market situation has continued in 2022, with the war in Ukraine and the geopolitical instability as the main drivers of increasing energy prices. Our long-term strategic goal is controlled growth, and we have adjusted our operating activities and risk management approach to the current market situation. We are well-positioned and have continued the solid momentum in 2022 where profits for the first five months of the year significantly exceeded the profits for the same period of 2021.

We will remain focused on growing our traded volumes, exploring new markets, initiating algorithmic trading to a larger extent, and investing further in our platform and teams.

On behalf of the leadership team, I would like to thank all our exceptionally talented colleagues and our business partners for a strong team effort in 2021 – and I can proudly say: We are committed to growth.

MFT Energy has become a global player within power and gas trading, and our role as a facilitator in the green transition and contributor to efficient markets provides us with a very strong growth potential. We will continue our accelerated growth strategy, global expansion and preparing for an IPO in 2023.

Torben Nordal Clausen, CEO

Growing the business in 2021

We executed on our accelerated growth strategy, increased our traded volume and expanded our global presence. New business areas were initiated, we welcomed many new colleagues and opened new offices in Greece and in Australia.

Gas price
Jan. 2021

Promotions
12 employees promoted to partner

More energy to HR and Support
Bente Lundstrøm Brink
Ieva Braženaitė
Sol Barrera

Building Legal
Tore Høffner Andersen
AnnaMarie Pradsgaard

More power to Finance
Jonas Ahrnkiel Steensig
Alexander Beske
Kasper Nielsen

New CFO
Christian Pape

Strategic business development
Establish SBD team
Algorithmic trading

New skills for Software & Technology
Bjarke Svane
Christian Luke Pedersen

Strengthening the US Team
Thomas Vigsø Høyer Henningsen
Emil Pinderup Dideriksen

Strengthening Power
Gustav Landin
Carl-Frans Hesse-Teemant
Mike Bøgh Pedersen
Mathias Dalsgaard Fløe
Norbertas Burokas

Opening office in Athens, Greece
Georgia Champeri

New skills for Singapore
Daniel Ang

Strengthening Gas
Jonathan Skovsen
Christian Norup
Jonas Madsen
Srecko Mihaljevic
Thomas Meekings

Strengthening risk management
Mathias Jakobsen
Weronika Chojczak
Daniel Stistrup Skov Knudsen

Entering the Australian market: Opening office in Noosa
Ryan Thomsen

87 employees
23 nationalities
End-2021

Dec. 2021

Source: Refinitiv: TTF front month 4 January – 31 December 2021

Choosing the right growth markets

Choosing the right growth markets is a key driver of our accelerated growth strategy, and entering a new market with the right team and strategy ensures value-creating growth. We have a clear strategy for expanding in our existing markets and a solid pipeline with potential new growth markets.

The growth strategy
MFT Energy successfully executed on its accelerating growth strategy in 2021, further expanding all our teams, the platform, and our global market presence. In 2022, our strategic initiatives for further growth are based on three key drivers:

1. Market penetration - increase the traded volume in the existing markets.
2. Further market expansion - expand into new markets and geographies.
3. Build for further growth - invest further in our platform and teams.

New growth markets
The markets of highest priority are the more mature ones, where an exchange and structures for trading are in place, and where we see a strong match to our proven trading strategies and platform. In these new markets, our teams can leverage on their knowledge and quickly build a solid position.

As part of the green transition and the increasing share of renewables in the generation mix, we expect more markets to be deregulated and new marketplaces for power and gas trading to be established. We expect these potential new markets to represent attractive opportunities for further expansion and growth in the coming years.

Further market expansion
In 2021, MFT Energy Power and Gas continued to expand into new attractive markets and geographies with a good match to the current trading strategies, tools, and knowledge. The Gas team expanded into six new markets and is now actively trading in 14 markets, while Power expanded into four new markets and is now trading in 29. We see further attractive opportunities in the APAC region and the US market, and the pipeline of potential new markets looks strong and promising.

Julie Vangsgaard Gravesen
Strategic Business Developer & Partner

As part of our growth strategy, we are constantly analyzing new markets of potential interest. A new market may be attractive if we can leverage on our highly-skilled teams and the execution of our well-proven trading strategies. Renewables in the generation mix, the market structure and product knowledge are key data points for our potential entry.

Highly scalable growth platform

MFT Energy has built a strong growth platform within power and gas trading by applying deep market knowledge, data, analytical tools, technology, risk management and capital. In line with our accelerated growth strategy, we are ready to build an even stronger global position in 2022 by expanding the organization, stepping up on automation and exploring the opportunities in existing and new markets.

MFT Energy resources				Growth strategy		Value creation
Common Ground	People, knowledge, data, capital and technology		Global Presence	Trends & Drivers	Focus areas	Contribution
Vision Together we build the most scalable global trading hub **Mission** To empower entrepreneurs to become the best **Values** Grit Hunger Unity	**Platform** Leadership Capital Market access Risk management Software & Technology Finance Support Legal assistance	**Power** Intraday Trading CWE Trading UK Trading Nordic Trading East Europe Trading USA APAC **Gas**	**Country offices** Aarhus, Denmark, HQ Athens, Greece Istanbul, Tyrkey Noosa, Australia Singapore **Market position** 30 Markets 21 Exchanges	**Main volatility and market size drivers** Growth in renewables Increasing demand for electricity worldwide Government decarbonization initiatives Deregulation and opening of new markets	**Market penetration is the key priority** Expand Power in Europe Grow Gas internationally More markets in the USA Expand in the APAC region Stepping up on automation - grow algorithmic trading	**Markets** Effective markets and competitive prices **Society** Creating jobs Tax payments Facilitating the green transition **Financial** Return to partners and shareholders

Stepping up on automation

Digitalization and automation are key fundamentals for our business model and have been implemented in all relevant processes within our trading teams and our support functions. In 2021, we strengthened our Software & Technology team further and initiated our algorithmic trading project.

Automation drives our scalability
At MFT Energy, digitalization and automation are key contributors to our strong performance and further growth potential. We have automated most of the trading process from pre-trading to post execution and settlements. By constantly automating and employing robotics technologies, we have increased our execution speed and strengthened our decision making. Both are key enablers for leveraging on our entire business platform and strengthening our performance.

In 2021, the traded volume increased by 170% to 205 TWh, and our teams lifted the number of executed daily trades into the several thousands. Concurrently, our scalability, measured as our ability to convert gross profit to EBIT, increased to 78% in 2021 (2020: 58%). We see this as strong proof of the scalability of our setup, and the ability to leverage and extract further value from our entire business platform.

Accelerated growth with algorithmic trading
In 2021, we initiated our algorithmic trading strategy, which is based on two main tracks:

1. Recommendation software: Software that combine various sources of market data and trading data, to visualize and provide signals to support our traders in their commercial decision making.

2. Algorithmic trading: Automation of simple orders to free up precious time for our traders.

Now, we are rapidly moving into converting our knowledge, experience, and intuition into automated and adaptable strategies capable of advanced decision making, while ensuring safety and security through a well-defined Algorithmic Risk Paradigm.

The use of algorithmic trading strengthens the quality of the trader's decision making and increases our performance. Our ambition is also to help the market ensure faster and more responsive grid balancing leading to more competitive consumer prices. We have already seen the results of these improvements in our performance and expect further and accelerated growth from our algorithmic trading strategies in the years to come.

Søren Harving
Lead Software Developer & Partner

The strength and success of MFT Energy's trading platform is based on our ability to keep speed and quality at high levels. This means we can support our trading teams with reliable core services, and maintain a high level of innovation, for example through algorithmic trading.

The green transition is a key market driver

Renewable resources like wind and solar are expected to grow at an accelerated pace. Hence, the green transition will continue to be the key driver of change in the energy markets. We expect the need for power and gas trading across markets to increase because unstable renewable sources play a decisive role.

Renewables create market opportunities

As part of the ongoing decarbonization, wind farms and solar plants are rapidly gaining a larger share within power generation. From making up about 25% in 2019, renewables are expected to grow their share of the global power generation mix to 50% by 2035 and climbing to 75% by mid-century. The pace may potentially be accelerated by political intentions to make Europe less dependent on natural gas.

As renewable energy is dependent on weather conditions, a larger part of the generation mix will inherently be unstable. As the proportion of unstable resources in the total generation mix is growing, energy markets will experience an increasing need for balancing supply and demand. Particularly when wind and solar generation reach a relatively large share, which is the case for the more mature markets.

Fluctuations in the output from renewable sources will drive the need for distributing power and gas across borders from areas where there is a surplus to areas where there is a shortage. MFT Energy holds a strong position in the market areas with the highest activity and traded volumes, and our trading teams apply their specialist market knowledge and data in executing their well-proven strategies.

Electrification drives demand for power

The growth in electrification across all key end user groups, particularly in buildings and road transport, is expected to lead to a doubling of power demand by 2050 and to grow power's share of overall energy consumption from around 20% today to around 30% in 2050.

The increasing demand for power in combination with the larger share of renewables in the generation mix will contribute further to the growing need for distributing power and gas across markets.

Growing demand for natural gas

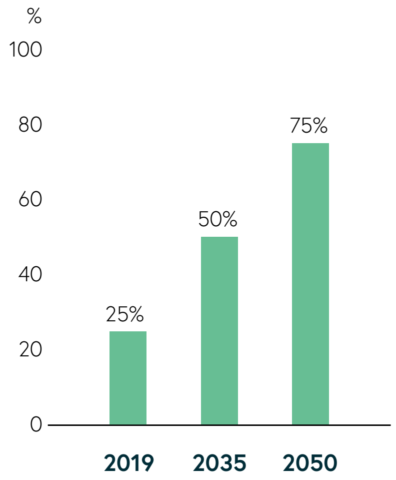
Natural gas is expected to grow its share of the overall energy demand until 2035, and demand is expected to grow slightly across all key sectors using natural gas. From 2035 to 2050, total demand is expected to plateau with relatively steady demand from all sectors.

Natural gas is the most environmentally friendly of the fossil fuels, and often becomes a stable baseload and dispatchable capacity provider in the power generation mix. Natural gas therefore plays an important role in the generation of power if renewables or other resources are unable to meet demand.

Volatility creates trading opportunities

MFT Energy's trading teams have in-depth knowledge of the supply and demand dynamics in their respective markets and regions and are available for trading 24/7. Our business model and excellence in data analytics will create significant market opportunities in the ongoing green transition. As our business model converts market knowledge and data into different strategies, increasing volatility creates trading opportunities for our teams. In combination with the expected increase in traded volumes, this will be a key driving force of the future earnings potential of MFT Energy.

Renewables' expected share of global power generation



Source: McKinsey Energy Insights

Distribution of green power

At MFT Energy, we trade power and gas across borders. Every day, our trading activities facilitate the distribution of power from renewable sources, such as wind, solar and hydro, contributing to efficient pricing and an optimal use of renewable energy.

The production output from renewables like wind, solar, and hydro is inherently dependent on weather conditions. This makes power production from these sources unstable compared to more conventional production. Renewables are therefore driving and contributing to the market dynamics of supply and demand. It requires market participants like MFT Energy to facilitate the distribution of green power and to contribute to efficient marketplaces.

Supply and demand movements

On windy days in Denmark, wind farms can produce more power than needed in Denmark, and the surplus production will cause power prices to fall.

On the same day, southern parts of Europe may be experiencing low temperatures and may need more power due to increased demand for electrical heating. Because the renewable sources in Denmark produce more power than needed in the Danish market, MFT Energy can buy the power on the Nordic energy exchange and then sell it on an exchange to a buyer in southern Europe.

Acting as facilitator

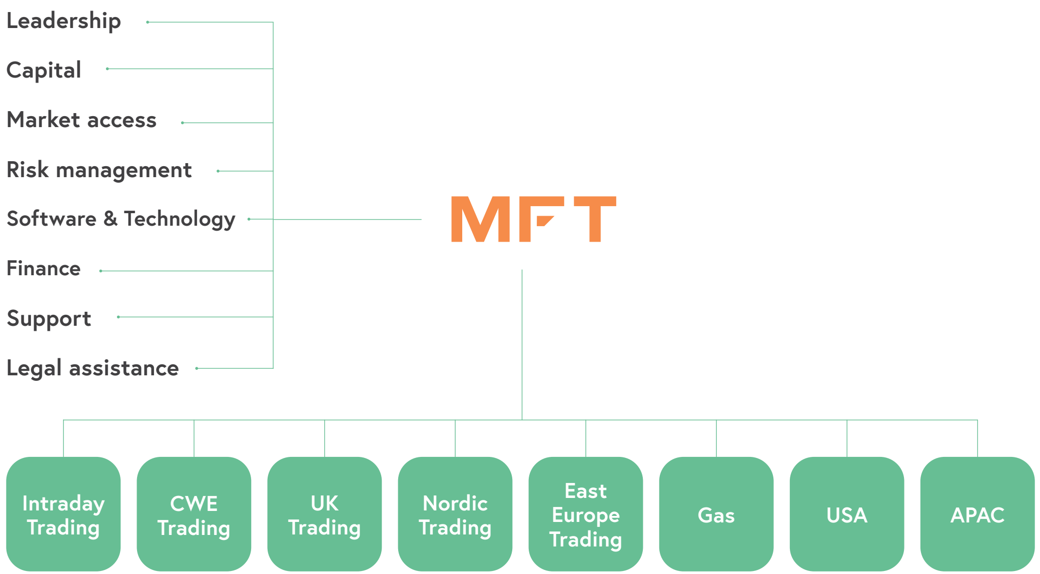
MFT Energy thereby acts as facilitator, connecting market players and supporting the distribution of green power. The buyer may be producing at full capacity or can get an economic benefit from buying the power cheaper on the exchange.

MFT Energy executes thousands of trades every day across markets, interacting with parties trading on energy exchanges. Instead of switching off renewable resources like wind turbines in Denmark, it is much more environmentally-friendly to trade green power across markets to where it may be needed. Further, cross-border trading will keep the markets in a supply/demand balance and contribute to efficient markets and better pricing for producers and consumers.

MFT Energy's trading teams are all specialized within their respective geographical areas and fields of competence. They use in-depth market knowledge and comprehensive data sets to analyze the supply and demand for power and gas and turn this market analysis into business opportunities through the execution of their proven trading strategies.

The partnership model is our backbone

Our unique partnership model has been essential in attracting and retaining highly-skilled employees and giving them the opportunity to become a partner. Our ownership structure is a win-win approach for scaling MFT Energy even further.



A strong partnership

MFT Energy's partnership model is a core strength of our organizational setup. Today, we have eight strong power and gas teams with highly-skilled and experienced traders, within their respective fields of expertise and geographical focus areas.

We have built a platform with a number of very strong support teams, which deliver all the core services to our trading teams by providing leadership, capital, market access, risk management, software & technology, finance, support, and legal assistance. This allows our trading teams to stay focused on what they do best: executing on their strategies. Together, we will execute on the business plan and achieve our common goals as a firm. Through our partnership setup and business model, we can empower traders to be the best in their markets.

Shared ownership

MFT Energy is a global trading hub offering a business ownership model for employees. For ambitious entrepreneurs within power and gas trading, this represents an attractive opportunity for personal development and for achieving personal ambitions as a business owner. We see this as a fair organizational structure. At the same time entrepreneurs can leverage their ambitions by getting access to MFT Energy's platform as a service. The success of our partnership model is reflected in the financial results we achieve, the influx of highly-skilled employees and our strong corporate culture. We get positive feedback for our entrepreneurial spirit permeating the entire organization.

At the end of 2021, MFT Energy had 87 employees, of which 37 were partners, corresponding to 43% of the total number of employees. At the beginning of 2022, 11 employees were promoted and the total number of partners increased to 48, corresponding to a partner degree of 52%. We believe in shared ownership and the motivation it brings as a benefit to our organization.

Huge growth potential in the USA

Entering the US market was a natural next step in the execution of our global growth strategy, and we successfully established and expanded our presence in the market in 2021.

Our US power team was established in 2020 and as a first step we entered the wholesale power market ERCOT, which covers most of the state of Texas. The high expectations for the opportunities in the market were met, and during 2021, we expanded into the MISO wholesale trading area, which covers 15 US states and the Canadian province of Manitoba, and a total population around 42 million people.

Strong market drivers

The US market has price drivers similar to those of Europe, and weather, natural gas prices and outages are some of the key factors determining power prices. The steady growth in renewable energy sources will underpin the growing opportunities in the market and the need for trading. We can benefit from our well-proven strategies and tools to leverage further on our platform.

Extreme weather tested our risk management

A major event affected the power market in the state of Texas during February 2021, as very cold weather resulted in the collapse of the power supply systems and infrastructure. A total of 4.5 million homes and businesses were left without power, and power prices spiked to USD 9,000 per MWh for 4-5 days (the average price is USD 20 in a standard year). Through our positions in the market and our robust risk management approach and systems, we managed this extreme event very well.

Further growth in 2022

We see significant growth opportunities in the North American market and will continue to strengthen our market position and our US team in 2022.

Brian Madsen
Director US markets & Partner

With an early success and a confirmation of the business potential in the US power markets, we quickly shifted gear in order to expand our position significantly during 2022.

Backed by our strong team, well-proven trading strategies and MFT Energy's platform, we have high expectations for the US market in the years to come.

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.

43%

At the end of 2021, 43% of our employees were partners

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.

At the end of 2021, we launched The MFT Energy Graduate Program, a 2-year learning journey intended to grow and develop talent on an international scale. Graduates of the program will gain an in-depth understanding of MFT Energy and the energy markets.

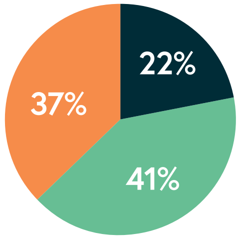
Experience and educational background

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.

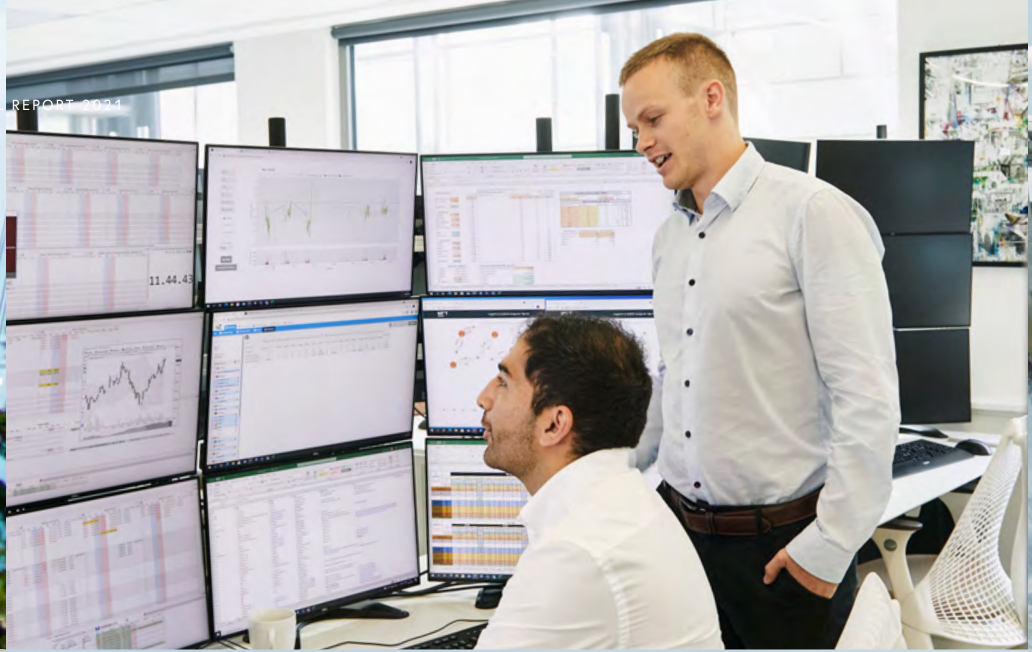
64% of our staff are employed in the trading teams while 36% work in our support teams. 70% of the MFT Energy staff hold a master's degree.

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.



All employees – Trading industry experience

More than eight years
Between two and eight years
Less than two years



Truly international

The MFT Energy organization is rapidly becoming truly international with **23 nationalities** working out of **12 countries**. We are used to working remotely, accelerating together and to trading in **30 different markets**.

MFT Energy Power

Further international expansion

MFT Energy Power grew its traded volumes by 74% to 25 TWh in 2021, driven by a strong performance in all teams. By the end of the year, we were actively trading in 29 markets and had expanded our position in Europe, in the US and entered the Australian market. All teams were strengthened, and the total number of employees in MFT Energy Power increased to 40 during 2021.

25
TWh traded
+74% in 2021

40
employees
+11 in 2021

20
exchanges
+9 in 2021

29
active trading markets
+4 in 2021

MFT Energy Power

Expanding our international footprint

The power markets offered good opportunities for trading during 2021, and all power teams were well positioned in their respective markets to execute and optimize their trading strategies, making this a great year for MFT Energy Power. Performance has remained strong in early 2022, and we will continue to strengthen our international footprint.

During 2021, we experienced sharply rising power prices and high volatility. In Germany, the front calendar year power price increased from EUR 50 to more than EUR 200 per MWh. Because of the high price volatility and the growing need to distribute power across borders, we were able to tap into good trading opportunities in all our key markets.

All teams were highly successful in executing their respective trading strategies and our well-proven risk management systems provided essential support for our teams as they navigated the challenging markets.

Strengthening our global power platform
MFT Energy Power consists of seven highly skilled trading teams: Intraday, Central Western Europe, the UK, Nordic, East Europe, USA and APAC. In 2021, we expanded our position to a total of 29 trading markets and 20 exchanges.

MFT Energy Power holds strong positions in Germany, UK, France, Benelux, and Turkey. In 2021, we expanded our East European position further by entering Serbia and Montenegro and we opened our office in Athens.

In the US market, we leveraged on our successful entry into the ERCOT trading area in 2020 and expanded into the MISO trading area, which covers 15 states. We see a huge growth potential in the US market and will expand our position further in 2022. Our office in Singapore is now fully operational and has taken over the European night desk. At the end of 2021, we entered the Australian market and started trading. We see several interesting market opportunities in the APAC region in the years to come.

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

Even more tech driven
In 2021, we continued to invest in new software solutions and trading tools for our platform. In 2022, we will invest further in our algorithmic trading competencies, and we see significant growth opportunities from this business area in the years to come.

Expectations for 2022
In 2022, we will continue to deliver on our accelerated growth strategy and leverage further on our global platform. Our three key priorities are:
1) Expand our position in the current markets within both existing and new products,
2) Further international expansion and enter new markets,
3) Grow our teams and become even more tech driven.

Bo Palmgren,
COO & Partner

In 2021, we achieved a new level of performance. All our teams delivered excellent results, creating strong opportunities for further growth in 2022 and the years to come.

Source: Refinitiv, German power price front calendar year.

MFT Energy Gas

Accelerated growth

MFT Energy Gas delivered on the accelerated growth strategy in 2021, expanding the market reach by adding six new markets to a total of 14, and significantly increased traded volumes by 190% to 180 TWh. The team added seven new members, bringing the total to 15, and is now ready to execute further on growth opportunities in 2022.

180
TWh traded
+190% in 2021

15
employees
+7 in 2021

6
exchanges
+2 in 2021

14
active trading markets
+6 in 2021

MFT Energy Gas

Expanding our gas platform

2021 was a great year for MFT Energy Gas. Backed by our well-proven trading strategies, further investments in tools and systems and a stronger team, we grew our traded volumes significantly. We expect the accelerated growth to continue in 2022 with a stronger team and better market positioning in place.

The gas markets were characterized by historically large price increases and high price volatility during 2021, especially in the second half of the year. Natural gas storage levels were low at the start of the fall and the winter season, and due to the relatively low power production from renewable sources like wind and Norwegian hydropower, gas-fired power plants drove up demand for natural gas even further. The TTF front month gas price was around EUR 20 per MWh at the start of the year and ended the year at around EUR 70 per MWh. During December, the price peaked at EUR 170 per MWh.

Both existing and new markets offered good trading opportunities for our well proven strategies. Our robust risk management systems and operational efficiency were key for us in navigating the market challenges and delivering our strong operating performance.

Further market expansion

MFT Energy Gas has 24/7 market surveillance, and trades can be settled both physically and financially. The primary focus for the team is short-term physical trading.

Further market expansion was a key priority during the year and six new markets were added in Europe. By the end of 2021, we were licensed to handle physical gas in 14 markets. Our initial trading activity in these new markets has been very satisfactory, proving the strong match with our trading strategies.

In 2021, MFT Energy Gas was accredited to trade on two more exchanges, bringing the total to six exchanges by the end of the year.

Strengthening our automation

We invested further in automation, improving our operating efficiency and performance. We have strengthened our ability to navigate the growing market complexity, and analyzing more market data resulting in more solid decision making.

In 2022, we will invest further in our algoritmic trading competencies and solutions, and we see significant growth opportunities within this new line of business in the years to come.

Expectations for 2022

In 2022, we plan to apply the added strength of our gas team and our much stronger market positioning to unfold further growth opportunities in existing markets and expand into new ones.

David Carter
Director of Gas Trading & Partner

In 2022, we will leverage further on our much stronger market positioning and our accelerated growth strategy will bring us into new products, markets, and algorithmic trading strategies.

Source: Refinitiv, The TTF front month gas price.

Financial performance 2021

2021 was another record year for MFT Energy. Gross profit increased to EUR 83.7m (+524%) and EBIT increased to EUR 65.4m (+737%). The results outperformed even our most optimistic projections and proved the strength of our business model.

Exceeding our expectations

In 2021, our highly skilled trading teams succeeded in turning a demanding market situation into good business opportunities, increasing the traded volume by 170% to 205 TWh.

The increased trading activity was reflected in the numbers. In 2021, gross profit increased to EUR 83.7m compared to EUR 13.4m in 2020 and EBIT increased to EUR 65.4m compared to EUR 7.8m in 2020.

Revenue growth

MFT Energy posted 2021 revenue of EUR 1,338.8m, a significant 672% increase from EUR 173.5m in 2020. The improvement was primarily driven by a significant increase in traded volumes derived from all trading teams in existing and new markets - in particular, the gas team experienced significant growth in 2021.

MFT Energy Gas was established in 2020, and in 2021 gained a strong position by growing its revenue to EUR 690.4m from EUR 22.6m in 2020, corresponding to 52% of Group revenue in 2021. MFT Energy Power also increased its traded volume significantly in 2021 with posted revenue of EUR 648.4m, up from EUR 150.9m in 2020.

Gross profit increased by 524%

Gross profit increased to EUR 83.7m in 2021 from EUR 13.4m in 2020, corresponding to a 524% improvement. More than 87% of the trading days in 2021 produced a positive gross

Income statement (TEUR)	2021	2020	Growth
Revenue	1,338,762	173,480	672%
Gross profit	**83,702**	**13,408**	**524%**
Gross margin	*6.3%*	*7.7%*	
Operating profit before financial income and expenses and tax (EBIT)	**65,390**	**7,815**	**737%**
Scalability (EBIT as a percentage of gross profit)	*78.1%*	*58.3%*	
Profit before tax (EBT)	**63,817**	**7,075**	**802%**
Profit for the year	**49,907**	**5,524**	**803%**

Conversion to IFRS

The Annual Report for 2021 has been prepared based on IFRS. IFRS requires additional disclosure of information relative to what is required under the Danish Financial Statements Act. Overall, the implementation of IFRS has not led to material changes in equity in neither 2021 nor 2020 (see details in note 27). However, the disclosure of revenue (note 4) and derivatives held for trading (notes 19 and 20) led to material reclassifications, but without any effect on the net profit of the year or equity.

Christian Pape
CFO & Partner

In 2021, we focused on timely, reliable, and accurate reporting for both internal and external use. The transition to IFRS has secured a high level of transparency and should be seen as a natural next step in our professionalization and preparations for the expected IPO in 2023.

profit with all trading teams contributing. Strong progress for the gas team led to a different business composition in 2021 and a decline in the gross margin to 6.3% in 2021 from 7.7% in 2020. Gas trading is characterized by higher volumes and lower margins.

MFT Energy grew financially stronger during 2021, which enabled the Group to expand its market presence during 2021 and hereby increase gross profit.

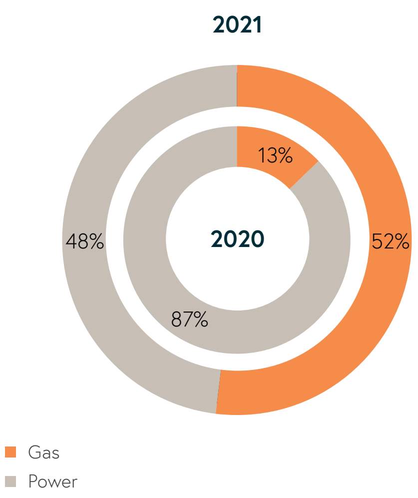
EBIT up by 737%

EBIT improved to EUR 65.4m in 2021 from EUR 7.8m in 2020, corresponding to a 737% increase. The improvement was driven by significantly higher trading activity without increasing costs to the same extent. As a result, scalability (EBIT as a percentage of gross profit) increased to 78% in 2021 from 58% in 2020.

Staff costs increased to EUR 13.6m in 2021, up from EUR 3.8m in 2020 due to a 60% increase in our headcount to 87 employees at the end of 2021 and an increase in bonus payments. New hires were made for both the trading and support teams, and these recruitments were implemented with the ambition to have two thirds of our total staff working on our trading teams.

Other external expenses grew to EUR 4.6m in 2021 from EUR 1.7m in 2020. The increase was linked to the expansion of the trading activity and to the further improvements made to MFT Energy's platform.

Revenue split, 2020 - 2021

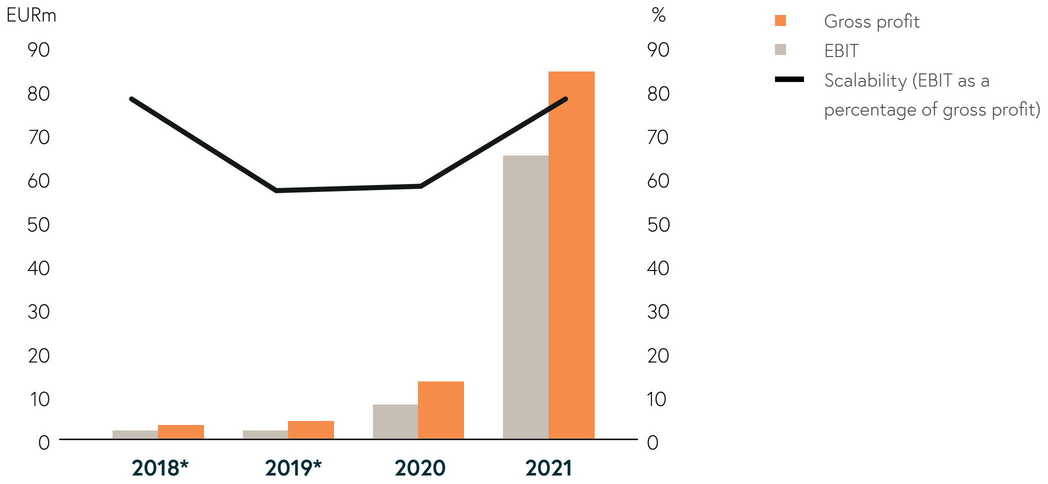


Net financial expenses totaled EUR 1.6m in 2021 up from EUR 0.7m in 2020. The net financial expenses mainly related to interest on loans and costs of credit facilities to be used for trading purposes.

Solid pre-tax profit

MFT Energy achieved pre-tax profit (EBT) of EUR 63.8m in 2021 compared to EUR 7.1m in 2020, an increase of 802%. Tax on the profit for the year amounted to EUR 13.9m corresponding to an effective tax rate of 21.8%.

Gross profit, EBIT and Scalability, 2018 - 2021



Profit for the year

Net profit for the year totaled EUR 49.9m compared to EUR 5.5m in 2020, representing an increase of 803% year on year.

Strong cash flows

Cash flow from operating activities rose to EUR 22.5m in 2021 from EUR 5.2m in 2020. The increase in EBITDA had a positive effect on the cash flow, which was partially offset by the increase in net working capital. The increase in net working capital was mainly due to an increase in collaterals required for the trading activities.

Cash flow from investing activities was an outflow of EUR 1.0m in 2021 compared to an outflow of EUR 0.3m in 2020.

Cash flow from financing activities was an outflow of EUR 0.4m in 2021 compared to an inflow of 5.7m in 2020. In 2020, new loans led to an inflow of cash. Loans were partly repaid in 2021, and lease obligations were added as part of the IFRS implementation.

The total change in cash and cash equivalents was an inflow of EUR 21.9m in 2021, which was an improvement from EUR 10.6m in 2020.

*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.

Solid capital structure

At the end of 2021, total assets amounted to EUR 481.3m as compared to EUR 41.7m in 2020. The EUR 439.6m increase was mainly linked to derivatives held for trading, which caused an increase of more than EUR 320m in assets and liabilities. Under IFRS, derivatives must be reported gross per counterparty and the increase in trading activities has had a significant effect on total assets.

Other receivables increased to EUR 79.5m in 2021 from EUR 9.2m in 2020 mainly due to an increase in collaterals required for trading activities, and cash and cash equivalents increased by EUR 21.9m to EUR 34.5m in 2021.

At 31 December 2021, MFT Energy had equity of EUR 61.4m, up by 541% from EUR 9.6m at 31 December 2020. The increase was linked to the profit for the year. The return on equity increased from 82% in 2020 to 141% in 2021.

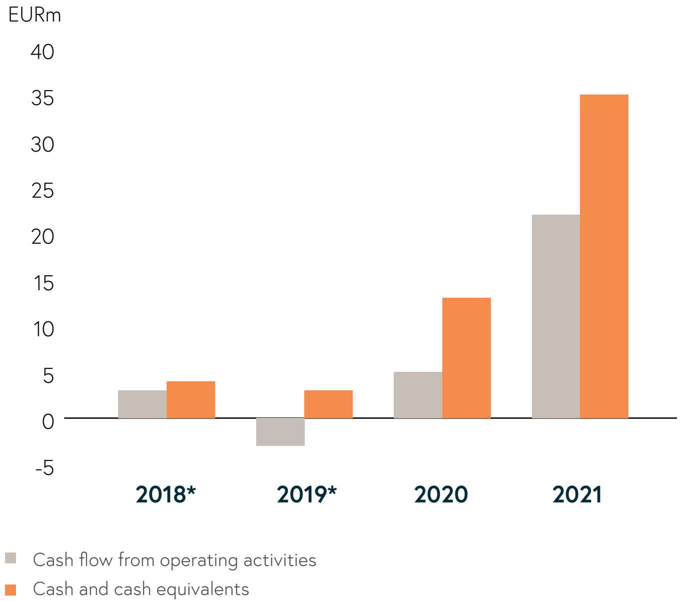
The equity ratio declined from 23% to 13%, adversely affected by the above-mentioned increase in net assets. The large amount of derivatives on the balance sheet is due to IFRS requirements but the actual risk and exposure for the Group is only the net position of the derivatives in the assets and liabilities. According to the IFRS requirements, the balances have been offset in regards of similar products and contractual equalities.

Outlook for 2022

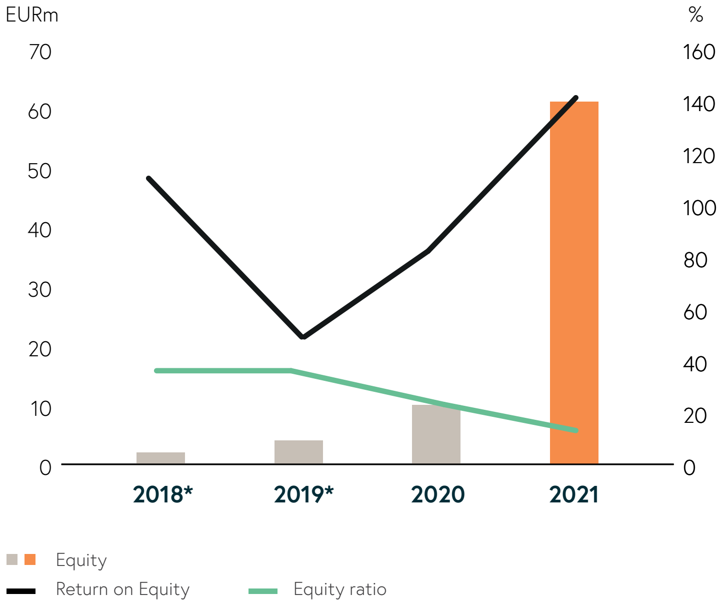
At MFT Energy, we will continue to execute on our accelerated growth strategy in 2022 and to further strengthen all trading teams and our platform. The key strategic priority is to expand our market position, by growing our traded volumes in the current markets and expand internationally.

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.

Cash flow, Cash and cash equivalents, 2018 - 2021



Equity, Return on equity and Equity ratio, 2018 - 2021



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.

*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.

A solid cash management approach

Capital is a key resource in MFT Energy's business model and an essential driver for our growth and expansion. In 2021, we upgraded our cash flow forecasting tools and successfully optimized our working capital. In 2022, we will continue to optimize the allocation of our capital.

Maintaining stability
MFT Energy is committed to maintaining financial stability, having a solid capital structure and staying focused on optimizing our working capital. In 2021, we integrated our systems and analytical tools further, which has improved our reporting and decision making. Together with risk management and the trading teams, we navigated the relative volatile power and gas markets very well and supported our growth. Staying in constant control of our cash flows creates visibility and ensures good value adding decisions.

We prepare a current 60-day cash flow forecast on a daily basis which also feeds into the longer-term current forecasts we operate with. The cash flow forecasts ensure that MFT Energy has sufficient cash to settle our overall obligations. Longer-term forecasts also include more strategic initiatives.

Supporting growth
The efficiency and robustness of our more proactive approach was confirmed in 2021. The volatile power and gas markets offered many good trading opportunities, but were also challenging to navigate. Our capital allocation strategy was good and delivered strong returns. We expect relatively volatile markets in the years to come and will optimize our capital allocation and cash management approach accordingly to support our strong growth potential even further.

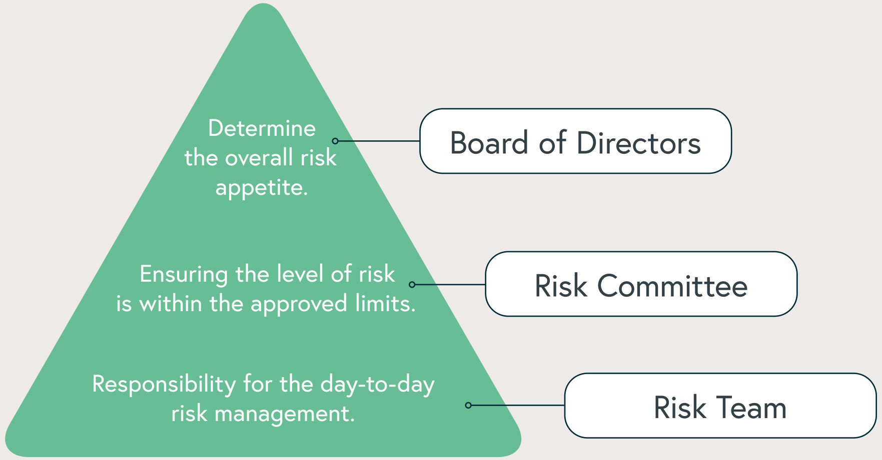
Anders Simonsen
Director & Partner, Treasury

Through further integration of our treasury, risk management and trading teams, we have become even better at generating value and support for our future growth plans.

Proactive risk management

Proactive risk management is an important part of MFT Energy's solid business model. In 2021, the highly volatile markets required a robust and dynamic setup with close monitoring of our overall risk. Our risk management procedures and systems worked very well and were strong contributors to our performance in 2021.

Risk governance framework



Risk management is a cornerstone of MFT Energy's day-to-day operations and of the execution of our growth strategy. Risk management governs the entire operation and ensures a responsible approach to our activities and implementation of new growth initiatives. The overall objective of the risk management approach is to ensure controlled and value-creating performance and growth. Only calculated risks that lie within the overall business strategy and within approved risk mandates are accepted, and all trading activities are monitored in a systematic approach. This ensures a clear alignment of MFT Energy's risk appetite with the mandates allocated to the trading teams and their activities.

In 2021, we strengthened our systems, tools and reporting even further by expanding our treasury and risk management setup. This has led to a much more proactive approach with stronger surveillance of mandates and the opportunity to support our teams in their day-to-day execution. Based on this more proactive approach, all mandates have been updated and optimized to reflect the more volatile markets and the opportunities they provide.

On par with our strong market growth and international expansion, the risk management team was further strengthened in 2021. The risk management team has been a key driver in supporting the day-to-day decisions of our trading teams and the execution of their growth strategies.

Lasse Riis Andersen
Director & Partner, Risk Management

Proactive risk management is more important now, given the current volatile markets and increasing collateral requirements.

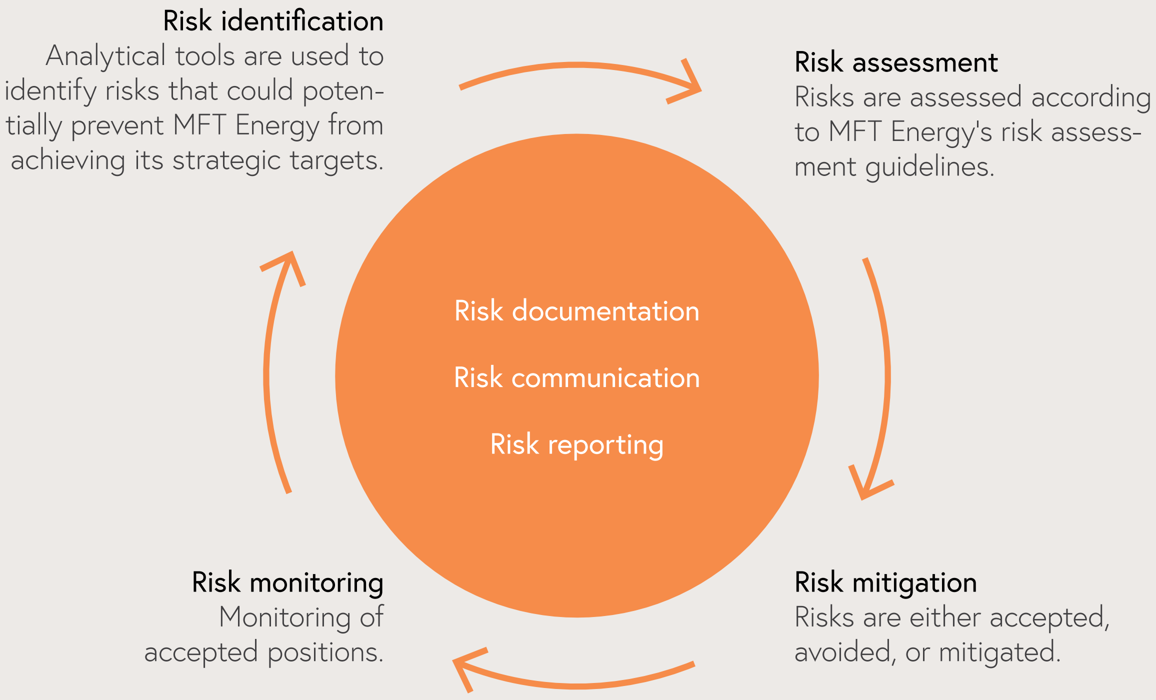
In 2022, we will further sharpen our focus on supporting the business teams' expansion and controlled growth. We will continue to optimize our mandates and implement new initiatives to make our data, controls and stress testing even more robust.

Risk Governance

The overall risk appetite at MFT Energy is determined by the Board of Directors. The Board of Directors also ensures that the commercial activities are conducted in a financially responsible manner and that essential risks are mitigated. Further, the Board of Directors has a duty to ensure that the risk appetite is aligned with the instructions given, and that a clear mandate is communicated to the CEO of the company. The CEO charges the Risk Committee with the responsibility of ensuring the level of risk is within the approved limits. The Risk Committee has the sole mandate to approve the implementation of measures associated with increased risk. The Risk Committee makes its decisions based on the information provided by the trading teams. In addition to making information available to the Risk Committee, the Risk Team monitors the approved mandates and implements approved mitigative actions.

Responsibility for the day-to-day risk management acti- vities lies with the Risk Team in close cooperation with all managerial levels, securing risk identification, assessment, mitigation and monitoring. Our data-driven risk management was of great importance in 2021. MFT Energy applies a risk management framework consisting of a valuation of all trades with future delivery and a risk metric in the form of Value-At-Risk. This provides a clear overall view of how market risk evolves and shows how the different trades have correlated in the past. All of this is reported and monitored daily by the Risk Team.

Risk Management and Compliance



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.

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 awarenesss 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 and the risk is evaluated as relatively low.

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.

Page 4 and page 12 of this Annual Report provide a more thorough description and introduction to MFT Energy's business model and operational activities.

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

60,000+

EUR donated in 2021 to organizations working for a better tomorrow.

98%

of respondents feel they contribute to the overall strategy of MFT Energy

97%

recognize the MFT Energy values in their daily work

Source: MFT Energy Workplace Assessment, end 2021

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.

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. Page 18 of this Annual

Report provides a more thorough description of our corporate culture, our initiatives related to human resources and the experience of our 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

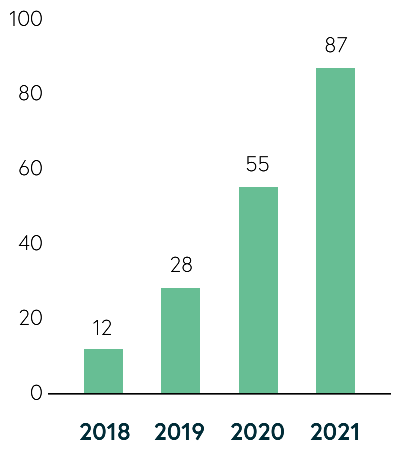
In 2021, MFT Energy attended several career fairs and presented the wide range of opportunities MFT Energy can offer as an interesting and developing workplace. At the end 2021, we launched The MFT Energy Graduate Program, a 2-year learning journey intended to grow and develop talented specialists. Graduates 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.

Number of employees at year end, 2018-2021



Acting responsibly is rooted in our values

Acting responsibly in relation to society and towards each other is rooted in our values. We safeguard our integrity and act in a fair way, to the benefit of our employees and society. Our trading activities facilitate the green transition and contribute to efficient energy markets.

VALUE #1

Grit

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

Grit drives achievement and success at MFT Energy, independent of and beyond what talent and intelligence may contribute. We don't seek perfection, but instead strive for excellence, maintaining our core purpose and integrity in the face of unforeseen hardship.

VALUE #2

Hunger

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

Combining ambition, passion and energy, hunger conquers the fear of failure and helps us to take on more responsibilities. We are successful entrepreneurs, fuelled by hunger, continually driven to raise our game.

VALUE #3

Unity

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

Our highly-collaborative working environment encourages us to perform at top levels and creates a sense of solidarity and loyalty. We work best together when a sense of fairness is in play, while shared objectives help us understand the contributions our efforts have on the success of the business.

MFT Energy's Executive Leadership

Our key focus in 2021 was on executing our accelerating growth strategy while at the same time preparing for a potential public listing in 2023.

The Board of Directors has the overall responsibility for MFT Energy's strategic direction. The current growth strategy was initiated in 2020 with the focus on Building the Base and Growing the Business in the following two years in preparation for an IPO in 2023. The Executive Leadership Team, together with the entire organization, is responsible for the day-to-day operations. Delivering on the agreed objectives in a controlled manner and in line with our corporate values.

Accelerating growth in 2021 required a tremendous effort from everyone in the organization, and the results have been record high. We have built a much stronger position for further growth in 2022.

As in previous years, a top priority for the Board of Directors was to allocate sufficient investments to strengthen all key support functions and structures. In 2021, Finance, Risk Management, IT Security, and further automation were the main areas of attention, but all parts of the platform were strengthened. Market access, ensuring the opening of new markets in a structured way, was also strengthened

Transparency and compliance requirements as a listed company were also in focus in 2021 and as a part of that process, we decided to change our accounting principles to IFRS, a task now completed by the finance team, led by our new CFO, Christian Pape. Required policies and compliance structures as a listed company will also be a key priority in 2022.

Additionally, several essential policies have been further developed and approved by the Board of Directors, including updated guidelines for Risk Management, Compliance, and IT Security.

In 2021, the distribution between men and women on the Board of Directors was four to zero. It is the intention of the shareholders of MFT Energy to expand the number of seats on the Board of Directors by adding members from outside of the organization. MFT Energy has a target of having at least one to two female board members by 2024, who will be evaluated and elected on an equal basis with other board candidates based on relevant experience and competencies.

1 Cagdas Ozan Ates, CCO & PARTNER

Cagdas Ozan Ates is Chief Commercial Officer and a partner of MFT Energy since 2018. He is a Danish citizen and born in 1978. Cagdas holds an M.Sc. in Finance and International Business and has 18 years of leadership and energy trading experience.

Cagdas Ozan Ates is a member of the Board of MFT Energy A/S.

2 Torben Nordal Clausen, CEO & PARTNER

Torben Nordal Clausen is Chief Executive Officer and a partner of MFT Energy. Torben was elected to MFT Energy's Board of Directors in 2018 and took over the position as CEO in May 2020. Torben is a Danish citizen, born in 1969 and holds an MBA from Henley Business School. Torben has more than 25 years of management experience.

Torben Nordal Clausen is a member of the Board of MFT Energy A/S.

3 Christian Pape, CFO & PARTNER

Christian Pape is Chief Financial Officer, a position he has held since joining the company in May 2021, and a partner of MFT Energy. He is a Danish citizen and born in 1976. Christian holds an M.Sc. in Business Economics and Auditing and has 15 years of management experience.

4 Jacob Vald Guldberg, CIO & PARTNER

Jacob Vald Guldberg is Chief Information Officer, a position he has held since joining the company in 2018 and a partner of MFT Energy. He is a Danish citizen and born in 1985. Jacob holds a B.Sc. in IT and Product Design and has 12 years of IT and leadership experience.

5 Simon Fisker Rathjen, CVO & PARTNER

Simon Fisker Rathjen is Chief Visionary Officer and a Founding Partner of MFT Energy. He is a Danish citizen and born in 1986. Simon holds a B.Sc. in Financial Planning and has 12 years of energy trading experience.

Simon Fisker Rathjen is the Chairman of the Board of Directors of MFT Energy A/S.

6 Bo Palmgren, COO & PARTNER

Bo Palmgren is Chief Operating Officer, a position he has held since joining the company in 2019 and a partner of MFT Energy. He is a Danish citizen and born in 1982. Bo holds an M.Sc. in Finance and International Business and has 15 years of energy trading and leadership experience.

7 Lars Kristensen, CRO & PARTNER

Lars Kristensen is Chief Risk Officer, a position he has held since March 2020, and a partner of MFT Energy. Lars joined the company in 2017. He is a Danish citizen and born in 1981. Lars holds an M.Sc. in Economics and has 13 years of energy trading experience.

Lars Kristensen is a member of the Board of MFT Energy A/S.

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Income Statement
for the year ended 31 December 2021

		GROUP		PARENT	
TEUR	Notes	2021	2020	2021	2020
Revenue	4	1,338,762	173,480	1,338,762	173,480
Fair value adjustment of financial and physical energy contracts	5	45,540	6,378	43,628	6,075
Cost of sales		-1,300,600	-166,450	-1,300,600	-166,450
Gross profit		**83,702**	**13,408**	**81,790**	**13,105**
Other external expenses		-4,642	-1,657	-4,417	-1,517
Staff costs	7	-13,589	-3,819	-2,870	-1,265
Other operating income		44	0	5,121	5,174
Other operating expenses	8	0	0	-83,092	-15,941
Depreciation, amortization and impairment		-125	-117	-121	-115
Operating profit before financial income and expenses and tax (EBIT)		**65,390**	**7,815**	**-3,589**	**-559**
Income from investments in subsidiaries	15	0	0	38,613	5,619
Financial income	9	1,624	484	1,497	310
Financial expenses	9	-3,197	-1,224	-3,051	-924
Profit before tax (EBT)		**63,817**	**7,075**	**33,470**	**4,446**
Tax on profit for the year	10	-13,910	-1,551	1,117	257
Profit for the year		**49,907**	**5,524**	**34,587**	**4,703**
Profit for the period attributable to:					
Shareholders of MFT Energy A/S		34,587	4,703		
Non-controlling interests		15,320	821		
		49,907	**5,524**		

Statement of Comprehensive Income
for the year ended 31 December 2021

		GROUP		PARENT	
TEUR	Notes	2021	2020	2021	2020
Profit for the year		**49,907**	**5,524**	**34,587**	**4,703**
Other comprehensive income					
Items that may be reclassified to profit or loss					
Value adjustment for cash flow hedges for the year	6	1,914	0	1,914	0
Value adjustments on cash flow hedges reclassified to profit or loss		-686	0	-686	0
Income tax relating to these items		-270	0	-270	0
Other comprehensive income for the period, net of tax		**958**	**0**	**958**	**0**
Total comprehensive income for the period		**50,865**	**5,524**	**35,545**	**4,703**
Total comprehensive income for the period attributable to:					
Shareholders of MFT Energy A/S		35,545	4,703		
Non-controlling interests		15,320	821		
		50,865	**5,524**		

Balance Sheet
as at 31 December 2021

		GROUP			PARENT		
TEUR	Notes	2021	2020	1 January 2020	2021	2020	1 January 2020
ASSETS							
Non-current assets							
Intangible assets	11	43	47	73	1	3	5
Property, plant and equipment	12	58	98	51	57	97	51
Right-of-use assets	13	155	96	154	155	96	154
Deferred tax assets	14	14	1	0	14	1	0
Equity investments in subsidiaries	15	0	0	0	45,983	7,358	1,873
Deposits		236	136	30	208	16	28
Other receivables		941	92	0	942	92	0
Total non-current assets		**1,447**	**470**	**308**	**47,360**	**7,663**	**2,111**
Current assets							
Inventories	16	10,720	530	0	10,720	530	0
Trade receivables	17	21,037	9,082	4,402	20,833	7,709	3,712
Receivables from group enterprises		375	250	171	5,986	2,167	894
Claim for payment of company capital		0	50	50	0	50	50
Income tax receivables		0	0	0	833	325	70
Derivatives	19	333,365	9,139	0	333,365	9,139	0
Prepayments		367	421	131	281	163	101
Other receivables		79,506	9,156	4,120	78,902	7,781	4,079
Cash and cash equivalents		34,511	12,618	2,015	32,306	11,795	1,760
Total current assets		**479,881**	**41,246**	**10,889**	**483,226**	**39,659**	**10,666**
Total assets		**481,328**	**41,716**	**11,197**	**530,586**	**47,322**	**12,777**

		GROUP			PARENT		
TEUR	Notes	2021	2020	1 January 2020	2021	2020	1 January 2020
EQUITY							
Share capital	21	68	67	67	68	67	67
Reserves and retained earnings		44,932	8,376	3,722	44,932	8,426	3,722
Proposed dividend for the year		0	50	0	0	50	0
Equity attributable to MFT Energy A/S's shareholders		45,000	8,493	3,789	45,000	8,493	3,789
Equity attributable to non-controlling interests		16,408	1,089	136	0	0	0
Total equity		**61,408**	**9,582**	**3,925**	**45,000**	**8,493**	**3,789**
LIABILITIES							
Non-current liabilities							
Borrowings	19	6,730	7,495	2,243	6,730	7,495	2,243
Lease liabilities	13	47	43	99	47	43	99
Payables to group enterprises	19	0	0	0	87,108	0	0
Other liabilities		49	384	944	0	184	752
Total non-current liabilities		**6,826**	**7,922**	**3,286**	**93,885**	**7,722**	**3,094**
Current liabilities							
Borrowings	19	712	181	12	712	181	12
Lease liabilities	13	111	56	55	111	56	55
Trade payables		50,640	9,655	2,966	50,638	8,353	2,430
Payables to group enterprises	19	0	0	0	0	11,521	3,330
Derivatives	19	337,712	9,053	0	337,712	9,053	0
Corporate tax liabilities		14,193	1,994	487	0	0	0
Other liabilities		9,726	3,273	466	2,528	1,943	67
Total current liabilities		**413,094**	**24,212**	**3,986**	**391,701**	**31,107**	**5,894**
Total liabilities		**419,920**	**32,134**	**7,272**	**485,586**	**38,829**	**8,988**
Total liabilities and equity		**481,328**	**41,716**	**11,197**	**530,586**	**47,322**	**12,777**

Statement of Cash Flows
for the year ended 31 December 2021

		GROUP		PARENT	
TEUR	**Notes**	**2021**	**2020**	**2021**	**2020**
Cash flows from operating activities					
Net profit (loss) for the year		49,907	5,524	34,587	4,703
Adjustments	22	15,807	2,526	-37,779	-5,082
Changes in net working capital	22	-39,653	-1,692	-46,240	5,741
Cash flows from operating activities before financial income and expenses		**26,061**	**6,358**	**-49,432**	**5,362**
Interest received		1,624	484	1,497	310
Interest paid		-3,197	-1,224	-3,120	-924
Income taxes paid		-1,994	-442	326	0
Net cash flow from operating activities		**22,494**	**5,176**	**-50,729**	**4,748**
Cash flows from investing activities					
Payments for property, plant and equipment	12	-61	-79	-61	-79
Fixed asset investments		0	-214	0	0
Payment of deposits		-100	13	-192	0
Share purchase programs		-816	0	-816	0
Net cash flow from investing activities		**-977**	**-280**	**-1,069**	**-79**

		GROUP		PARENT	
TEUR	**Notes**	**2021**	**2020**	**2021**	**2020**
Cash flows from financing activities					
Proceeds from borrowings	19	-234	5,421	-234	5,421
Principal elements of lease payments	13	-147	-55	-147	-55
Proceeds from group enterprises		0	442	40	0
Change in loans with group enterprises		-125	-79	71,768	0
Dividends paid to shareholders		-50	-22	-50	0
Equity shareholder increase		932	0	932	0
Net cash flow from financing activities		**376**	**5,707**	**72,309**	**5,366**
Change in cash and cash equivalents		**21,893**	**10,603**	**20,511**	**10,035**
Cash and cash equivalents at 1 January		12,618	2,015	11,795	1,760
Cash and cash equivalents at 31 December		**34,511**	**12,618**	**32,306**	**11,795**

In addition to cash and cash equivalents MFT Energy 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).

Statement of Changes in Equity, Group
for the year ended 31 December 2021

GROUP

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	**67**	**50**	**0**	**0**	**3,672**	**0**	**3,789**	**136**	**3,925**
Profit for the period	0	0	0	0	4,653	50	4,703	821	5,524
Total comprehensive income	**0**	**0**	**0**	**0**	**4,653**	**50**	**4,703**	**821**	**5,524**
Transactions with owners in their capacity as owners									
Dividends paid	0	0	0	0	0	0	0	-22	-22
New non-controlling interests	0	0	0	0	0	0	0	154	154
Share-based payment	0	0	0	0	1	0	1	0	1
As at 31 December 2020	**67**	**50**	**0**	**0**	**8,326**	**50**	**8,493**	**1,089**	**9,582**
As at 1 January 2021	**67**	**50**	**0**	**0**	**8,326**	**50**	**8,493**	**1,089**	**9,582**
Profit for the period	0	0	0	0	34,587	0	34,587	15,320	49,907
Other comprehensive income	0	0	0	958	0	0	958	0	958
Total comprehensive income	**0**	**0**	**0**	**958**	**34,587**	**0**	**35,545**	**15,320**	**50,865**
Transactions with owners in their capacity as owners									
Cash capital increase	1	0	931	0	0	0	932	0	932
Dividends paid	0	0	0	0	0	-50	-50	0	-50
Share-based payments	0	0	0	0	80	0	80	0	80
Remaining share capital paid	0	-50	0	0	50	0	0	0	0
Transfer from share premium account	0	0	-931	0	931	0	0	0	0
As at 31 December 2021	**68**	**0**	**0**	**958**	**43,974**	**0**	**45,000**	**16,409**	**61,409**

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

PARENT

TEUR	Share capital	Reserve for unpaid share capital	Share premium account	Reserve for loans to shareholders	Hedging reserve	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total equity
As at 1 January 2020	**67**	**50**	**0**	**0**	**0**	**1,332**	**2,340**	**0**	**3,789**
Adjustment related to IFRS conversion	0	0	0	0	0	-1,332	1,332	0	0
Restated total equity at 1 January 2020	**67**	**50**	**0**	**0**	**0**	**0**	**3,672**	**0**	**3,789**
Profit for the period	0	0	0	0	0	5,489	-836	50	4,703
Total comprehensive income	**0**	**0**	**0**	**0**	**0**	**5,489**	**-836**	**50**	**4,703**
Transactions with owners in their capacity as owners									
Share-based payment	0	0	0	0	0	0	1	0	1
As at 31 December 2020	**67**	**50**	**0**	**0**	**0**	**5,489**	**2,837**	**50**	**8,493**
As at 1 January 2021	**67**	**50**	**0**	**0**	**0**	**5,489**	**2,837**	**50**	**8,493**
Profit for the period	0	0	0	816	0	38,625	-4,854	0	34,587
Other comprehensive income	0	0	0	0	958	0	0	0	958
Total comprehensive income	**0**	**0**	**0**	**816**	**958**	**38,625**	**-4,854**	**0**	**35,545**
Transactions with owners in their capacity as owners									
Cash capital increase	1	0	931	0	0	0	0	0	932
Dividends paid	0	0	0	0	0	0	0	-50	-50
Share-based payments	0	0	0	0	0	0	80	0	80
Remaining share capital paid	0	-50	0	0	0	0	50	0	0
Transfer from share premium account	0	0	-931	0	0	0	931	0	0
As at 31 December 2021	**68**	**0**	**0**	**816**	**958**	**44,114**	**-956**	**0**	**45,000**

Notes to the Financial Statements

1 Basis of preparation

The consolidated financial statements of MFT Energy A/S ('the Parent Company') and its subsidiaries ('the Group' or 'MFT Energy') for the year ended 31 December 2021 were authorized for issue in accordance with a resolution of the Board of Directors and Executive Management on 7 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 A/S and its subsidiaries while the separate financial statements are for MFT Energy A/S.

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

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

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

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

First-time adoption of IFRS
These consolidated financial statements and separate 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 27 for information on how the Group and MFT Energy A/S 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.

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 and the separate financial statements are presented in Euro (EUR), which is MFT Energy A/S's functional and presentation currency.

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

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

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

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

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

Notes to the Financial Statements

1 Basis of preparation, continued

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 amortized cost.

Other receivables
Other receivables consist of deposits related to trading, receivable VAT and miscellaneous receivables. Other receivables are measured at amortized 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.

2 Critical accounting estimates and judgements

The preparation of MFT Energy A/S's consolidated and Parent 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.

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 18 for more detailed description and a display of the fair value hierarchy.

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

3 Impact of new accounting standards

Refer to note 27 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.

Notes to the Financial Statements

4 Revenue

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

The Group derives revenue from the transfer of sold power and gas at a point in time. In 2021 and 2020, the entire revenue was generated within Europe, as this was the only region with trades that uses capacities. MFT Energy also enters into trading outside of Europe, but those trades did not use capacities neither in 2021 or 2020 and therefore do not qualify for recognition within revenue. Instead, they are recognized on a net basis within the line-item fair value adjustment of financial and physical energy contracts.

According to the Danish GAAP it is possible to recognize 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:

	GROUP		PARENT	
TEUR	**2021**	**2020**	**2021**	**2020**
Revenue from contracts, Danish GAAP				
Sales of Power	1,091,818	211,753	1,083,779	211,337
Sales of Gas	3,137,124	249,099	3,137,124	249,099
Revenue	**4,228,942**	**460,852**	**4,220,903**	**460,436**

Accounting policies

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

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

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

Notes to the Financial Statements

5 Fair value adjustments

	GROUP		PARENT	
TEUR	**2021**	**2020**	**2021**	**2020**
Fair value adjustments of financial and physical energy contracts				
Fair value adjustments related to Power contracts	-13,888	-1,312	-15,800	-1,615
Fair value adjustments related to Gas contracts	59,428	7,690	59,428	7,690
Total fair value adjustments	**45,540**	**6,378**	**43,628**	**6,075**

Accounting policies

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

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

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

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

6 Financial risk management

The Group's risk management is predominantly controlled by the risk 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

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

Market risk is the risk of losses or gains caused by changes in the market value of the Group's financial assets and liabilities resulting from changes in market prices or rates. Market risk affects the Group's financial 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 monitoring the trading activity of the Group. As part of the risk management position, limits are in place thus limiting the positions MFT Energy can take in a specific market and tenor. Furthermore, in order to lock-in current gains and prevent excessive losses, stop-loss limits are in place to force MFT Energy to close positions in case 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.

Notes to the Financial Statements

6 Financial risk management, continued

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 were 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.

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

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

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

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

Additionally, MFT Energy A/S 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 recognized 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 recognized 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.

	GROUP	
Sensitivity by commodity	Impact on profit or loss before tax	
TEUR	2021	2020
Power, increase of 30%*	90	60
Power, increase of 40%*	120	79
Gas, increase of 30%*	-1,080	126
Gas, increase of 40%*	-1,441	169

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

Notes to the Financial Statements

6 Financial risk management, continued

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

MFT Energy 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.

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

Parent Company's monetary items and sensitivity

	2021			2020		
TEUR	Cash and receivables	Potential volatility of exchange rate	Impact on profit or loss before tax	Cash and receivables	Potential volatility of exchange rate	Impact on profit or loss before tax
DKK/EUR	618	1%	6	2,081	1%	21
GBP/EUR	18,755	5%	893	2,358	5%	112
RON/EUR	1,143	2%	22	841	2%	16
BGN/EUR	1,040	0%	0	429	0%	0

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 MFT Energy. The risk management team monitors the credit risk daily and is actively optimising on the bank collaterals and bank guaranties made to counterparties.

MFT Energy 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 17. Please refer to note 20 for more detailed information about offsetting of financial assets and liabilities.

Notes to the Financial Statements

6 Financial risk management, continued

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 within MFT Energy A/S, primarily consist of receivables against commodity exchanges, clearing houses and TSOs. For the Group, such receivables amount to EUR 16,537k (2020: EUR 4,396) while for the Parent company, they amount to EUR 16.333k (2020: EUR 3,023k). Receivables against other parties amount to EUR 4,500k (2020: EUR 4,686k) for both the Group and the Parent Company. The provision for the trade receivables is immaterial for both the Group and the Parent Company.

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.

Liquidity risk

Liquidity risk is the risk that MFT Energy has insufficient funds to meet its financial obligations. The liquidity risk is monitored on a daily basis and daily cash flow forecasts are produced, ensuring 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

	GROUP					
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	0	0	0	50,640	50,640
Borrowings	1,145	1,525	4,247	2,413	9,330	7,442
Lease liabilities	115	47	0	0	162	158
Other payables	9,775	0	0	0	9,775	9,775
	61,675	**1,572**	**4,247**	**2,413**	**69,907**	**68,015**
At 31 December 2020						
Trade payables	9,655	0	0	0	9,655	9,655
Borrowings	713	1,072	4,243	3,828	9,856	7,676
Lease liabilities	59	58	0	0	117	99
Other payables	3,657	0	0	0	3,657	3,657
	14,084	**1,130**	**4,243**	**3,828**	**23,285**	**21,087**

Notes to the Financial Statements

6 Financial risk management, continued

Accounting policies

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

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

7 Staff costs

	GROUP		PARENT	
TEUR	**2021**	**2020**	**2021**	**2020**
Wages and salaries	13,269	3,615	2,687	1,187
Share-based payments	80	1	80	1
Pension cost, defined contribution plans	102	169	51	70
Other social security costs	138	34	52	7
	13,589	**3,819**	**2,870**	**1,265**
Average number of employees	70	34	31	16

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:

	GROUP 2021	GROUP 2020	PARENT 2021	PARENT 2020
Wages and salaries	785	497	702	426
Pension contribution	18	14	111	50
Other social security costs	112	51	15	12
Share-based payment	31	0	31	0
	946	**562**	**859**	**488**
Executive Board				
Wages and salaries	222	183	222	183
Pension contribution	4	5	4	5
Other social security costs	0	1	0	1
	226	**189**	**226**	**189**
Board of Directors				
Board fee	13	10	9	6

Notes to the Financial Statements

7 Staff costs

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

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

In 2021, the fair value of warrants recognized 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 have the option to buy the predefined amount of shares at a predefined value. The value that the employees are able to buy the share for is equivalent to the market price.

	GROUP	
Number of shares	**2021**	**2020**
Outstanding at the beginning of the period	1,286	0
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 recognized in the income statement amounts to EUR 80k (2020: EUR 1k) of which EUR 31k (2020: EUR 0) relates to key management personnel.

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

Notes to the Financial Statements

7 Staff costs, continued

Accounting policies

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

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

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

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

8 Other operating expenses

	PARENT	
TEUR	**2021**	**2020**
Reimbursements to subsidiaries	-83,092	-15,941
	-83,092	**-15,941**

Accounting policies

Other operating expenses comprise reimbursements to subsidiaries.

Notes to the Financial Statements

9 Financial income and expenses

	GROUP		PARENT	
TEUR	**2021**	**2020**	**2021**	**2020**
Financial income				
Gains on exchange forward derivatives	391	66	391	66
Other financial income	100	144	22	144
Foreign exchange rate gains	1,133	274	1,084	100
Total financial income	**1,624**	**484**	**1,497**	**310**
Financial expenses				
Interest on borrowings	511	419	511	419
Interest on lease liabilities	5	2	5	2
Total interest expense related to financial liabilities not at fair value through profit or loss	**516**	**421**	**516**	**421**
Foreign exchange rate losses	1,443	493	1,381	231
Loss on exchange forward derivatives	564	0	564	0
Other financial expenses	674	310	590	272
Total financial expenses	**3,197**	**1,224**	**3,051**	**924**

Accounting policies

Financial income and expenses

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

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

Foreign currency translation

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

Notes to the Financial Statements

10 Income tax expenses

	GROUP		PARENT	
TEUR	2021	2020	2021	2020
Current tax				
Current tax on profit for the year	13,923	1,552	-1,104	-257
Deferred income tax	-13	-1	-13	0
Income tax expense	**13,910**	**1,551**	**-1,117**	**-257**

	GROUP			
TEUR	2021	%	2020	%
Reconciliation of effective tax rate				
Tax at the Danish tax rate	14,040	22%	1,557	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	**13,910**		**1,551**	

	PARENT			
TEUR	2021	%	2020	%
Reconciliation of effective tax rate				
Tax at the Danish tax rate	7,363	22%	978	22%
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:				
Income from investments in subsidiaries	-8,510	22%	-1,236	22%
Non-deductible expenses	30	22%	1	22%
Income tax expense	**-1,117**		**-257**	

Accounting policies

The income tax expense or credit for the period is the tax payable on the taxable income of the current period, 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 realized or the deferred income tax liability is settled.

Notes to the Financial Statements

11 Intangible assets

	GROUP		
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
Amortization 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
Amortization charge	24	2	26
At 31 December 2020	**27**	**3**	**30**
Carrying amount at 31 December 2020	**44**	**3**	**47**

	PARENT	
TEUR	Software	Total
Cost:		
At 1 January 2021	6	6
At 31 December 2021	**6**	**6**
Accumulated depreciation and impairment:		
At 1 January 2021	3	3
Amortization charge	2	2
At 31 December 2021	**5**	**5**
Carrying amount at 31 December 2021	**1**	**1**
Cost:		
At 1 January 2020	6	6
Addition	0	0
At 31 December 2020	**6**	**6**
Accumulated depreciation and impairment:		
At 1 January 2020	1	1
Amortization charge	2	2
At 31 December 2020	**3**	**3**
Carrying amount at 31 December 2020	**3**	**3**

Notes to the Financial Statements

11 Intangible assets, continued

Software
Software comprises the cost associated with acquiring software licenses.

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

Accounting policies

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

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

Software	*3 years*
Incorporeal rights	*10 years*

12 Property, plant and equipment

	GROUP		
TEUR	**Other fixtures, fittings and equipment**	**Leasehold improve-ments**	**Total**
Cost:			
At 1 January 2021	141	20	161
Additions	33	28	61
Transfers	-27	27	0
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	0
Returned impairment and depreciation	-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**

Notes to the Financial Statements

12 Property, plant and equipment, continued

	PARENT		
TEUR	**Other fixtures, fittings and equipment**	**Leasehold improve-ments**	**Total**
Cost:			
At 1 January 2021	141	20	161
Additions	33	28	61
Transfers	-27	27	0
Disposals	-97	-17	-114
At 31 December 2021	**50**	**58**	**108**
Accumulated depreciation and impairment:			
At 1 January 2021	60	4	64
Depreciation charge	20	12	32
Transfer	-16	16	0
Returned impairment and depreciation	-35	-10	-45
At 31 December 2021	**29**	**22**	**51**
Carrying amount at 31 December 2021	**21**	**36**	**57**
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	2	31
Depreciation charge	31	2	33
At 31 December 2020	**60**	**4**	**64**
Carrying amount at 31 December 2020	**81**	**16**	**97**

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 recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

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

Notes to the Financial Statements

13 Leases

	GROUP & PARENT	
TEUR	**2021**	**2020**
Amounts recognized in the balance sheet		
Right-of-use assets		
Properties	155	96
	155	**96**
Additions to the right-of-use assets	146	0
Lease liabilities		
Current	111	56
Non-current	47	43
	158	**99**
Amounts recognized in the statement of profit or loss		
The statement of profit or loss shows the following amounts relating to leases:		
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

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

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments); any variable lease payment that 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 recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Notes to the Financial Statements

14 Deferred tax

	GROUP		PARENT	
TEUR	2021	2020	2021	2020
Deferred tax				
Deferred tax at the beginning of period	-1	0	-1	0
Deferred tax recognized in the statement of profit or loss	-13	-1	-13	-1
Deferred tax at year end	**-14**	**-1**	**-14**	**-1**
Deferred tax relates to:				
Right-of-use assets	-15	-1	-15	-1
Lease liabilities	1	0	1	0
Total	**-14**	**-1**	**-14**	**-1**
Of which presented as deferred tax assets	14	1	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 recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

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

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

15 Investments in subsidiaries

	PARENT	
TEUR	2021	2020
Cost at 1 January	1,869	1,873
Additions for the year	0	1
Disposals for the year	0	-5
Cost at 31 December	**1,869**	**1,869**
Value adjustments at 1 January	5,489	0
Profit for the year	38,613	5,619
Dividend to the Parent Company	-40	-51
Other adjustments	52	-79
Value adjustments at 31 December	**44,114**	**5,489**
Carrying amount at 31 December	**45,983**	**7,358**

Notes to the Financial Statements

15 Investments in subsidiaries, continued

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
MFT Energy 1 ApS	Denmark	DKK 55,626	94%
MFT Energy 2 ApS	Denmark	DKK 50,000	65%
MFT Energy 3 ApS	Denmark	DKK 50,000	60%
MFT Energy 4 ApS	Denmark	DKK 50,000	100%
MFT Energy 5 ApS	Denmark	DKK 50,000	64%
MFT Energy 6 ApS	Denmark	DKK 56,000	55%
MFT Energy US Inc.	USA	USD 1,000	100%
MFT Energy US 1 LLC	USA	USD 0	75%
MFT Energy APAC Holding Pte. Ltd.	Singapore	SGD 0	80%
MFT Energy Singapore Pte. Ltd.	Singapore	SGD 2	80%
MFT Energy Australia Pty. Ltd	Australia	AUD 0	80%
MFT Energy See Enerji A.S.	Turkey	TRY 2,000,000	64%

Accounting policies

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

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

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

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

Notes to the Financial Statements

16 Inventories

	GROUP			PARENT		
TEUR	2021	2020	1 January 2020	2021	2020	1 January 2020
Gas storage at weighted average cost	13,790	530	0	13,790	530	0
Basis adjustment from fair value hedging	-3,070	0	0	-3,070	0	0
Total inventories	**10,720**	**530**	**0**	**10,720**	**530**	**0**

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

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

	GROUP			PARENT		
TEUR	Assets	Liabilities	Total	Assets	Liabilities	Total
Accumulated fair value adjustments at 1 January	0	0	0	0	0	0
Fair value adjustments during the year	-3,070	0	-3,070	-3,070	0	-3,070
Accumulated fair value adjustments at 31 December	**-3,070**	**0**	**-3,070**	**-3,070**	**0**	**-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 recognized 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 realizable value. The net realizable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses.

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

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

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

Notes to the Financial Statements

17 Trade receivables

	GROUP		
TEUR	**2021**	**2020**	**1 January 2020**
Trade receivables from contracts	21,037	9,082	4,402
Loss allowance	0	0	0
Net trade receivables	**21,037**	**9,082**	**4,402**

	PARENT		
TEUR	**2021**	**2020**	**1 January 2020**
Trade receivables from contracts	20,833	7,709	3,712
Loss allowance	0	0	0
Net trade receivables	**20,833**	**7,709**	**3,712**

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

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

Accounting policies

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

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

Notes to the Financial Statements

18 Fair value measurement

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

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

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

- Gas derivatives
- Power derivatives
- Foreign currency derivatives

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

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

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

The level 3 fair value measurements are limited to 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 management's 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, and the final valuation is verified and approved by the risk management function. In order to minimize the use of subjective estimates or modifications of parameters and calculation models, it is MFT Energy's policy to determine fair values based on the external information that most accurately reflects the market values. The Group uses pricing services and benchmark services to increase the data quality. MFT Energy's policy is to recognize transfers into and out of fair value hierarchy levels at the end of each reporting period.

Notes to the Financial Statements

18 Fair value measurement, continued

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

2021 — GROUP & PARENT

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	0	330,083	2,603	332,686
Foreign currency derivatives	43	0	0	43
Total financial assets at fair value	**556**	**330,205**	**2,604**	**333,365**
Financial liabilities				
Power trading derivatives	392	0	279	671
Gas trading derivatives	0	336,832	203	337,035
Foreign currency derivatives	6	0	0	6
Total financial liabilities at fair value	**398**	**336,832**	**482**	**337,712**

2020 — GROUP & PARENT

TEUR	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Unobservable input Level 3	Total
Financial assets				
Power trading derivatives	13	0	136	149
Gas trading derivatives	0	8,963	0	8,963
Foreign currency derivatives	27	0	0	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**

Notes to the Financial Statements

18 Fair value measurement, continued

Accounting policies

Fair value measurement

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

19 Financial assets and financial liabilities

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

	GROUP			PARENT		
TEUR	**2021**	**2020**	**1 January 2020**	**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	0	333,365	9,139	0
Derivatives in hedge accounting, inventory	-3,070	0	0	-3,070	0	0
	330,295	9,139	0	330,295	9,139	0
Financial assets at amortized cost						
Deposits	236	136	30	208	16	28
Trade receivables	21,037	9,082	4,402	20,833	7,709	3,712
Receivables from group companies	375	250	171	5,986	2,167	894
Other receivables	80,447	9,248	4,120	79,844	7,873	4,079
Cash and cash equivalents	34,511	12,618	2,015	32,306	11,795	1,760
	136,606	31,334	10,738	139,177	29,560	10,473
Financial assets	**466,901**	**40,473**	**10,738**	**469,472**	**38,699**	**10,473**

	GROUP			PARENT		
TEUR	**2021**	**2020**	**1 January 2020**	**2021**	**2020**	**1 January 2020**
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	0	337,712	9,053	0
	337,712	9,053	0	337,712	9,053	0
Liabilities at amortized cost						
Trade payables	50,640	9,655	2,966	50,638	8,353	2,430
Borrowings	7,442	7,676	2,255	7,442	7,676	2,255
Payables to group enterprises	0	0	0	87,108	11,521	3,330
Lease liabilities	158	99	154	158	99	154
Corporate tax liabilities	14,193	1,994	487	0	0	0
Other payables	9,775	3,657	1,410	2,528	2,127	819
	82,208	23,081	7,272	147,874	29,776	8,988
Financial liabilities	**419,920**	**32,134**	**7,272**	**485,586**	**38,829**	**8,988**

Notes to the Financial Statements

19 Financial assets and financial liabilities, continued

GROUP

TEUR	2021 Current	2021 Non-current	2021 Total	2020 Current	2020 Non-current	2020 Total
Borrowings						
Credit institutions	712	5,385	**6,097**	181	6,049	**6,230**
Other loans	0	1,345	**1,345**	0	1,446	**1,446**
	712	**6,730**	**7,442**	**181**	**7,495**	**7,676**

PARENT

TEUR	2021 Current	2021 Non-current	2021 Total	2020 Current	2020 Non-current	2020 Total
Borrowings						
Credit institutions	712	5,385	**6,097**	181	6,049	**6,230**
Payable to group enterprises	0	87,107	**87,107**	11,521	0	**11,521**
Other loans	0	1,345	**1,345**	0	1,446	**1,446**
	712	**93,837**	**94,549**	**11,702**	**7,495**	**19,197**

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 rate 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 recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

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

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

Notes to the Financial Statements

20 Offsetting financial assets and financial liabilities

2021 — GROUP

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

Offsetting of financial assets and liabilities in the financial statement requires the following criteria to be fulfilled:
- that MFT Energy A/S currently has a legally enforceable right to set off the recognized amounts, and
- that MFT Energy A/S intends either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

In the event that a counterparty or the Group defaults, further offsetting will take place. In daily operation the risk and exposure are even less than stated above as our offsetting positions will have contractual similarities even though the trades are made with different counterparties. This ensures that the cashflow of the trades are offsetting each other if entering into delivery. This note discloses the offsetting in the financial statements, further netting according to enforce-able 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. Please refer to note 6 for further description of the Risk management and a description of the policies.

2020 — GROUP

TEUR	Gross amounts	Offsetting	Net amounts presented in the balance sheet	Related amounts not set off in the balance sheet: Cash collateral (received/ pledged)	Net amount
Financial assets					
Trade receivables	60,798	-51,716	**9,082**	936	10,018
Derivatives held for trading	29,301	-20,162	**9,139**	0	9,139
Total financial assets	**90,099**	**-71,878**	**18,221**	**936**	**19,157**
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**

Notes to the Financial Statements

20 Offsetting financial assets and financial liabilities, continued

2021 — **PARENT**

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

2020 — **PARENT**

TEUR	Gross amounts	Offsetting	Net amounts presented in the balance sheet	Related amounts not set off in the balance sheet: Cash collateral (received/ pledged)	Related amounts not set off in the balance sheet: Net amount
Financial assets					
Trade receivables	59,425	-51,716	**7,709**	936	8,645
Derivatives held for trading	29,301	-20,162	**9,139**	0	9,139
Total financial assets	**88,726**	**-71,878**	**16,848**	**936**	**17,784**
Financial liabilities					
Trade payables	60,069	-51,716	**8,353**	-2,324	6,029
Derivatives held for trading	29,215	-20,162	**9,053**	-1,063	7,990
Total financial liabilities	**89,284**	**-71,878**	**17,406**	**-3,387**	**14,019**

Accounting policies

Offsetting financial assets and financial liabilities

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

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

Notes to the Financial Statements

21 Share capital

	GROUP & PARENT			
	2021		2020	
	Number of shares	TEUR Nominal value	Number of shares	TEUR Nominal value
The share capital comprises of:				
Ordinary shares (fully paid)	510,206	68	125,000	17
Ordinary shares (unpaid)	0	0	375,000	50

TEUR	2021	2020
Changes in share capital		
Opening balance	67	67
Capital increase	1	0
Total	**68**	**67**

The share capital of EUR 68k at 31 December 2021 (2020: EUR 67k) is divided into 510,206 (2020: 500,000) shares at a nominal value of DKK 1 each. No shares carry any special rights.

	GROUP	
EUR per share	**2021**	**2020**
Total dividend paid out for the year	0.1	0
Total dividend proposed for the year	0	0.1

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 12.5% (31 December 2020: 22.9%)

Notes to the Financial Statements

21 Share capital, continued

Accounting policies

Equity reserves

Share capital

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

Reserve for unpaid share capital

Unpaid share capital is recognized on a gross basis, according to which the unpaid share capital is recognized and treated as a receivable in the 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 on 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 authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period. Payments of dividends are subject to debt covenants.

Non-controlling interests

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

22 Cash flow specifications

	GROUP		PARENT	
TEUR	**2021**	**2020**	**2021**	**2020**
Adjustments				
Financial income	-1,624	-484	-1,497	-310
Financial expenses	3,197	1,224	3,051	924
Depreciation, amortization and impairment charges	125	117	121	115
Income from investments in subsidiaries	0	0	-38,613	-5,619
Share-based remuneration	80	1	80	1
Income tax	13,910	1,551	-1,117	-257
Other adjustments	119	117	196	64
	15,807	**2,526**	**-37,779**	**-5,082**
Changes in net working capital				
Change in inventories	-10,190	-530	-10,190	-530
Change in trade receivables	-11,955	-4,680	-13,124	-3,997
Change in derivatives as an asset	-324,226	-9,139	-324,226	-9,139
Change in other operating assets	-70,329	-5,332	-71,273	-5,292
Change in trade payables	40,985	6,687	42,285	5,923
Change in derivatives as a liability	328,659	9,053	328,659	9,053
Fair value adjustments of hedging instruments	1,228	0	1,228	0
Change in other operating liabilities	6,175	2,249	401	9,723
	-39,653	**-1,692**	**-46,240**	**5,741**

Notes to the Financial Statements

22 Cash flow specifications, continued

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

	GROUP			PARENT			
TEUR	**Borrowings**	**Leases**	**Total**	**Borrowings**	**Leases**	**Payables to group enterprises**	**Total**
Net debt:							
At 1 January 2020	2,255	154	2,409	2,255	154	3,330	5,739
Cash flows	5,421	-55	5,366	5,421	-55	0	5,366
Additions without cash effect	0	0	0	0	0	8,191	8,191
At 31 December 2020	**7,676**	**99**	**7,775**	**7,676**	**99**	**11,521**	**19,296**
Cash flows	-234	-88	-322	-234	-88	0	-322
Additions without cash effect	0	147	147	0	147	75,587	75,734
At 31 December 2021	**7,442**	**158**	**7,600**	**7,442**	**158**	**87,108**	**94,708**

Accounting policies

Statement of cash flows
The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as share-based payment expenses, depreciation, amortization, and impairment losses. Working capital comprises current assets less short-term debt, excluding items included in cash and cash equivalents.

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt and principal element on lease payments as well as payments to and from shareholders.

Cash and cash equivalents
Cash and cash equivalents comprise cash and bank balances.

Notes to the Financial Statements

23 Contingent liabilities, commitments and contingencies

Contingent liabilities

	GROUP	
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 MFT Energy A/S as security for all the outstanding amounts to its main bank facility. At the same time, MFT Energy A/S has pledged certain 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.

	GROUP		PARENT	
TEUR	2021	2020	2021	2020
Rental and lease obligations				
MFT Energy has the following lease obligations under operating leases. Total future lease payments are:				
Within 1 year	165	73	11	73
Between 1 and 5 years	3	39	0	39
	168	**112**	**11**	**112**

Other contingent 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 is disclosed in the Annual Report of MFT Energy Holding ApS, which is the management company for joint taxation purposes. 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.

Notes to the Financial Statements

24 Related party transactions

The Group is controlled by the following entity:

			Ownership interests		
Name of entity	Type	Place of business	2021	2020	1 January 2020
MFT Energy Holding ApS	Ultimate parent company	Denmark	98%	100%	100%

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

There were no transactions with members of the Board of Directors and the Executive Board other than remuneration.

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

Interests in subsidiaries are set out in note 15.

Transactions with other related parties

	GROUP		PARENT	
TEUR	2021	2020	2021	2020
The following transactions occurred with related parties:				
MFT Energy Holding ApS				
Receivables	2,540	81	2,540	81
Dividend payments to MFT Energy Holding ApS	50	0	50	0
Paid in share capital	50	0	50	0
Other related parties*				
Purchase of services	12	85	12	85
Financial expenses	37	160	37	160
Loans received from other related parties	723	0	723	0

* 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%.

Notes to the Financial Statements

24 Related party transactions, continued

	GROUP		PARENT	
TEUR	2021	2020	2021	2020
Key management personnel				
Remuneration	234	195	234	195
Loans in connection with share purchase programs	816	0	816	0
Group companies				
Income Statement				
Sale of services			5,121	5,174
Purchase of services			83,092	15,941
Balance Sheet				
Trade receivables			3,769	1,273
Loans obtained from group companies			87,108	0
Trade payables			11,521	8,191

25 Fee to auditors appointed at the general meeting

	GROUP		PARENT	
TEUR	2021	2020	2021	2020
PricewaterhouseCoopers				
Audit fee	31	31	23	23
Other assurance services	3	3	3	3
Tax advisory service	25	17	25	17
Other services	122	49	116	45
	181	**100**	**167**	**88**

26 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.

Notes to the Financial Statements

27 First-time adoption of IFRS

The consolidated financial statements and the separate 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 and the separate 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 and the Parent Company'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 and the Parent Company 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 and the Parent Company has adopted IFRS 16, Leases, from the date of transition. With the adoption of IFRS 16, the Group recognized 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 recognized. 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 recognized 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 recognized 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 recognized 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.

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. For the Parent Company, the amount in 2021 equals to EUR 2,882,141k and EUR 286,956 in 2020.

Share-based payments
MFT Energy A/S has granted warrants to certain key employees. According to IFRS 2, the fair value of such instruments shall be recognized 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 a warrant program. Under Danish GAAP, the Group has not recognized any expenses. The compensation expenses for 2020 amounts to EUR 1k.

Netting of financial assets and liabilities
MFT Energy A/S 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. MFT Energy 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.

Notes to the Financial Statements

27 First time adoption of IFRS, continued

Group reconciliation

	As at 1 January 2020			For the year ended 1 January 2020	As at 31 December 2020		
TEUR	**Assets**	**Liabilities**	**Equity**	**Profit for the year**	**Assets**	**Liabilities**	**Equity**
According to the Danish Financial Statements Act	11,043	7,118	3,925	5,527	32,567	22,984	9,583
IFRS adjustments							
Leases	154	154	0	-3	95	97	-3
Offsetting of financial assets and liabilities	0	0	0	0	9,053	9,053	0
Share-based payment	0	0	0	-1	0	0	1
Deferred tax of changes	0	0	0	1	1	0	1
	154	154	0	-3	9,149	9,150	-1
According to IFRS	**11,197**	**7,272**	**3,925**	**5,524**	**41,716**	**32,134**	**9,582**

Group reconciliation

	For the year ended 31 December 2020	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities
TEUR	Change in cash and cash equivalents			
According to the Danish Financial Statements Act	10,857	5,500	-399	5,756
IFRS adjustments				
Leases	0	55	0	-55
Reclassification from cash to operating assets	-254	-379	119	6
	-254	-324	119	-49
According to IFRS	**10,603**	**5,176**	**-280**	**5,707**

Notes to the reconciliation from Danish GAAP to IFRS - separate financial statements
The principal adjustments in preparing the separate financial statements made by MFT Energy A/S in restating the Danish GAAP financial statements are provided below.

The adjustments are similar to those made in the consolidated financial statement with the exception stated below. For a description of the adjustments made in the consolidated financial statements, please refer to the description stated above.

Subsidiaries
At the date of transition MFT Energy A/S has chosen to recognize subsidiaries at a deemed cost equal to the carrying amount of the subsidiaries in accordance with Danish GAAP. Subsidiaries are recognized in accordance with the equity method.

Notes to the Financial Statements

27 First time adoption of IFRS, continued

Parent reconciliation

	As at 1 January 2020			For the year ended 1 January 2020	As at 31 December 2020		
TEUR	**Assets**	**Liabilities**	**Equity**	**Profit for the year**	**Assets**	**Liabilities**	**Equity**
According to the Danish Financial Statements Act	12,623	8,834	3,789	4,705	38,174	29,680	8,494
IFRS adjustments							
Leases	154	154	0	-2	94	96	-3
Offsetting of financial assets and liabilities	0	0	0	0	9,053	9,053	0
Share-based payment	0	0	0	-1	0	0	1
Deferred tax of changes	0	0	0	1	1	0	1
	154	154	0	-2	9,148	9,149	-1
According to IFRS	**12,777**	**8,988**	**3,789**	**4,703**	**47,322**	**38,829**	**8,493**

MFT Energy A/S did not prepare a statement of cash flows for the separate financial statement in 2020 in accordance with Danish GAAP. Consequently, adjustments to the cash flow statement have not been provided.

28 Definitions of financial ratios

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

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

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

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

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

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

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

Management's Statement on the annual report

The Board of Directors and Executive Board have today considered and adopted the Annual Report of MFT Energy A/S for the financial year 1 January – 31 December 2021.

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

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for 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 the Annual Report for adoption at the Annual General Meeting.

Aarhus, 7 June 2022

Executive Board

Torben Nordal Clausen

Board of Directors

Simon Fisker Rathjen
Chairman

Lars Kristensen

Torben Nordal Clausen

Cagdas Ozan Ates

Independent Auditor's Report

To the Shareholders of MFT Energy A/S

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of MFT Energy A/S for the financial year 1 January - 31 December 2021, which comprise statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including significant accounting policies, for both the Group and the Parent Company ("financial statements").

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

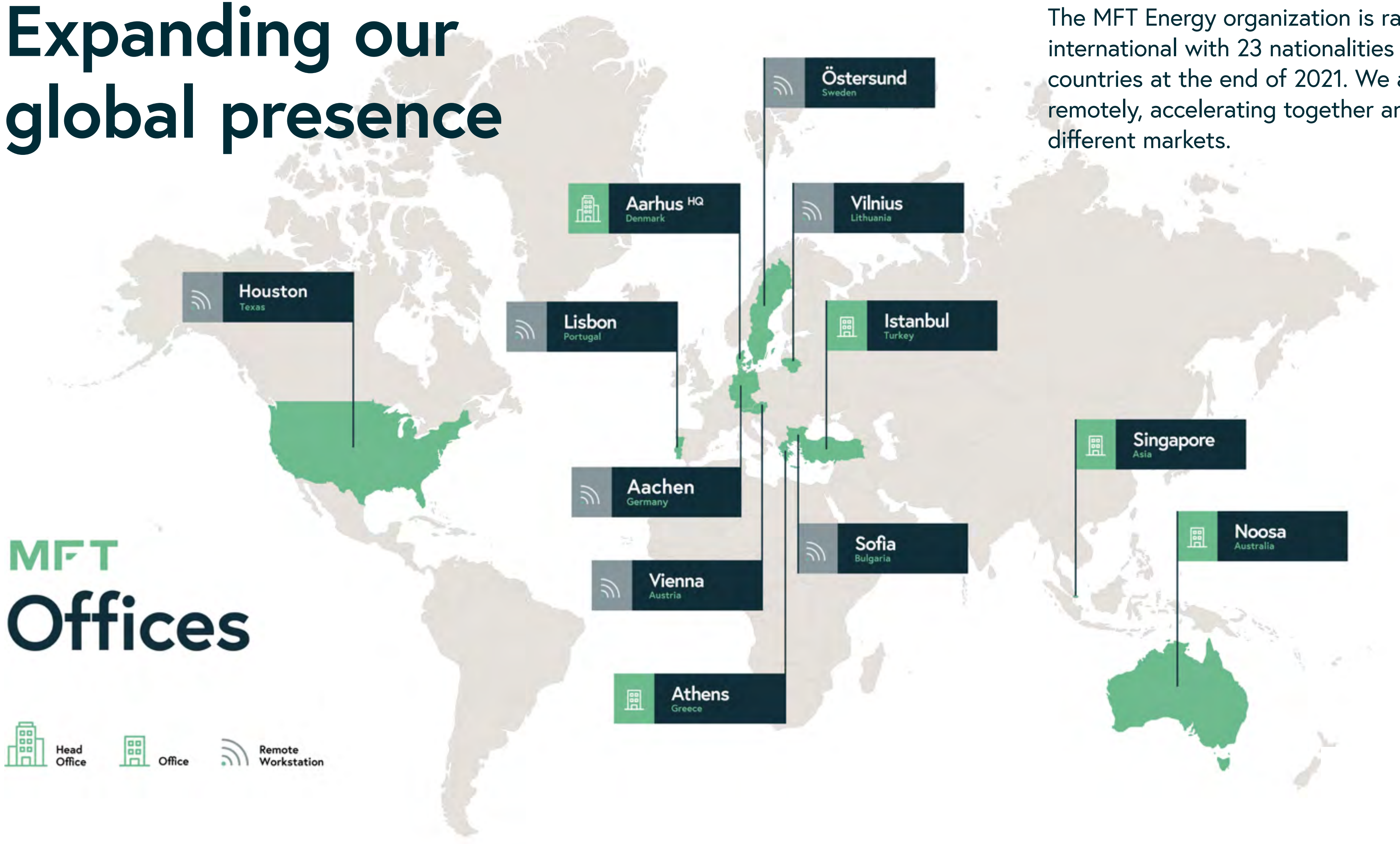
Trekantsomraadet, 7 June 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Lasse Berg
State Authorised Public Accountant
mne35811

Expanding our global presence

The MFT Energy organization is rapidly becoming truly international with 23 nationalities working out of 12 countries at the end of 2021. We are used to working remotely, accelerating together and trading in 30 different markets.



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