InCommodities

Annual Report 2022
In Commodities A/S

1 January - 31 December 2022

Presentation of Annual Report

1 January - 31 December 2022

In Commodities A/S

Tangen 6, DK-8200 Aarhus N
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In Commodities A/S is part of Incomas Holding ApS company group

Jeppe Højgaard

Chairman of the Board of Directors

Rethinking Energy Trading

InCommodities is a Danish technology company specializing in energy trading and asset management. We trade power and natural gas and offer power purchase agreements to renewable asset owners. Our transactions balance the energy markets by matching supply and demand, ensuring security of supply, and contributing to lower energy prices.

We have digitalized and automated every aspect of our value chain. We combine deep market insights with advanced technologies such as automation, quantitative analysis, and AI, allowing us to efficiently move energy across time and geographies, manage renewables output, and store energy until it is needed.

www.incommodities.com

Founded in 2017 in Aarhus, Denmark, InCommodities has grown from four founders to almost 140 people with diverse nationalities and educational backgrounds.

Headquarted in Aarhus, Denmark, we conduct trading activities across Europe. We have grown exponentially since our founding, making us one of the world's fastest-growing energy trading companies.

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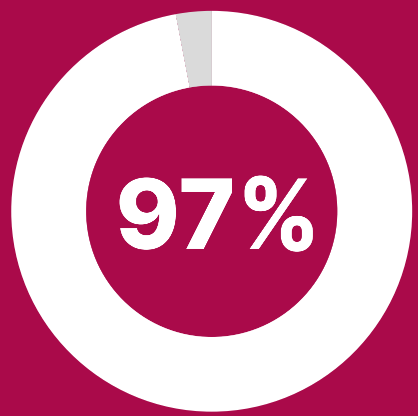
What we do

We specialize in energy trading and renewable asset management. Our transactions balance the energy markets by matching supply and demand, ensuring security of supply, and contributing to lower energy prices.

Rethinking energy trading since 2017

138

people from 18 different nationalities



97% of our trading activities in Europe take place outside of Denmark.

People

30%	28%	22%	20%
IT and software developers	Quants and algorithmic traders	Traders	Others

*Other: Finance, Risk, Compliance, Legal & Market Access, Strategic Business Development and People & Culture

Headquarters

Based in Aarhus, Denmark

We trade on the European markets around the clock, active in 20 power markets and 13 gas markets.

Transactions

7,634,158

transactions completed in EU in 2022

Power

237 TWh

traded in 2022

Gas

1,569 TWh

traded in 2022

A Letter from Our CEO

2022 was a year of unprecedented events, and I can only describe it as "extraordinary" if I had to choose just one word.

It was extraordinary because we witnessed a war on European soil for the first time in many years, which had devastating consequences for the people of Ukraine. It was also an extraordinary year because we saw the energy markets hit by extreme conditions – not least a shortage of gas and widely fluctuating market prices. This uncertainty affected nearly all European residents and companies and set the agenda for the trading industry, more than anything else.

At InCommodities, the extraordinary year meant higher risks and a dramatic increase in the need for liquidity to hold our market positions. We even saw bankruptcies of retail companies and national utilities within the industry. We are proud to say that InCommodities navigated successfully through the unprecedented market situation. We quickly adapted our portfolio and strategies to the new challenges and continued to operate throughout 2022. There is no doubt that liquidity risk has been the biggest and most complex task to handle. Capital has been in short supply, and we could have deployed much more capital to our advantage and to benefit consumers. Sufficient access to liquidity is a key component in ensuring market efficiency, and due to the increase in energy prices, a corresponding amount of capital has been required to make the market function smoothly. Unfortunately, not many market participants had access to the capital necessary which, in the worst cases, resulted in positions being liquidated by the exchanges creating large spikes in prices in some instances. However, those who did have the capital and managed their risks performed extremely well. In other words, the energy trading companies that emerged from 2022 with record-high results were the ones that helped Europe through the energy crisis. They had the necessary capital to invest and the flexibility to adapt their framework to the new situation.

Being successful in a time when others are challenged comes with mixed emotions. We have deep sympathy for those affected by the Russia-Ukraine war and for those who have suffered as the result of increased energy costs. It can be difficult to explain to outsiders that a liberalized energy market in fact contributes to lower energy prices – not the opposite. In this regard, we made a difference by balancing the markets in favor of consumers, while the market structure proved its resilience under the

most extreme conditions. Because of the war in Ukraine and its impact on the global energy supply and the net-zero transition, the need for balancing and redistributing energy is greater than ever. We need to push the transition towards more green energy for the sake of the planet, and we need to move power and gas across time and geographies in real time to accommodate fluctuations in supply and demand. As energy traders, we play a crucial role in making this happen. This is what our business model, the liberalized energy markets, and the entire energy trading industry are all about.

We take pride in our significant contribution to supporting Europe through the energy crisis and ensuring lower energy prices for consumers. Our team has shown immense dedication and effective collaboration. As the CEO of our company, I am proud of our contribution during 2022, as well as the efforts of our people and the industry in general.

Having done well comes with a responsibility, and we want to give something back and help drive the world towards a more sustainable future – not just by the way we do business, but also with a dedicated net zero initiative.

On the following pages, you can read about our new commitment called the InCommodities Sustainable Investment Initiative, where we target to spend 5% of our annual earnings starting from 2022 on investment in infrastructure, companies or renewable assets that support the green transition. We have already planned our first project, a 5.5 MW solar park outside of Aarhus, Denmark, able to meet the power demand of 1,200 households, going into production in 2024.

I would like to take this opportunity to thank all of our partners and InCommodities colleagues for a successful co-operation in 2022.

Thank you for your interest in InCommodities, and happy reading.

Kind regards,

Jesper Severin Johanson, CEO

Financial Highlights

Seen over a five-year period, the development of InCommodities A/S is described by the following financial highlights:

Key figures	2022 TEUR	2021 TEUR	2020 TEUR	2019 TEUR	2018 TEUR
Profit/loss					
Revenue	-	-	2,071,397	1,003,510	417,057
Gross Profit	1,583,708	178,798	42,647	20,181	11,060
Operating profit before financial income and expenses and tax (EBIT)	1,372,916	146,032	32,003	14,707	8,173
Net financials	-3,637	-1,959	-252	-105	-258
Profit before tax (EBT)	1,369,279	144,072	31,751	14,602	7,915
Profit for the year	1,063,876	112,112	24,754	11,367	6,171
Balance sheet					
Balance sheet total	1,213,081	268,678	84,447	34,950	28,952
Equity	698,117	117,624	43,572	21,818	10,451
Cash flows					
Cash flows from operating activities	1,009,684	83,131	11,017	10,742	-4,704
Cash flows from investing activities	-79	-39	-22	0	-9
Cash flows from financing activities	-362,899	-17,033	2,445	1,794	0
Change in cash and cash equivalents for the year	646,706	66,059	13,440	12,536	-4,713
Number of employees - average for the year	118	89	60	36	18
Ratios					
Return on assets	87.7%	41.8%	37.9%	41.1%	28.2%
Solvency ratio	57.5%	43.8%	51.6%	62.4%	36.1%
Return on equity	260.8%	139.2%	75.7%	70.5%	83.8%

For definitions of financial key figures and ratios, please refer to note 1.
*The implementation of IFRS as from 1 January 2021 had an impact on the financial statements and key ratios for 2021 and onwards.
Comparative figures for 2018, 2019 and 2020 have not been restated and were prepared in accordance with Danish GAAP.

Gross profit	**€1.58bn**	↑ Increase by 785.8% compared to 2021
Earnings	**€1.06bn**	↑ Increase by 848.1% compared to 2021
Solvency ratio	**57.5%**	↑ Increase by 13.7% points compared to 2021
Return on equity	**260.8%**	↑ Increase by 121.6% points compared to 2021

New accounting practice:
The annual report for 2022 has been prepared according to IFRS for the first time. Consequently, certain main and key figures, such as turnover, are not directly comparable to those of previous years.

Corporate tax

€305,402,841

In 2022, we made a substantial societal impact by paying over EUR 305 million in corporate taxes to the Danish State. Despite our headquarters being located in Aarhus, the majority of our trading activities, accounting for 97%, take place outside of Denmark. We take pride in being among the largest tax contributors in the country and contributing to Danish society in meaningful ways.

A 100-year Event for the Energy Market

As we entered 2022, we held onto the hope that the world would finally overcome the COVID-19 pandemic and be able to return to a normal state without lockdowns and other restrictions. Instead, 2022 turned out to be a 100-year event for the energy market, characterized by extreme conditions and widely fluctuating market prices.

At no other time since the liberalization of energy markets in Europe have we seen such turbulence in the market or so much political focus on our sector as we did over the past year.

The extraordinary market situation was triggered by two improbable – and successively occurring – 'black swan' events. The first event was the COVID-19 pandemic and the stimulus packages from governments across the world. This prompted a high, post-pandemic demand for energy, putting a heavy strain on the global energy market by September 2021. The second event was the outbreak of war in Europe in February 2022, preceded by the tactical depletion of gas storages across Europe, which – combined with a strong reliance on Russian energy – had had a significant impact on the market.

Almost overnight, energy became weaponized as Russia invaded Ukraine and gradually cut off the supply of Russian natural gas to Europe – a supply that usually accounts for almost 40% of European gas demand. Prior to the invasion, there were already challenges in the energy sector, in part caused by a historically low availability of critical production facilities.

Political decisions were made to boost the economy. Although these were in the best interest of citizens during the COVID-19 lockdown, they resulted in market inefficiencies and uncertainty – also for the energy sector. The energy markets faced a significant responsibility to ensure security of supply during these challenging times.

The fact that Europe has almost fully freed itself from Russian energy in such a short time span is a significant achievement. We are proud to have contributed to this transition.

Energy policy has become an object of public interest

From an industry perspective, an unexpected

Business Perspectives 2022

development in 2022 is also how energy has gone from low to high public interest overnight - among politicians and consumers alike. This is a natural reaction to a situation in which many consumers have felt the direct impact of wildly fluctuating energy prices. At the same time, the new reality has prompted renewed focus on the energy industry even if many stakeholders still lack sufficient insight into the essential role of energy traders in balancing the world's energy markets.

In light of the heightened interest and misconceptions surrounding the industry, we welcome the dialogue and take it upon ourselves to actively engage and clarify any misunderstandings.

Russia's invasion of Ukraine threw Europe into a situation characterized by huge geopolitical challenges, because so many countries had chosen to be - or failed to realize that they were - highly dependent on Russia for energy. The governments of several major European countries had not adequately diversified their energy supply over the last decades. This plunged all of Europe into an energy policy crisis, which had an enormous impact on consumers and businesses alike. Despite the uncertainties and challenges in the supply chain, the market effectively responded by solving them, securing a stable supply and balancing the fluctuating prices. This clearly signals the effectiveness of a liberalized energy market.

Meeting the challenges

In our industry, we have seen vast differences in how the various participants have made it through 2022. At one end of the scale, there have been bankruptcies among retailers and utilities, as well as nationalizations, across Europe.

At the other end, in a year with numerous challenges, energy traders proved to play a crucial role in meeting these challenges. Traders with their risk and liquidity under control played a crucial role in addressing the challenges and did extremely well, with significant opportunities to increase their earnings. We are pleased to note that InCommodities belongs to the latter category. Because of our risk management, liquidity, and constant monitoring of market developments, we were able to play a crucial role in balancing the energy markets during the crisis.

From the outside, it may seem like we had an easy, 'business as usual' year, but everything about 2022 was different for us, too, as we faced unprecedented challenges. Despite these obstacles, we achieved extraordinary results. Moreover, we discovered that our business model was highly robust during the crisis, whereas other market participants were pushed to, or even beyond, their limits. Although risk management has always been a key aspect of our business operations, solid risk and liquidity management has been more crucial than ever over the past year. In several instances, the prices of power and gas positions have fluctuated up to 100%

from one day to the next, requiring 20 or even 50 times the amount of liquidity we usually need to operate.

When prices rise, the size of the required margin calls increases. Energy traders must provide security for any price fluctuations in the period from when a trade is entered until the energy is delivered.
The current market with high price volatility therefore places great liquidity demands on energy traders, especially when prices rise, and the required amounts of capital cannot be met without engaging in close dialogue with financing partners and without rigorous day-to-day risk assessments.
Nonetheless, our risk mitigation procedures have proven themselves to be well-functioning, even under highly volatile conditions. This, along with the strategic and tactical excellence we have developed over the previous years, is one of the main reasons we ended the year in an exceptionally strong financial position.

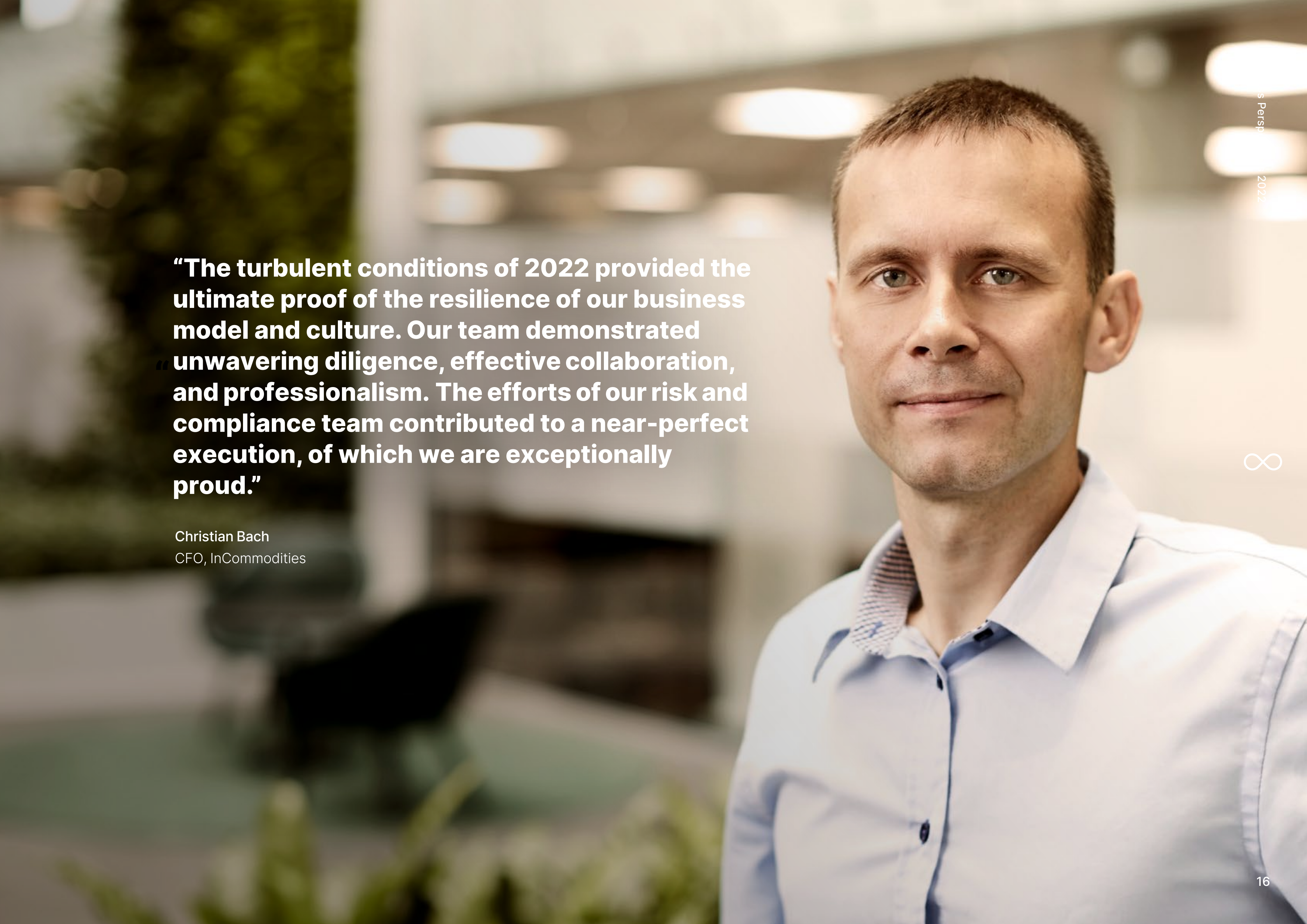
Record high profit

Despite the extreme pressure on the industry, InCommodities achieved a remarkable record gross profit of EUR 1,583 million and earnings before tax (EBT) of EUR 1,369 million for FY 2022, far exceeding expectations and surpassing the previous year's achievements.

We have demonstrated our ability to navigate our business through an extremely turbulent market, as well as our ability to generate profits across all our activities - whether related to power or natural gas.

We changed our accounting principles in 2022 and are now following the international standard, IFRS. This means that our revenue has been calculated in a different manner than before.

By virtue of our annual and ongoing earnings, equity also increased significantly, which in turn raised our borrowing limits. At the start of 2023, this solidifies our position and consolidates our financial strength, so we can scale up and expand our business. At the same time, we are keenly aware that 100-year events are exceptions, and we expect a return to more of a normality in 2023, even though the energy system may remain volatile in certain periods of time.



"The turbulent conditions of 2022 provided the ultimate proof of the resilience of our business model and culture. Our team demonstrated unwavering diligence, effective collaboration, and professionalism. The efforts of our risk and compliance team contributed to a near-perfect execution, of which we are exceptionally proud."

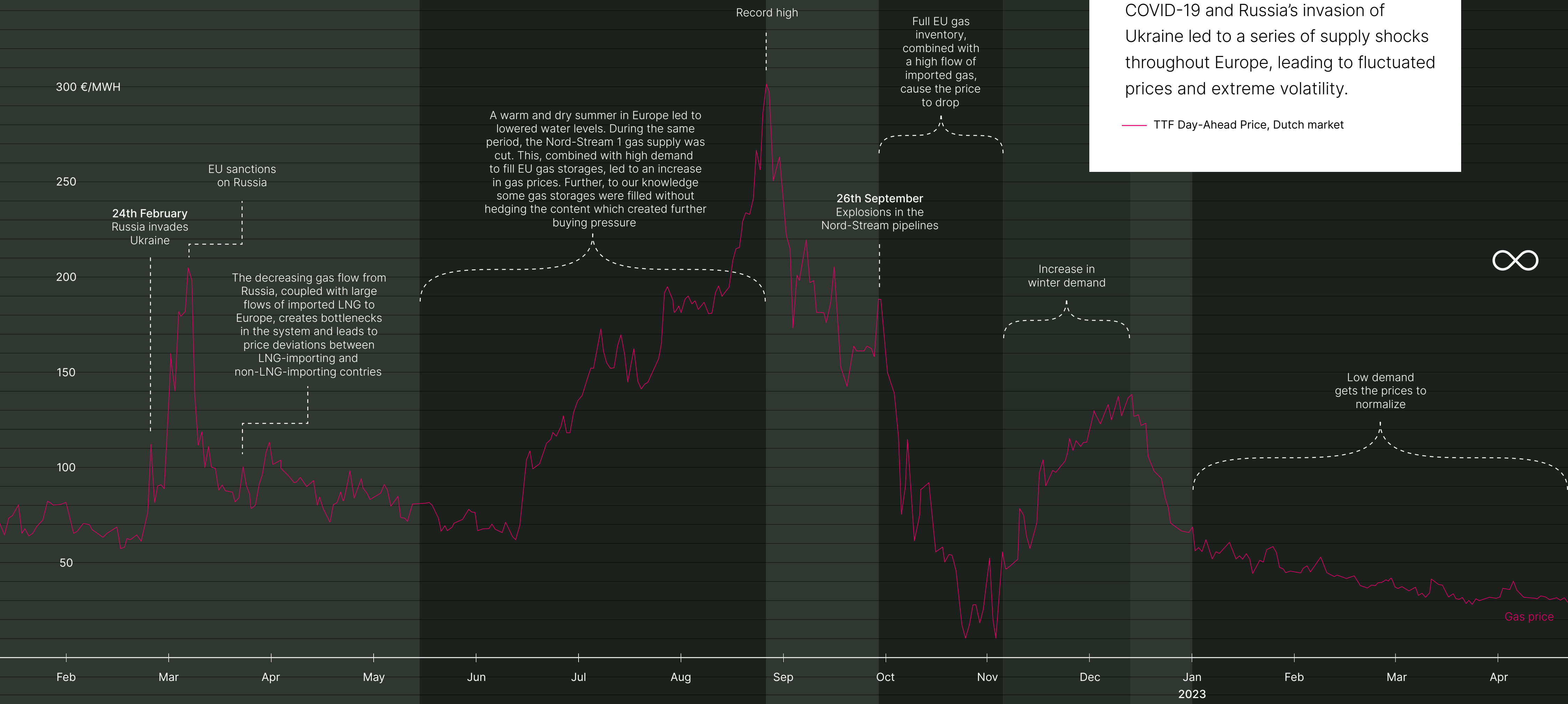
Christian Bach
CFO, InCommodities

Price Fluctuations in the 2022 Gas Market

A Year in Review

We entered 2022 with high demands due to the re-opening (of society) after COVID-19 and Russia's invasion of Ukraine led to a series of supply shocks throughout Europe, leading to fluctuated prices and extreme volatility.

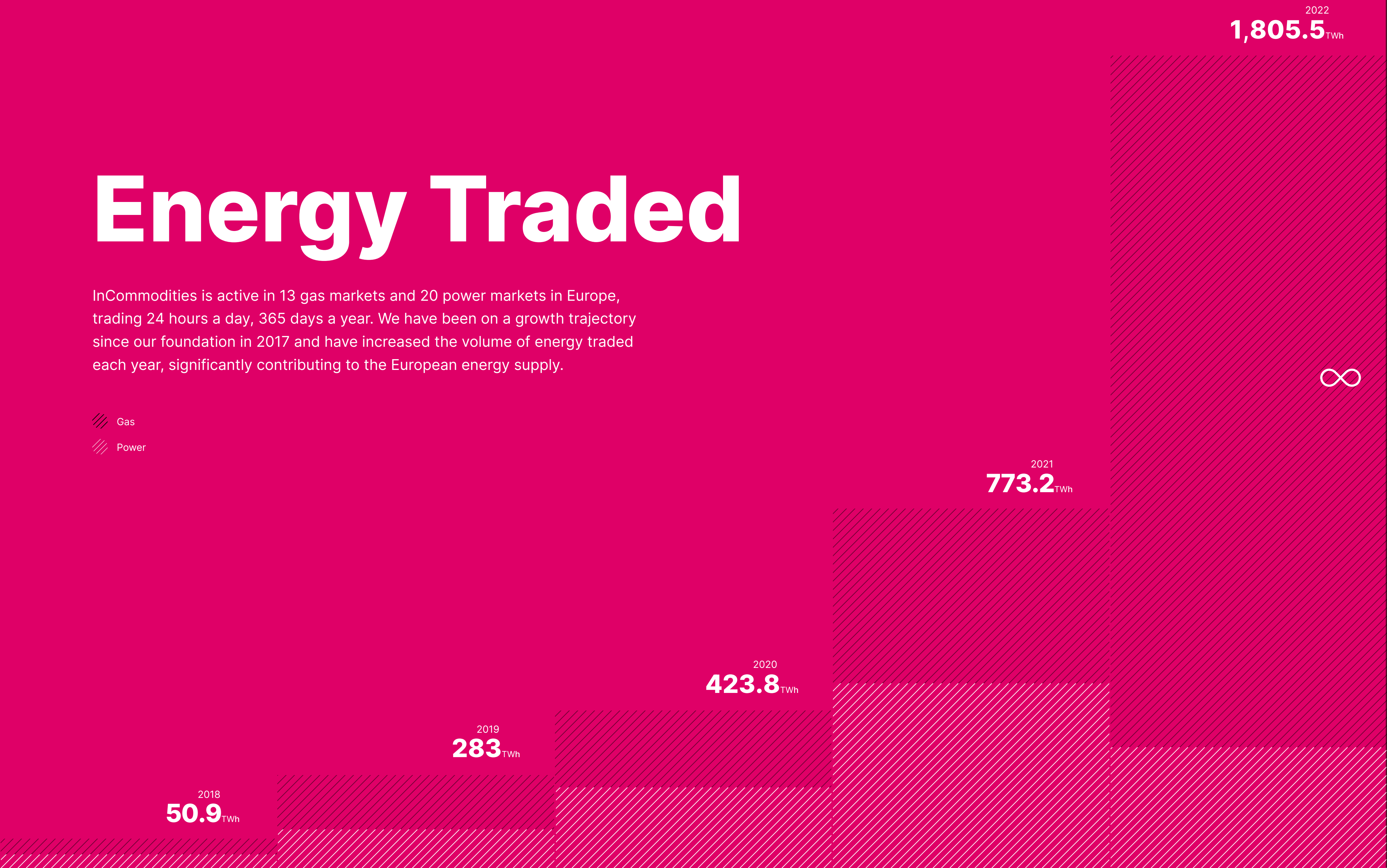
TTF Day-Ahead Price, Dutch market



Source: EEX

Energy Traded

InCommodities is active in 13 gas markets and 20 power markets in Europe, trading 24 hours a day, 365 days a year. We have been on a growth trajectory since our foundation in 2017 and have increased the volume of energy traded each year, significantly contributing to the European energy supply.



People & Culture

We Nurture Our Culture in a Period of Growth

The DNA of InCommodities was drawn up by our four founders when the company was established. The fundamental values are key to how we run our business, and despite our rapid growth, our leadership and owners prioritize preserving and building the original culture.

In December 2022, InCommodities was named *the Gazelle Company of the Year* in Denmark. The Gazelle Award is presented by Børsen, Denmark's leading business media, and is awarded to the company that has achieved the greatest continuous revenue growth over a four-year period.

Measured by number of people, the company has gone from four founders in 2017 to 138 people by the end of 2022. In recent years, the YoY growth in team members has been 35%. And this places great demands on the corporate culture.

In the early phase of the company, we defined our values as: Rethink. Honesty. Transparency.

As more and more new colleagues have joined us, our culture and values have become even more important and adhering to them in everything we do is crucial for how we run our business in practice. In 2022, we therefore ran a comprehensive bottom-up process to revise our company's purpose. Approximately a quarter of our people across the company were actively involved in the process through a series of workshops focused on exploring and articulating our purpose. As a result, we have formulated our purpose as *"We Advance Together"*.

Our purpose is underpinned by a number of key features, including Autonomy. This feature embodies the management's desire to empower all individuals and teams and to provide scope for decentralizing many decision-making processes. Autonomy has always been a fundamental cornerstone of our culture, and its success depends on trust and honesty. In a growing organization of almost 140 people, we need to work consistently with our cultural beliefs to preserve them.
Our goal is to preserve our DNA of flexibility, strong relationships, and distributed decision-making by growing our business through autonomous units, and we believe that a flat organizational

structure, distributed decision-making, and efficient advice processes are important drivers of employee job satisfaction and performance.

Engagement is a crucial metric

InCommodities' success thrives on attracting and retaining the most talented people in the industry while also ensuring that new hires are the right cultural fit. Soft skills are just as important as hard skills. We are committed to finding the right match for our organization and do not compromise on this aspect.

Given the competition with top international companies for the best talent, brain drain is a pervasive risk in our industry. The most talented candidates are courted by everyone from global tech companies to specialized and highly esteemed hedge funds from the world's financial centers, as well as a continuously growing domestic trading industry. The best way to mitigate this risk is to create an extraordinary workplace where our colleagues can master their craft, develop personally and professionally, and be the best version of themselves. We recruit the whole person – not just their skills and experience.

To make sure we live up to the aspiration of being an extraordinary workplace, we monitor our colleagues' engagement as one of our most important metrics.

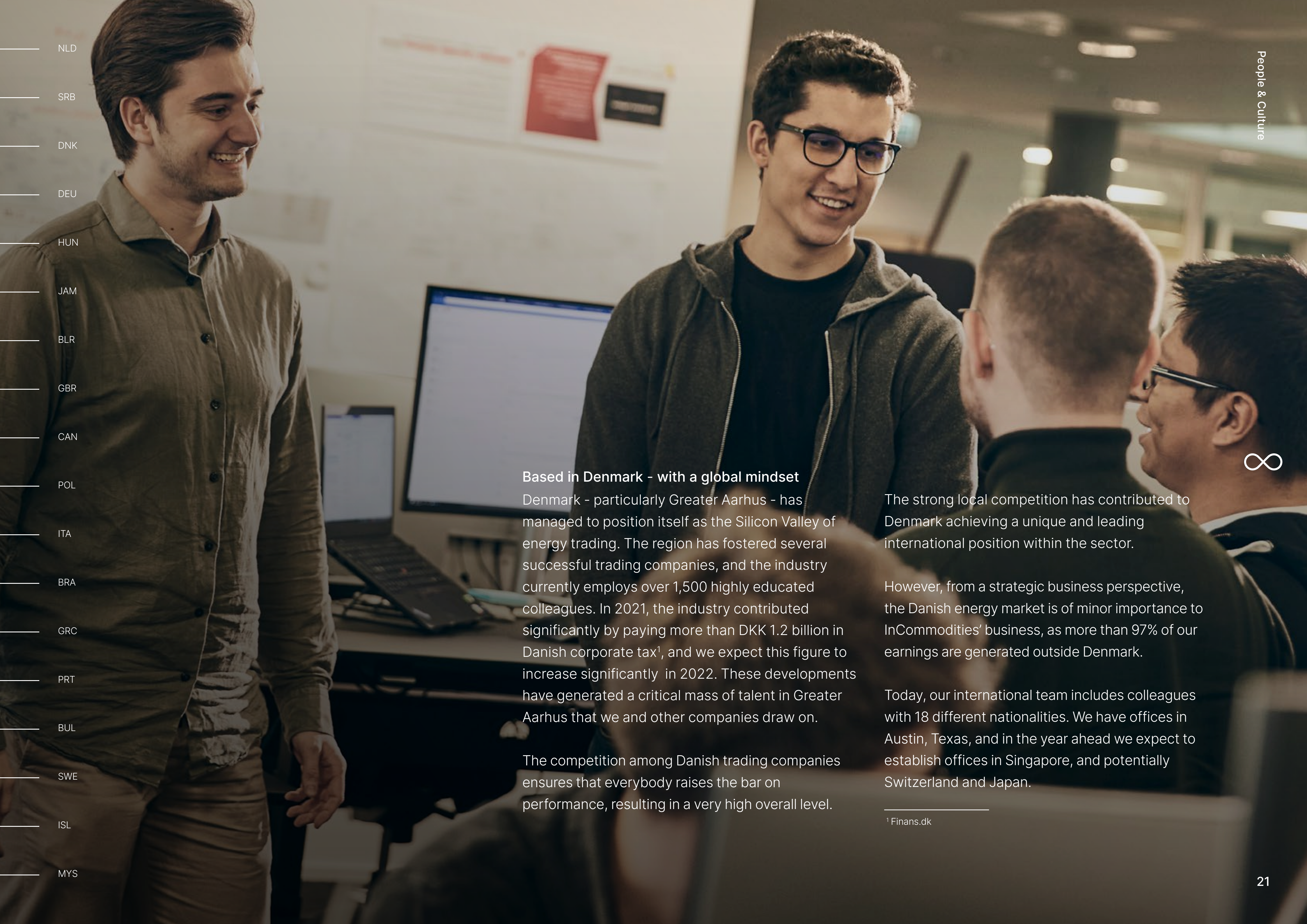
We measure this continuously through a highly embraced digital platform which incorporates various parameters to calculate the total engagement score. But we do not just measure; we also proactively react and engage in dialogue based on the feedback we get, and this provides us with valuable insight and transparency.

By not shying away from surveying our colleagues' job satisfaction on an ongoing basis and being transparent with the results, we have the opportunity to provide additional support if we detect improvement opportunities in specific teams. Historically, our average engagement score has been around 9 on a scale from 1 to 10, which is well above the global benchmark level at 8.6 for top 5% companies using the digital platform as us. Over the last four months of 2022, we saw an upward curve that brought the score up to 9.2 by year-end, and our ambition is to remain a top 5% company on the platform we use.

9.2 /10

Year-end people engagement score.

We are proud that we have managed to hold on to this goal - and even raise the score - while growing as a company.



Based in Denmark - with a global mindset

Denmark - particularly Greater Aarhus - has managed to position itself as the Silicon Valley of energy trading. The region has fostered several successful trading companies, and the industry currently employs over 1,500 highly educated colleagues. In 2021, the industry contributed significantly by paying more than DKK 1.2 billion in Danish corporate tax[1], and we expect this figure to increase significantly in 2022. These developments have generated a critical mass of talent in Greater Aarhus that we and other companies draw on.

The competition among Danish trading companies ensures that everybody raises the bar on performance, resulting in a very high overall level.

The strong local competition has contributed to Denmark achieving a unique and leading international position within the sector.

However, from a strategic business perspective, the Danish energy market is of minor importance to InCommodities' business, as more than 97% of our earnings are generated outside Denmark.

Today, our international team includes colleagues with 18 different nationalities. We have offices in Austin, Texas, and in the year ahead we expect to establish offices in Singapore, and potentially Switzerland and Japan.

[1] Finans.dk

Strategy

Scaling, Increased Co-ownership and Net-Zero Transition

Our algorithm framework needs further development. More of our colleagues must be given the option of becoming co-owners of InCommodities. And our latest business pillar - renewable asset management, launched in late 2022 - will be scaled to a much greater extent.

Concurrently with the shifting conditions in our surroundings in 2022, we put a lot of effort into securing a strong strategic foundation for the company. Our new purpose, vision and long-term strategic ambitions were revised and refined through a bottom-up process, which generated a strong sense of ownership. We identified these key strategic priorities: people engagement and ownership, algorithmic trading and renewable asset management.

Building on our vision to *pioneer algorithmic trading and renewables management,* we strive to reach our 2030 ambitions by advancing in these two areas, along with a set of 2030 ambitions on people engagement, employee co-ownership, global expansion and our role in creating a sustainable future.

Securing our foundation for future growth is central to our current 18-month company-wide priorities, following our extraordinary growth path in the last six years. We are committed to ensuring the stability of our foundation as we approach the next growth wave. This will enable us to realize our long-term ambitions and pursue extraordinary growth in the future. Beyond securing our foundation in 2023-2024, we intend to scale and expand our European, and renewable asset management businesses as well as establish a presence in new markets.

Further development of the IT platform and algorithm framework

The major trend in our industry right now is the movement toward algorithms and digitalization. When InCommodities started six years ago, algorithmic trading was not as commonly adopted in the markets across Europe and the US as it is today. However, integration of algorithms has accelerated over the last few years. InCommodities was founded with the core belief that algorithms will play a significant role in the energy markets of the future, and the area has been highly prioritized from day one.

Development of the algorithm framework is a long-term project that requires multi-year investment. This will also be reflected in the composition of our team, as we expect to expand our expertise in the areas of IT, as well as the quantitative and computer science fields. We see ourselves as the place where energy and technology meet to rethink the energy markets of the future.

Ownership strategy

We recognize that the foundation of our commercial success is built upon the expertise and dedication of our team and our unique organizational culture. That is why we constantly aim to enhance our incentive programs. Our ambition is to attract and retain the best talents and brightest minds in the industry while preserving our culture, even though competition is fierce.

We strive to create a compensation package customized to each team member's unique needs and contributions while ensuring appropriate and mutually beneficial incentive structures in all scenarios. Co-ownership is a key component here, as it mitigates excessive risk taking. Additionally, we are excited to extend the opportunity for more of our colleagues to become co-owners of InCommodities, as we believe in sharing our success with those who help us achieve it.

Today, 85% of the company is owned by people who are actively involved in our corporate operations - including the four founders. It is part of our strategy and DNA that primary ownership must remain in the hands of our own people, despite our collaboration with other investors, such as Goldman Sachs, who joined the shareholder group as a minority investor in 2021.

We have implemented a strategy as part of our efforts to retain our skilled workforce, allowing every team member the chance to become a co-owner of InCommodities. Our goal is to increase the number of shares held by non-founder employees, and we aim to double that number in the coming years. That is why everyone in the organization, including student assistants, is given access to our warrant program that can be converted into shares.

We firmly believe that co-ownership triggers a focus on long-term benefit rather than short-term profit, and it contributes to increased engagement, motivation, job satisfaction and compliance. With as many colleagues as possible invested in their workplace, we will inspire our team members to make the right choices for InCommodities.

"Our co-ownership model brings the best of two worlds - the entrepreneurial spirit and the stability of a long-term focus. By having as many colleagues as possible invested in the company, we inspire our team members to make the right choices for InCommodities, leading to increased engagement and job satisfaction, dedication to our strong compliance culture, and a focus on long-term benefits rather than short-term profit.

Jesper Severin Johanson
CEO

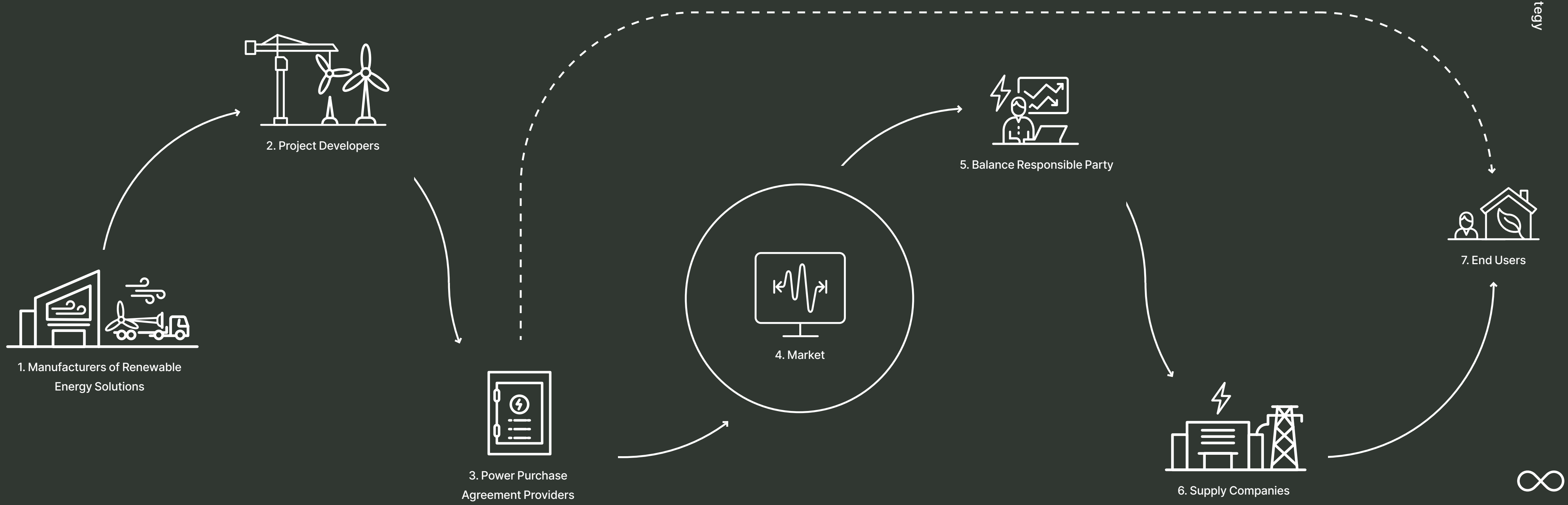
New business pillar:
Renewable asset management

Just before Christmas 2022, we announced that InCommodities had taken the first steps into the renewable asset management market by signing new Power Purchase Agreements (PPA) totaling 413 MW. Agreements were entered with five different renewable developers in Germany. Underlying this strategic venture is our wish to become a company able to more directly support the net-zero transition – a high priority on our agenda.

Our classic trading business involves optimizing the already-existing energy market based on the liberalized market model implemented in Europe and the US. But our decision to become actively involved in renewable asset management embodies a new hands-on approach to the green energy transition. More specifically, we want to assist in making it more attractive to develop wind and photovoltaic (PV) renewable assets.

By entering PPAs with renewable asset owners, InCommodities can help balance the generation of power and ensure producers' earnings over several years. In doing so, we mitigate much of the renewable asset owners' risk, which, among other things, makes it easier for them to finance their development projects and thereby speed up the process toward net-zero.

PPAs are excellently aligned with our business model because we can leverage the principles of our digital trading platform, which is based on a combination of AI and comprehensive market insight.



The Renewable Energy Value Chain

Renewable energy is playing an increasingly significant role in the global economy by mitigating the impact of climate change and ensuring energy security. There are several market players in this chain, each contributing their unique value to accelerate the transition towards sustainable energy.

1. **Manufacturers of Renewable Energy Solutions**
These companies produce renewable energy technologies such as wind turbines and solar panels, which are essential for the generation of clean energy.

2. **Project Developers**
Project developers and renewables asset owners manage the process of securing land, permits, financing, and ensure that renewable energy projects meet environmental standards and deliver long-term value.

3. **Power Purchase Agreement Providers**
Power Purchase Agreement (PPA) providers facilitate the financing of renewable projects by assuming and managing the risks associated with unstable renewable output. This enables asset owners to benefit from stable cash flow and reliable management of physical electricity. Additionally, PPA providers can directly connect corporate customers with renewable energy projects and facilitate ongoing energy supply. The utilization of corporate PPAs empowers companies to reduce their carbon footprint, accomplish sustainability goals, and stabilize energy costs.

4. **Market**
The energy market serves as the backbone of the liberalized energy industry, enabling transportation of energy across different geographies and time periods to balance supply and demand, as well as providing liquid markets to hedge against exposure to energy price fluctuations.

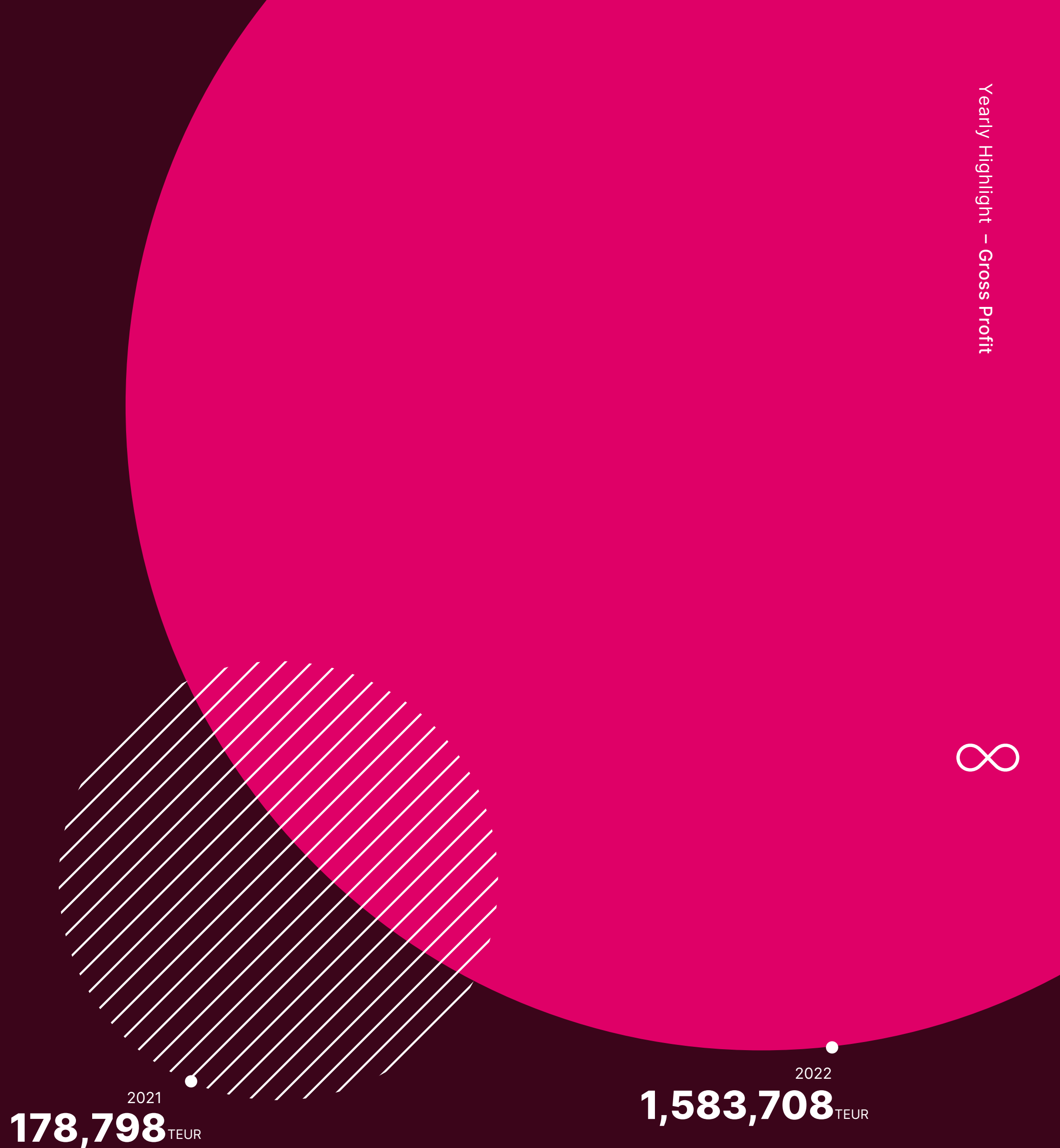
5. **Balance Responsible Party**
The main role of a BRP is to forecast, schedule, and balance the power demand by purchasing power in the market that includes the renewable output.

6. **Supply Companies**
Energy supply companies purchase electricity via a BRP and distribute it to households and businesses, ensuring efficient and reliable delivery to end users.

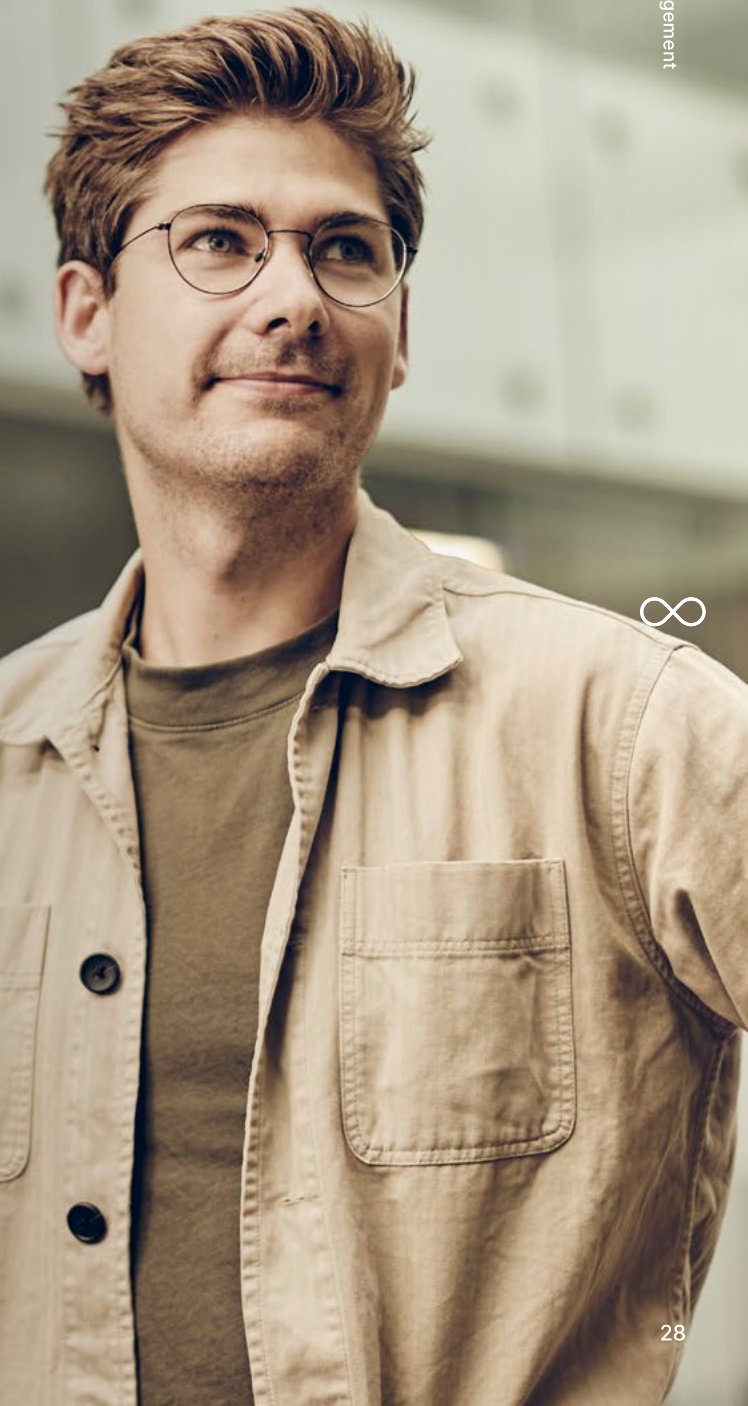
7. **End Users**
End users include residential, commercial and industrial customers.

Gross Profit

In 2022, we generated EUR 1.6 billion in gross profit, marking a nearly 9-fold increase from EUR 178.8 million in 2021. The rise in gross profit can be attributed to various factors, primarily extraordinarily good execution in the notable price fluctuations and volatility in the power and gas markets throughout the year. Additionally, in 2022, we deployed the highest amount of capital in the market in InCommodities' history. Through strategic risk management, we traded profitably while maintaining a commitment to ensuring European supply security.



A Comprehensive Framework for Risk Management



InCommodities employs a comprehensive risk management framework to ensure effective governance and procedures. Risk management is embedded at the highest level of the organization, with a risk policy reviewed at least annually.

Risk management is conducted at two levels within InCommodities: Strategic and operational. Strategic considerations and choices provide the framework for specifying operational risk management procedures, including partnership structure, values and leadership principles, recruiting and employee engagement policies, and outsourcing policies.

Our policies are documented to include the key points suggested by FIA Principal Traders Group. In addition, we adhere to the guidelines and principles proposed by the Committee of European Banking Supervisors for governance of operational risk.

Market risk

Market risk is the risk of open positions changing value due to changes in supply, demand, and other market conditions. In 2022, this aspect of the framework was significantly tested due to a series of events, including the after-effects of COVID-19 stimulus packages, Russia's invasion of Ukraine and other geopolitical actions, which led to the widest price fluctuations the market had ever seen.

InCommodities has implemented several procedures to continuously maintain an appropriate level of market risk. Risk mandates are defined at several levels in the company based on Value at Risk (VaR) measurements with daily and monthly limits. Controlling mechanisms are integrated in the trading platform.

Liquidity risk

Liquidity risk is defined as InCommodities' risk of not being able to meet its payment obligations vis-à-vis partners and trading partners. Our experience is that we are operating in a market with more rigorous demands on capital, and many competitors in the market have encountered liquidity challenges in 2022, when requirements were up to 50 times greater than previously seen. The very existence of several European trading companies was threatened because they failed to adapt their business to the funds at their disposal, and because the environment for acquiring liquidity has been under pressure.

Without liquidity, we cannot trade or run our core business, which is why we give this area top priority. For the same reason, we run a closely monitored forecasting and controlling operation, focused on our equity ratio and leverage of the balance sheet, so that we are continuously able to predict the need for capital.

During periods of wide-ranging market volatility, the cash requirements for margins are significantly increased to maintain an unchanged activity level. In addition to our procedures for trading limits, etc., we manage this by maintaining close dialogue with our permanent banking partners.

Our profitability has enabled us to continuously amass a steadily increasing capital reserve, which cushions us against future periods of crisis involving volatile markets.

IT risk

As an organization that heavily relies on technology, cyber security is a critical area of focus for our company. With our trading activity increasingly relying on algorithms and Electronic Trading Systems (ETSs), we are aware of the potential risks involved and are continuously working to mitigate them. To ensure a secure trading environment, our IT department manages all access controls, and all of our traders monitor their trades. Additionally, we have implemented kill-switch mechanisms for all ETSs to prevent or mitigate losses in the event of a malfunction or security breach.

The European energy industry continues to be a target for cyberattacks, and during 2022 InCommodities experienced a significant increase in tailored spear-phishing campaigns and countless attempts to breach our IT perimeter.

To mitigate new risks, we continuously update our IT security policies and procedures. We also work around the clock to detect and take immediate action against threats. Our recurring initiatives include mandatory cyber awareness training programs, external penetration tests, patch management, and vendor assessments. Additionally, we prioritize a secure software development life cycle and work with highly regarded companies in IT security for best-practice implementations and strategic guidance.

We also actively participate in multiple forums to share knowledge about attacks and best practices across industries. IT security is a regular strategic topic for the board and management to ensure continuous improvements. While we cannot guarantee that we will be immune to all cyberattacks, we remain committed to staying vigilant and mitigating risks to keep our trading environment secure.

Compliance risk

Compliance risk is the risk of legal or regulatory sanctions, material financial loss, or loss to reputation that companies may suffer as a result of its failures to comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct applicable to its trading activities.

In InCommodities' various business areas, there are several laws and regulations that must be adhered to, and it is the responsibility of the Head of Compliance to ensure that stakeholders have a detailed understanding of them.

InCommodities has a strong compliance culture and we do not compromise on ensuring internal adherence and a cultural match with any potential new hire. All candidates recruited, even before they are formally hired, are informed that InCommodities has and expects a culture of compliance, and all new colleagues must complete compliance training as part of their onboarding and on an ongoing basis. Internal or external compliance breaches must immediately be reported to the Head of Compliance, and this can be done anonymously. The Head of Compliance is responsible for escalating such information to the CEO.

People risk

We consider the greatest asset of the company to be our people and their knowledge.
People risks involve both the risk of recruiting the wrong employees as well as the risk of essential employees leaving the company.

Recruiting standards are crucial to increasing the likelihood of a successful hire and to enhancing and improving the culture of compliance in the company, all of which is essential to reducing risk. For new hires, with candidates' consent, we conduct structured and proven tests and reference checks to increase the probability of a successful hire.

It is key to our success that we maintain and continue to develop the drive and skills of our people.
To do so, we measure employee engagement bi-weekly and work continuously with both personal and professional development, depending on who the employee is and where he/she is in their career and life situation.

“

Over the last decade, cross-border trade and the major efforts undertaken to further integrate electricity markets in Europe have delivered significant benefits for the consumers. The benefits are estimated to be approximately 34 billions Euros a year.

The European Union Agency for the Cooperation of Energy Regulators (ACER)
ACER's Final Assessment of the EU Wholesale Electricity Market Design (page 3)

Political risk
Political risk is a significant concern for InCommodities. Political risk can arise from both global and local political situations. The impact of these risks can be radically different and will be discussed below.

- **Global politics**
  The current political climate has become increasingly volatile in recent years, particularly due to the war in Ukraine, which is significantly impacting energy stability in Europe. Additional disruptions, such as those caused by the COVID-19 pandemic, changing relations between China and Western countries, and fluctuations in monetary politics may also lead to increased volatility in energy markets.

  During these challenging times when external factors disrupt and increase the volatility of the market, the role of InCommodities and other energy trading companies has become even more essential. We have a significant role to play in securing stability, balance, lower energy costs and an efficient green transition.

  From a financial perspective, fluctuations in the market may benefit InCommodities and the rest of the trading industry. This is in line with the general idea that companies achieve higher earnings, the larger problems they solve and the better they are at solving the problems. Our role is to do what we can to mitigate the negative impact of problems that are caused in part or in full by global politics, and to support both European consumers by lowering energy costs and supporting the green transition.

- **National politics**
  The extreme fluctuations in energy prices in 2022 have led to new discussions about the liberalized market in Europe, including among Danish legislators and in the press. ACER (The European Union Agency for the Cooperation of Energy Regulators) has well-documented that the liberalized market works and has resulted in lower energy prices and savings for European consumers. We hope and expect that Danish politicians acknowledge this contribution and preserve and maintain a stable political environment for the energy sector going forward. We are currently witnessing a highly volatile political environment surrounding national tax policies and potential sector governance. This situation raises concerns, and we see it as a significant risk if liberalized markets become locally regulated. This risk affects not only InCommodities but the entire industry located in Denmark. This will also result in a weakening of the acces to energy at the

lowest possible price point for consumers and companies. The Danish energy trading sector has achieved tremendous success and is a significant value creator. In just a few years, InCommodities has - together with other trading companies - played a pivotal role in establishing the 'Silicon Valley of Energy Trading' in the Aarhus region. However, our company's success depends on legislation promoting fair competition across EU borders and beyond.

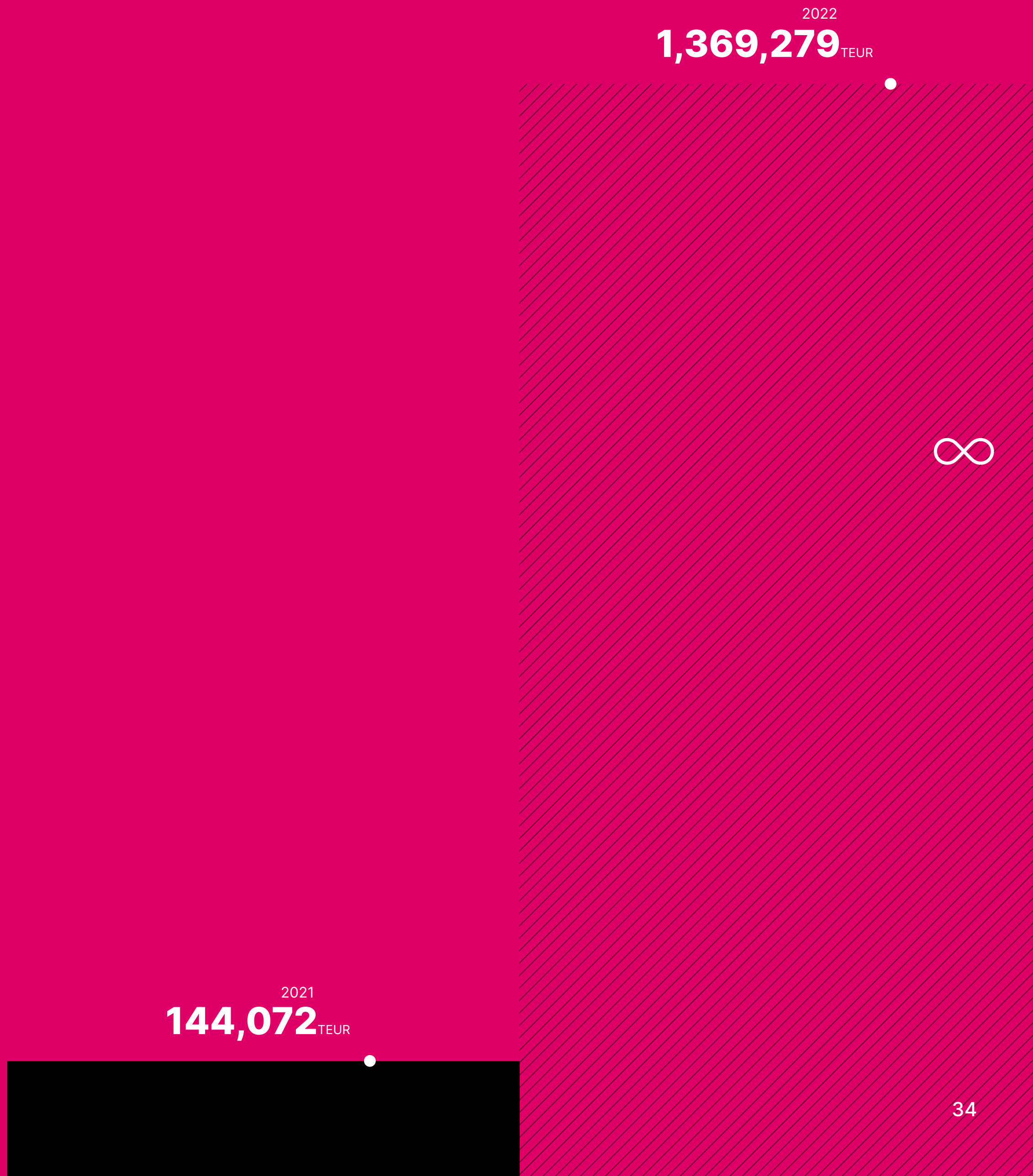
We hope that national policymakers and regulators will acknowledge the value and success of our sector as a unique Danish strength in line with other global successes originating from Denmark, and recognize that any regulation must be done from an EU perspective to ensure fair competition.

As a sector, we represent an unprecedented leap forward in entrepreneurship and revenue streams. The value we create benefits not only the industry but society at large, including tax payments from us and our colleagues in the sector. 97% of our revenue comes from trading activities performed outside the borders of our home country, and we grow exponentially while we help balance the global energy market - to the benefit of the consumers. This is not a political problem. It is a solution. In our eyes, it is a huge opportunity for Denmark and should be treated as such.

Earnings Before Tax

In 2022, we achieved EBT of EUR 1,369.3 million, which compares favorably to 2021 EBT of EUR 144.1 million.

Although we substantially increased our costs by hiring 52 people during the year, EBT grew 840% percent compared to last year driven by the increased market volatility.



Shouldering Our ESG Responsibilities

2022 has been a landmark year for InCommodities – also in terms of our environmental, social and governance (ESG) efforts. While sustainable commitment has always been a focus area for us, we now have a greater understanding of our impact and can work more purposefully with our ESG approach and efforts. This progress means we have a solid foundation for our future work with ESG.

At InCommodities, we strive to be responsible and act responsibly in all aspects of our business – including our ESG initiatives.

Since 2017, our company has been rapidly growing, and the key focus has been to create a profitable, reliable, and self-supporting business in an uncertain world. The last six years have taught us valuable lessons regarding business management and development, and we are now in a position where we can look outside our company and focus on our contributions to the world outside our headquarters.

At the end of 2022, we made the significant decision to elevate and expand our efforts within the field of ESG. It is a big leap for a company like ours, and the work is still new to us. Our goal is to create a comprehensive ESG framework tailored for InCommodities, and we are committed to seeing it through with dedication and diligence.

We understand that the ESG framework is only the first step towards an actual ESG strategy, and the process requires a deliberate approach, which takes time.

The upcoming ESG strategy will be aligned with both our strategic actions and our strong corporate culture, and we will not rush it. Our intention is to design a strategy which takes our entire business into account. Little by little, the level of details will expand alongside the data collection and the metric measurements to create a well-founded baseline. This work should not only benefit our ongoing business developments, but also provide a new level of transparency for all stakeholders.

Environment and Climate

Statutory reporting on environment and climate in accordance with §99a of the Danish Financial Statements Act

Our business model is IT-based and does not significantly affect the external environment, as we do not offer physical goods or materials. but management is generally aware of measures that can protect the environment, including optimization of energy consumption, sourcing green electricity and investing in renewables to support the transition to net-zero. We have not developed a written environmental policy since our business model and business partners do not significantly expose us to such risks. Nevertheless, we are committed to creating an ESG framework to ensure that we meet our social responsibility obligations. We intend to develop written policies for each area of social responsibility as part of this process.

Increasing the awareness of our environmental footprint

Our business operations affect the environment mainly by generating indirect emissions, through the use of electricity, heating, and cooling.

Running a business like ours requires extensive use of data. This means we have a state-of-the-art IT infrastructure to host our core activities of buying and selling power, gas, and output from renewables, and this is our largest emitter. As a company, we are responsible for minimizing the negative impact from our daily operations and doing so is a declared commitment. To start with, we are mapping the emissions we own or control ourselves including electricity, heat, and water consumption[1].

Due to the growth of our company, the 2022 numbers indicate an overall increase in electricity usage. This is a direct result of welcoming new colleagues and adding several full desktop setups to our location. Investments in new computing power contribute to the overall increase as well. The same trend applies to our consumption of water and central heating, which is allocated based on total rented square meters. Each year, and in 2022 in particular, we have expanded our office space, thus increasing our share of total consumption in the building. Although our share of heat usage increased from 2021 to 2022, overall consumption in the office building declined

[1] Power consumption from external cloud servers is not included as we have not been able to obtain usable the data from our service providers.

Power consumption (kWh)	**2019**	**2020**	**2021**	**2022e***
Direct power consumption	64,579	84,783	97,332	100,851
Indirect power consumption allocated per m² of shared office building	48,096	70,687	115,805	123,263
Total power consumption	**112,675**	**155,470**	**213,137**	**224,114**
Consumption per employee	3,130	2,429	2,368	1,624
Solar rooftop				
Production	N/A	133,927	117,822	139,256
Utilization	N/A	117,280	110,241	123,719
% Utilization of total consumption**	N/A	22%	19%	21%
Excess sold to grid	N/A	16,647	7,581	15,537

**Our power consumption for 2022 has been estimated, because the observed numbers will not be available until after publication of this Annual Report. Estimates are based on our share of total consumption for prior years multiplied by a factor to reflect our growth in number of team members and additional m² in the shared office space we live in.*

*** The shared office space we live in has rooftop solar PV. We include the data to reflect that approximately 21% of the total power consumption in the building was covered by solar production in 2022.*

Share of estimated water- and heat consumption	**2019**	**2020**	**2021**	**2022e***
Water usage (m^3)	148	**233**	**426**	**716**
Heat usage (MWh)	19	28	43	66

by more than 6% mainly due to mild weather conditions, indirect heating from desktop setups, and optimization efforts.

We believe that mapping our consumption is a step in the right direction. In the coming year, we intend to continue monitoring our footprint to establish a solid foundation from which we can create an ESG framework and strategy.

InCommodities' environmental initiatives

Although our business model has a low direct environmental impact, we still have a responsibility to optimize where we can. In co-operation with our property owner, we have initiated several environmental initiatives. Below is an overview of the initiatives made so far:

- We are actively promoting the green transition. 21% of the power used in our office space at Tangen 6, Aarhus N comes from the solar photovoltaic system on our roof.

- We are optimizing our energy usage. The building is part of an extensive energy optimization project run by University of Southern Denmark and Develco Products. The purpose is to reduce heat and ventilation usage by installing sensors in every room to measure temperatures and humidity.

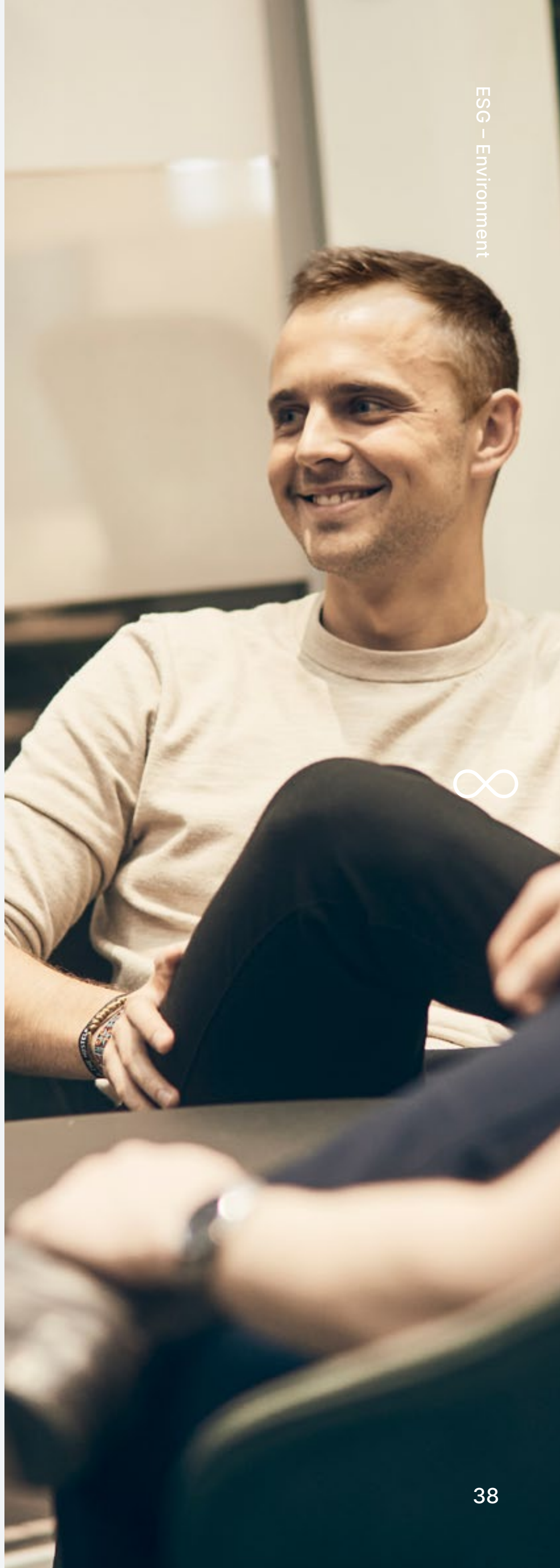
- We are creating a smarter building by using automatic equipment to reduce our consumption. This includes window blinds to minimize unintended heating of the building, reduce ventilation, and the need for cooling; automatic lighting to reduce electricity use; and water taps with sensory equipment to reduce overall water usage.

- We are encouraging our colleagues to bike to work by offering great bike parking facilities, including a weather-protected bike shed. We also offer locked bike facilities in the basement.

- We are taking a leap towards electrification by offering electric car charging stations.

- We are giving our people the best conditions for performing by serving high-quality organic food at our shared cafeteria, while we also have efforts to reduce food waste and sort food waste to increase recyclability.

Although these initiatives help reduce our environmental footprint, we realize that the greatest positive environmental impact we can make as a company is through our core business. Read about how we support the energy transition through renewables asset management below under Outlook.



Our People are Our Number One Priority

Statutory reporting on environment and climate in accordance with §99a of the Danish Financial Statements Act

Our most important competitive advantage is our culture. Our culture starts and ends with our people, and if we are unable to hire or retain the best talent in the industry, we will eventually be at a competitive disadvantage compared to our global peers.

Everything we achieve in InCommodities depends on our ability to bring together the brightest minds and most promising talents to accomplish great things, and without them, InCommodities would be a completely different organization.

That is why we prioritize creating a healthy, psychologically safe and pleasant work environment as our policy. We do not tolerate any kind of discrimination, harassment or other conduct that creates a hostile work environment. We treat people equally, fairly and with dignity.

In recruiting, we wish to be equally attractive to all genders. We treat people equally and do not discriminate in any way against any applicants based on nationality, age, religion, sexual orientation, or political beliefs.

Our policy is put into action through numerous initiatives. Examples include:

- **Measuring people engagement.**
  Every other week, our colleagues are surveyed anonymously about the working conditions at InCommodities.
  The questionnaire changes over time and is designed to cover as many aspects of our organization as possible. Through the survey, we are able to measure overall employee satisfaction and take early action if any area is in decline or if we detect signs of stress. We use the survey to ensure we have an attractive and healthy working environment.

- **Our recruitment process is far from ordinary.**
  Personal and cultural fit is crucial to us.
  We spend a great deal of time getting to know the person behind the CV and their professional skills. We use a personality profile to explore and get to know the whole person, including their personal background, hobbies, motivational factors, values in a team setting, preferences in work approach, and more. We also assess their technical foundation and background with tests or cases, depending on the relevant role, level of experience, and other factors. In addition to meeting with their People Partner and recruiting manager, candidates meet with potential colleagues and other stakeholders in their future role at InCommodities. We believe that meeting peers is an essential part of the process, as they can help facilitate the technical part of the second interview and at the same time showcase the culture of the team and the colleagues the candidate will potentially be working with on a daily basis.

- **Extensive onboarding of new joiners.**
  We have an extensive onboarding program that last 1-2 weeks. Among other things, the program consists of social activities, introduction to every department in the company, a buddy program, an introduction to our policies and guidelines and much more. Our onboarding program is designed to welcome new joiners with open arms and give them the absolute best preconditions for starting at InCommodities.

- **Clear policies for the entire company.**
  Our employee handbook lays out our policies for how we want to relate to each other and what we can expect from each other. It clearly states that any kind of discrimination, harassment or similar is unacceptable and will not be tolerated.

In 2022, we had no reported incidents of harassment, discrimination or other hostile actions.

We ended the year with 138 people from 18 nationalities and welcomed 52 new colleagues throughout the year. Out of the 52 new hires, only three turned out not to be a perfect match. We attribute the low turnover rate of new hires to our extensive recruitment process, onboarding program, and commitment to preserving our culture.

During the year, a higher than usual number of people with a tenure longer than 2 years chose to part ways with InCommodities. The main drivers of these departures were a mix of layoffs to preserve company culture and people wanting to try a different workplace, which we view as normal due to the low average age in our company.

Because our business model is knowledge-based and jobs often require a high degree of specialization, 93% of our people held a Bachelor's Degree and almost 78% held a Master's Degree or higher.

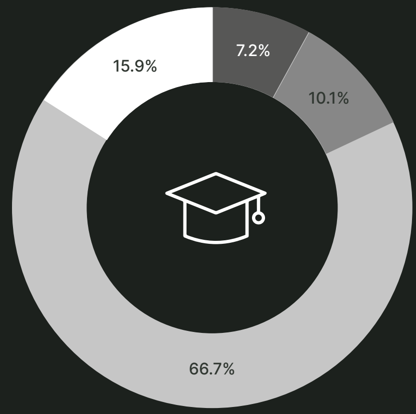
Most importantly, at year-end, we measured an engagement score of 9.2 out of 10 in our employee surveys. This compares favorably to the benchmark score of 8.6, which represents the top 5% of global companies using the people engagement tool as us. Our goal for 2023 is to maintain our position as one of the highest-performing companies within this top 5%. To achieve this, we will continuously monitor and enhance the working conditions and environment in our company.

138

People
working at InCommodities in 2022

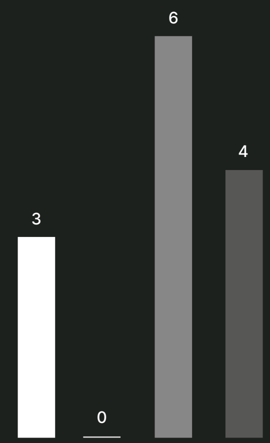
32

Average age



Distribution of education

Bachelor's degree · Master's degree · PhD · Other



Employee turnover in 2022

Tenure < 1 year · Tenure 1-2 years · Tenure 2-3 years · Tenure > 3 years

18

Nationalities
18 different nationalities

9.2 /10

People engagement score

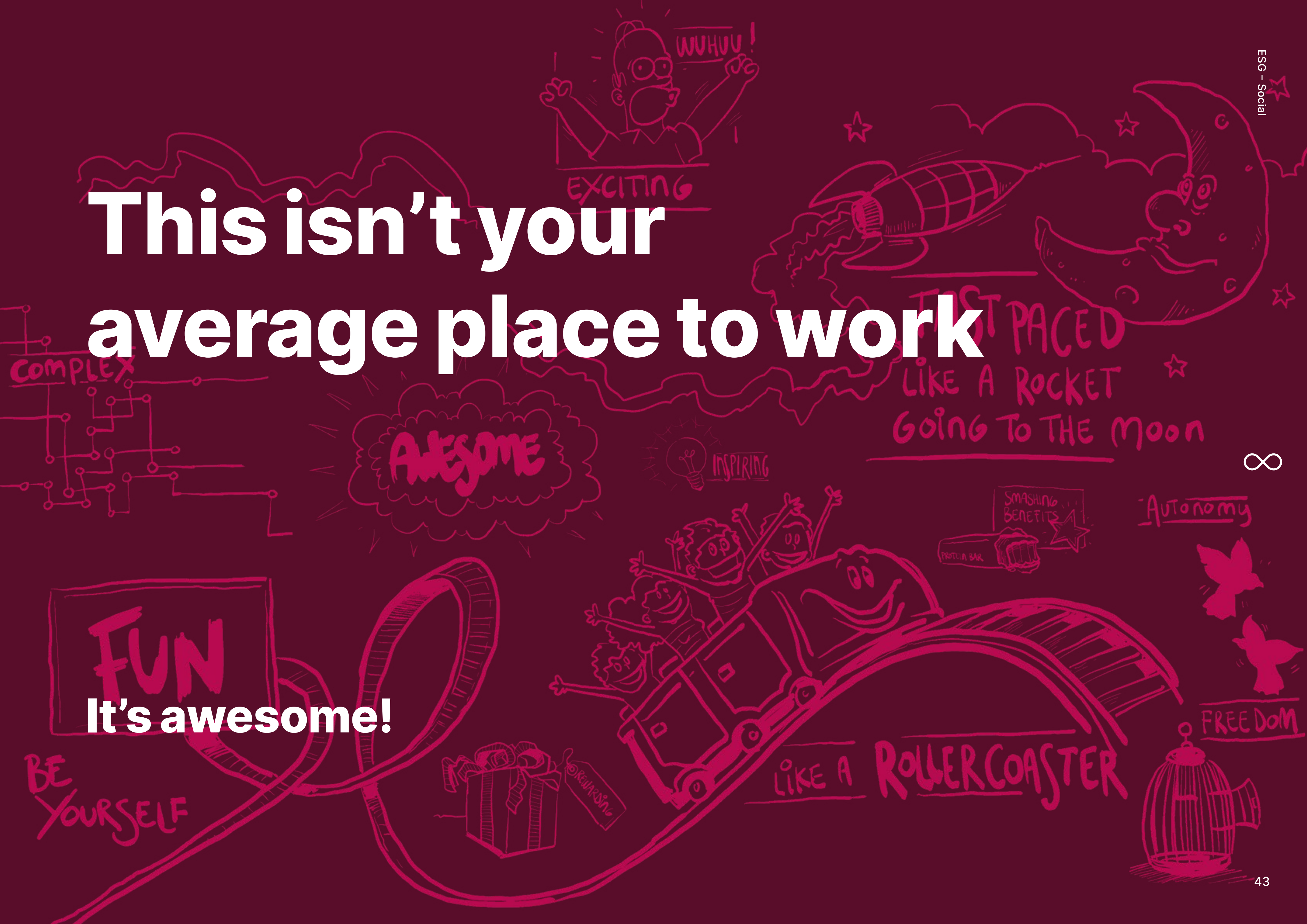
Human rights

InCommodities' risk of human rights violations is very low if not non-existent. Our business model is IT-based and we do not have suppliers or customers in the traditional sense. All our employees work in developed countries that respect human rights.

We have no formal policy about human rights, but our employee handbook describes how we want to relate to each other and what we can expect from each other. The handbook clearly explains how we expect colleagues to conduct themselves and fulfill their responsibilities towards the company and the outside world. Overall, we seek to comply with human rights through personnel policies and work environment policies, which i.e. which meet the right to equal treatment, the right to personal security, and the right to freedom of association.

This isn’t your average place to work

It’s awesome!



Our People Are the Heart of InCommodities

Honesty, transparency, and rethink are the values we live by. Along with trust and autonomy, they are grounded in our culture, and we believe the best decisions are made by the specialists closest to the job, regardless of seniority.

From our perspective, fostering individual growth as well as team growth strengthens the entire organization, both internally and externally. The positive effects of a strong culture are reflected in our people engagement, as well as our contributions to the local and global community.

"I really appreciate how our founders update us on the financial situation of the company on a regular basis. They are not obliged to disclose as much information as they do, and they do so without empty talk or buzzwords. I applaud their openness and transparency. It helps building long-lasting trust in the workplace and make us feel that we are part of this together."

Anonymous,
feedback received in bi-weekly engagement survey

Value

Honesty

We are a team driven by our ambition to be the best: The best company, the best team, the best people. We facilitate this process by being direct and honest with each other.

We see honesty as the key element to growth, and we use this feedback, sparring, and direct communication to excel on every level.

Value

Transparency

InCommodities was built on the need to break free from the status quo; old management structures and top-down leadership where secrecy is prevalent, and insecurity and fear are drivers.

We see transparency as the key element to trust. We encourage and invite the entire team to join us at the table, because only with the doors opened to all, do we become empowered.

Value

Rethink

The only constant is change. Our ability to be an agile organization that welcomes change makes us resilient. We see Rethink as the key element of our strength.

We seek to improve and to realise that improvement is a circular process. Think, then rethink.

Purpose

We Advance Together

Advance expresses our constant appetite to move forward, develop and challenge ourselves with determination, mastery and technology.

Together emphasizes the way we advance and how we believe we will create the strongest results of all, through our culture, community and autonomy.

Vision

To pioneer algorithmic trading and renewables management

Fostering autonomy to drive job satisfaction

To succeed with an extreme degree of autonomy and facilitate distributed decision-making, we have organized ourselves into a flat organization and implemented several initiatives, such as our Role Framework and Advice Process.

We believe in a flat organizational structure that avoids old, formal management structures and top-down leadership. Rather than advancing through a hierarchy of titles, we encourage and support people to excel in roles both within and outside their team, based on their personal motivation, interests, and competencies. The biggest development motivator is that our colleagues develop horizontally instead of vertically and with an extreme focus on the mental barriers that might hinder their development – personally as well as professionally. We apply a Role Framework that enables a steep and dynamic learning and development curve for all our people, fostering distributed leadership and ownership. Trust and autonomy are natural components of how we collaborate, empowering our self-driven and responsible colleagues throughout the company.

Through our Advice Process, a decentralized decision-making process, we ensure that decisions are made by those who are specialized in the relevant role and area, regardless of their formal title or seniority. At the same time, the Advice Process ensures that input is given from relevant stakeholders and that the decision is made based on a strong informative background. Rethinking the status quo of traditional organizational structures makes creativity, innovation, and faster decision-making processes possible to a greater degree.

Treating our people as whole individuals

At InCommodities, we understand that each person on our team is a unique individual with a life beyond work. They are parents, friends, and community members. We strive to provide a work environment that supports their growth and well-being in all aspects of their lives.

"I love that I can combine my job and family life. I feel that I have the freedom to manage my time and work flexible hours."

Anonymous,
feedback received in bi-weekly engagement survey

Our flexible working hours and emphasis on work-life balance enable our team members to prioritize personal obligations while achieving their professional goals. We believe in allowing individuals to express themselves freely, and we do not impose dress codes. In fact, we encourage our colleagues to be their authentic selves at work, knowing that diversity and inclusivity are key ingredients in fostering a thriving workplace culture.

Prioritizing personal growth and well-being

Personal growth and development have always been a key priority in InCommodites. We challenge our colleagues every day and offer a steep learning curve driven by fast growth and short decision-making process.

In the 2022 strategy process, it became clear that we offered many excellent development- and health & well-being initiatives but needed to become more systematic and strategic in our approach. In 2023, we will level up and structure our initiatives into two overall programs: our Advancement Program, offering personal development and growth, and our Health & Well-being initiative that focuses on physical and mental health.

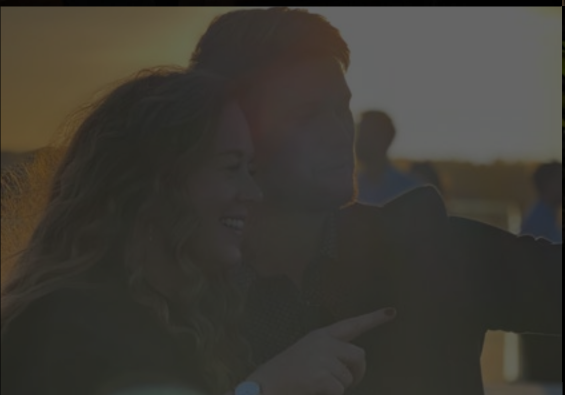
Our Advancement Program, launching in 2023, is designed to help our team members achieve both personal and professional goals. This program is our way of acknowledging the unique talents and contributions of our team members and providing opportunities for them to grow with and within our organization.

"People & Culture does a really good job at focusing on health and well-being. And they support a lot of requests if people need anything to improve their physical work environment."

Anonymous,
feedback received in bi-weekly engagement survey

Social Events and Spending Time Together

Social events and spending time together are important parts of our culture. We arrange different social events throughout the year, such as summer- and Christmas parties, company trips, and team-building activities. Besides these larger events, many of our social events are driven by our colleagues themselves. Examples include paddle tennis, food clubs, cross-fit, and spinning. Colleagues interested in participating in these activities simply meet up during working hours or after hours.



Other Social Initiatives

One thing is our internal social work; another is the external. At InCommodities, we want to support social initiatives and people who make a difference in our society and our local area. That is why we support initiatives close to our hearts. In 2022 this included Trygfondens Familiehus, Coding Pirates, and Julehjælpen. All initiatives are chosen with the support from our colleagues.

In addition to supporting local social initiatives, we also donated to several organizations supporting Ukraine during 2022. These include Red Cross, Doctors Without Borders, ICRC, and Razom. We believe it's important to support those in need during difficult times, and we hope that our contributions can help make a difference for the people of Ukraine.

Initiatives close to our hearts

TrygFondens Familiehus

Coding Pirates

Julehjælpen

Social Initiative #1

Trygfondens Familiehus

Trygfondens Familiehus is a place of residency for families whose children are hospitalized at Skejby Sygehus in Aarhus, Denmark. We know how much this donation will impact the families staying there, as one of our colleagues and his family stayed at Trygfondens Familiehus for three months while their son was hospitalized.

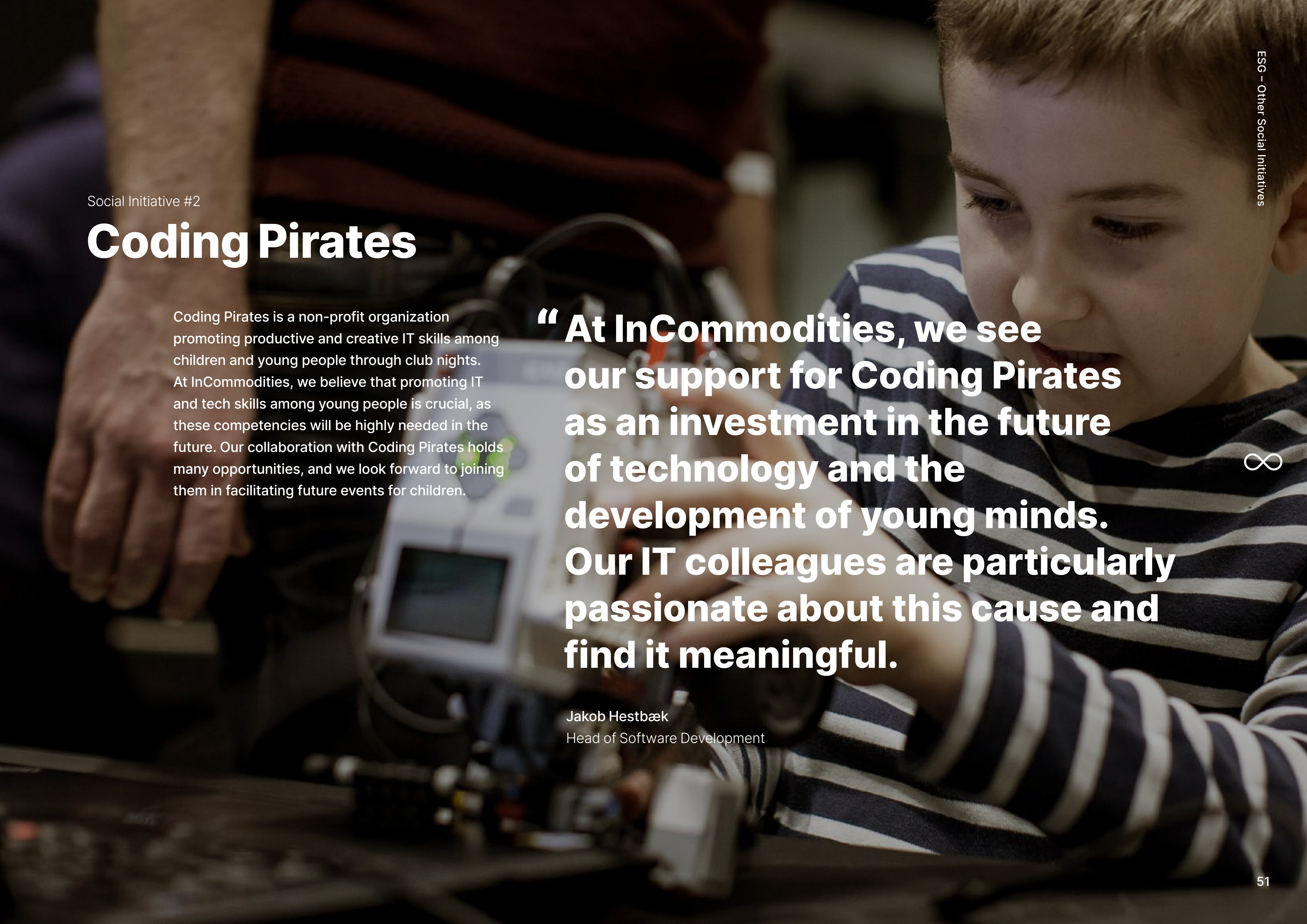
Our donation will contribute to the renovation of the foyer and family room, making it more welcoming and suitable for playful activities. We are grateful for the opportunity to support this local non-profit organization, and we hope that our donation will go a long way in making a significant difference in the lives of the families and children staying there.

"We are incredibly grateful for this donation. It will significantly impact and make a massive difference for the families and children staying here. Every year, 400 families stay with us. The donation will allow us to renovate the foyer and family room, where families meet and children play, to make it more welcoming and suitable for playful activities. This donation will go a long way. A heartful thanks to all at InCommodities"

– Vinni Bisgaard Stenholt,
Manager at Trygfondens Familiehus

"During a three-month period when our oldest son was hospitalized due to a severe and rare condition, we found Trygfondens Familiehus to be a safe haven; a place only five minutes away from the hospital where we could sleep, spend time together as a family, and take a short rest. The wonderful and caring staff and volunteers helped with basic needs like cooking dinner, restocking our fridge, and comforting talks. I genuinely appreciate the possibility of having such a place during a period when our thoughts and time were occupied with concern, leaving no or very little time for the most basic things."

– Peter Christoffersen,
Financial Controller, InCommodities



Social Initiative #2

Coding Pirates

Coding Pirates is a non-profit organization promoting productive and creative IT skills among children and young people through club nights. At InCommodities, we believe that promoting IT and tech skills among young people is crucial, as these competencies will be highly needed in the future. Our collaboration with Coding Pirates holds many opportunities, and we look forward to joining them in facilitating future events for children.

> **“ At InCommodities, we see our support for Coding Pirates as an investment in the future of technology and the development of young minds. Our IT colleagues are particularly passionate about this cause and find it meaningful.**

Jakob Hestbæk
Head of Software Development

Social Initiative #3

Julehjælpen

Julehjælpen is a Danish non-profit organization dedicated to helping families with children who are less fortunate financially. Due to increasing food and energy prices, more families are affected and have fewer means available in the years to come. That is why we were thrilled to learn that our 2022-donation ensured 800 families extra help.

“ Julehjælpen was a meaningful opportunity to make a difference in the lives of families who are struggling financially. Through our contribution, we help make the holiday season a little bit brighter for families in need.

Ditte Bak
Head of People & Culture

Governance

Statutory reporting on social- and working conditions in accordance with section §99a of the Danish Financial Statements Act

As an energy trading company, we act as middlemen, buying and selling power and natural gas through regulated energy exchanges. Instead of traditional suppliers or customers, we have business partners. Our activities take place mainly in Europe where a high degree of regulation and regulatory control exist.

Taking governance seriously

In our industry maintaining the highest standards of business ethics and operations is both necessary and expected. We put great effort into our compliance work, which is extremely important for the way we run our business. We do not act on inside information, nor do we share it. If something seems unusual it is best practice for all team members to react and inform the compliance team.

We report suspicious market behavior, including suspicions of insider trading or market manipulation, to the relevant regulatory authority for it to investigate.

It is crucial that all team members align with our business standards. At InCommodities, all colleagues must attend compliance training, which includes business compliance and GDPR. This ensures that we follow good practices when it comes to governance responsibilities.

“We all recognize that we work in a complex working environment that is subject to external scrutiny and compliance checks. Our values of honesty, transparency and rethink, applied to all that we say and do, serve us well in making the best possible judgments and being able to act in accordance with standards of good business conduct.”

Ian McGowan
Head of Compliance

Financial crime

Almost all of our activities are centered around our headquarters location in Skejby from where we engage with energy markets throughout Europe. Following and complying with current legislation and guidelines regarding financial crime is standard procedure at InCommodities. We comply with the relevant laws, regulations, and standards in Europe and any other market we operate in to prevent exposure to financial crime; including bribery and corruption.

The primary risks associated with exposure to financial crime are loss of reputation and regulatory sanctions. We have a simple, but clear, zero-tolerance policy of financial crime of any kind.

To mitigate the risk of financial crime, we follow a structured counterparty due diligence process when it comes to our business partners. We estimate that our risk of being involved in financial crime situations due to our business activities is very low.

As mentioned, we also require that all team members who have direct or indirect impact on our primary business attend compliance courses held by our internal experts or external professionals.

Among other measures, we put our policy into action through:

- A strict no-gift and gifting policy. If an employee receives a gift, it must be handed in to management who ensure distribution of the gift received. Employees are prohibited from any kind of gifting to public officials.
- Mandatory compliance- and ethics training of employees. All team members who have direct or indirect impact on our primary business must attend compliance courses held by our internal experts or external professionals. Existing and new employees must complete compliance- and ethics training through e-learning, reading our Employee Handbook, and Compliance Framework.

In 2022, we had no financial crime incidents. Our priority for 2023 is to keep strengthening our compliance work and training of employees.

Data ethics

At InCommodities, our data can basically be divided into two categories: Market data and personal data. Our market data is treated as publicly available to anyone willing to purchase or mine it. Our business model relies on obtaining the highest quality data possible to fuel our market analysis and make well-informed trading decisions. To gain a competitive edge, it is imperative that our data, analysis, and decision-making surpass that of our competitors.

However, we do not, nor would we, allow any data to be obtained illegally. Similarly, we do not allow any team member to intentionally transmit data to deceive or manipulate market participants. We view the rules governing our trading activities as sufficiently restrictive to not require additional market data policies.

With regards to personal data, we follow a restrictive approach. We will only collect personal data when necessary. This includes data from applicants, team members, and business partners. Through our onboarding, we teach our colleagues not to share personal data with other people internally or externally. We teach our colleagues to ask permission at the source rather than sharing without permission. Requests for data are usually handled by Legal, who are trained in the legal framework surrounding personal data.

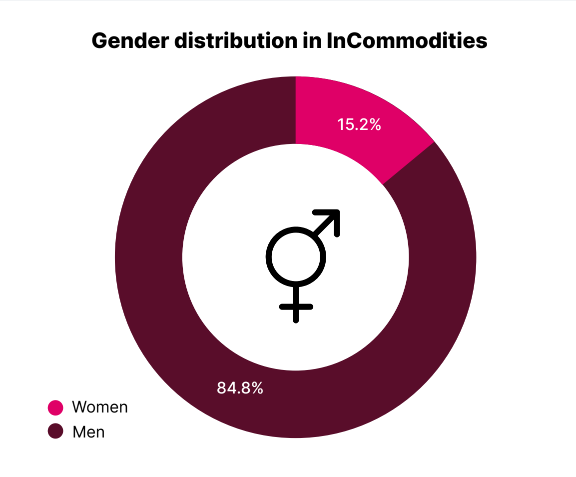
Composition of the Board and Other Levels of Management

Our goal is to create an equal workplace where all colleagues – no matter gender, ethnic background, sexual orientation, and religion – are likely to thrive and succeed in their jobs.

In 2022, the distribution between women and men on the Board of Directors was 0 to 5 or 0%. There were no replacements on the Board of Directors during 2022, and since the majority of the board members are owners of the company, it is currently not prudent for the owners to part with their seats. However, we aim to reflect a balanced company and still seek to reach our target of having

one female board member by 2024, which would increase the share to 20% in a 5-person board.

In our other management levels, the distribution between female and male managers was 3 to 15 or 16.66%. In our 2021 annual report, we set a target of increasing the share of females in management from 9.5% to 15% by 2024. We are pleased to have



accomplished this goal two years earlier than planned. The driving force behind reaching this milestone was a combination of factors, including hiring new employees and expanding the management team. It is worth noting that the best candidates for the jobs happened to be women, which was a coincidence and not an attempt to meet a quota. Our goal for 2024 is to have four female managers, which would increase the share to 21% in a 19-person management team.

Our overall policy is that gender should not be a factor in evaluating a person's potential fit for a managerial position or any other position in the company. Our ESG reporting emphasizes the importance of basing our decisions on a combination of data, objective analysis, and cultural fit. We believe that this is the fairest approach for everyone; being evaluated on one's skills and personality instead of an arbitrary measure such as gender. Our policy promotes equality as everyone is evaluated and promoted based on their merit, skills, experience, cultural fit, but not their gender. This approach creates a sense of self-worth and motivation among our people as they know they have earned their promotion or new job based on their abilities and contributions to the company.

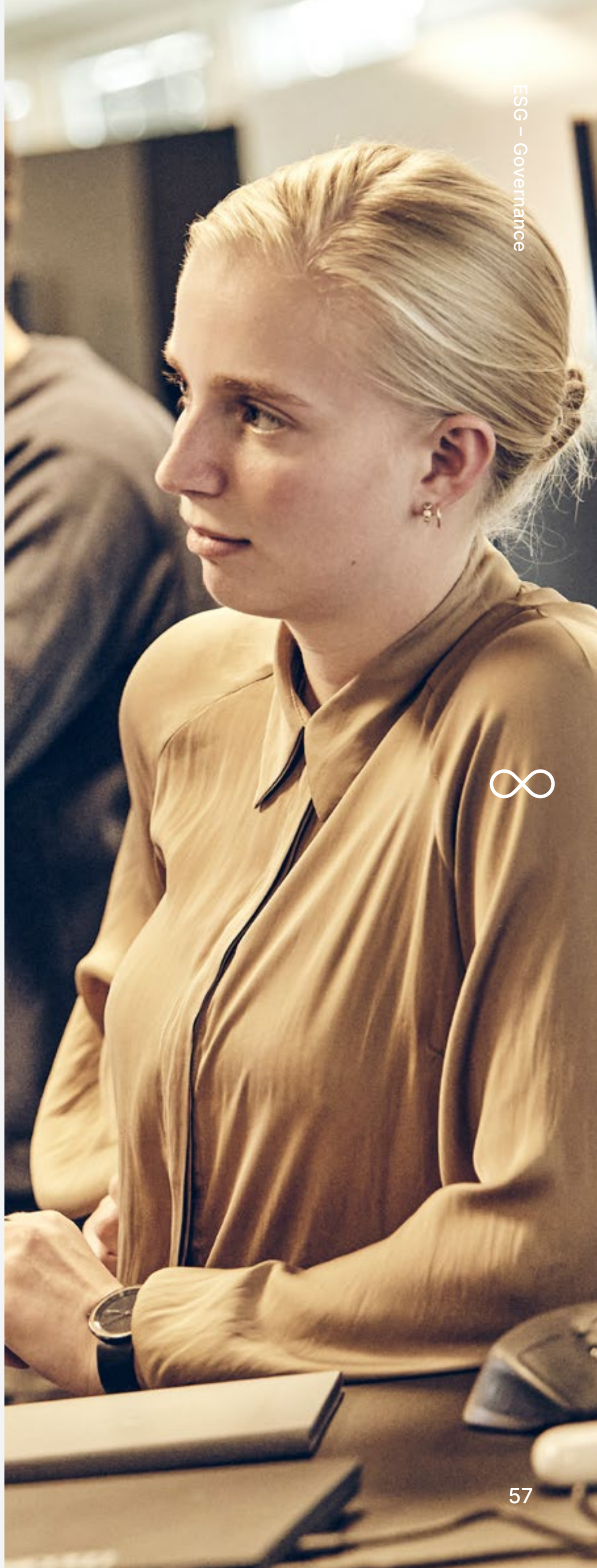
Although our policy is fair in recruiting and promotions, we also recognize that we are facing a structural gender imbalance within our industry. Women are underrepresented in areas around IT and trading. It is a general feature inherent not only to our company and industry but across multiple industries.

The skewness of genders is traceable to our schools and universities. If there is an unbalanced gender representation in the classroom, this will lead to an unbalanced representation across various company departments. While some companies may be more diverse than others, unfortunately it often becomes a zero-sum game.

We believe it should be left entirely up to the individual to choose the educational path they find interesting and meaningful. It is not a corporate task to force educational choices upon individuals to achieve a certain threshold for the gender. It is, however, a corporate task to eliminate any visible or invisible barriers that might deter or prevent the underrepresented gender from pursuing a career in a given industry. Our goal for 2023 is to identify and contribute to eliminating such barriers. Our efforts will be centered around the educational institutions offering relevant study lines and the broader society to create general awareness of what working in the financial energy industry is like.

Specifically, we will encourage women to pursue a career in energy with a focus on IT or trading. Our goal is to respect and encourage the freedom of individual choice, while ensuring that no informational barriers or biased notions of our industry might deter women from applying for jobs at InCommodities.

We acknowledge that it is not a change that will happen overnight or within a short period but requires continuous efforts. However, we hope our work in this area leads to an increase in female applicants. Ultimately, a broader field of candidates helps create a better balance between genders in the departments and managerial positions.
The benefits derived from a better balance between genders are commonly known and proven, and we expect to benefit similarly, perhaps even to a greater extent, due to our unique culture.



Outlook

Energy Markets to Remain Volatile in 2023

Following a turbulent 2022, energy markets are expected to return to more of a normality this year, which also applies to InCommodities' business.

As of the beginning of 2023, the energy market is much better positioned than we ever imagined possible when Russia invaded Ukraine in February 2022. The starting point for Europe is positive, with full inventories of natural gas. However, it is important to note that 2023 will mark the first year when European countries will have to manage without significant gas supplies from Russia. As a result, these countries' ability to replenish their gas inventories has not yet normalized. Therefore, European residents cannot return to normal gas consumption without it having significant consequences on the price level.

From a global perspective, we expect to see the consequences of China's reopening of society after a prolonged COVID-19 lockdown. In 2021 and 2022, Europe was able to access vast quantities of LNG due to China's lockdown and reduced demand in the industry. However, this is expected to change in 2023, as we anticipate intensified competition for LNG. In other words, the energy crisis and the accompanying concerns are not over yet. A cold beginning of the 2023-2024 winter could rapidly destabilize the situation again.

In the long-term, we anticipate the shifting world-wide energy scenario to have a lasting, massive impact in the decades ahead, on a scale that we have yet to fully comprehend. 2022 has created a new situation in which uncertainty about energy supplies will have significant consequences for a number of industries. Energy-intensive industries in particular may face increasing pressure to relocate away from Europe as a result. To us, gradual normalization will mean a return to more normal growth rates. We are still committed to developing and scaling our business, but our realistic expectation is that our 2023 earnings will be at least 50% lower than our profit in 2022. Thus, earnings before tax is expected to be EUR 100-250 million.

The latest political declarations remain unclear on whether the trading industry will be subject to a windfall tax after a turbulent 2022. It is uncertain whether political intervention could undermine free energy markets with incalculable consequences. As the past year has demonstrated, volatile markets place significant demands on trading companies' liquidity to maintain their capacity. A market with fewer participants able to participate will result in reduced efficiency, ultimately leading to negative impacts on energy prices for consumers and a slower transition towards net-zero.

Committed To Spend 5% of Earnings to Support Net–Zero

In the future, part of our earnings will be invested in advancing the green transition across different initiatives.

In 2023, we are taking further steps to support the movement towards net-zero emissions. Through a new commitment called the InCommodities Sustainable Investment Initiative, we are targeting spending 5% of our earnings every year on investment in infrastructure, companies, or renewable assets that support the transition towards net-zero.

As a well-run company that grows profitably, we want to take greater responsibility in the energy sector we are part of. Although the war in Ukraine has shown that fossil fuels cannot be phased out at the drop of a hat, we believe that the transition towards net-zero is proceeding too slowly.

It takes too long to get permits for solar and wind parks, and too many good ambitions are impeded by bureaucracy. The risk of political interference in the market creates new uncertainty, and this uncertainty causes projects to be stopped.
Many European countries have wasted decades of political stagnation and failed to drive a genuine green transition.

The initiative is in part driven by our experiences in the energy market, which have given us a unique insight into investing intelligently by spending resources where they have the biggest impact. This ability imposes a duty on us. But in addition, we want to create a lasting impact in more dimensions than we do today.

Our 5% contribution will be implemented in various ways. For example, we will invest in infrastructure such as solar parks, where our active ownership can make a difference for the climate, the environment, and society. We will also investigate our options for investing in startups with interesting green technology, or in funds which excel at investing in technology that makes a real difference.

We believe that technological development needs to accelerate. There is a need to develop new solutions that are unknown to us today, and we need to scale the technologies we already know. We want to be an active part of these processes.

Building our first solar park

As one of the first projects under the InCommodities Sustainable Investment Initiative, we are currently developing a solar project in Favrskov municipality outside Aarhus, approximately 15km from our headquarters.

We plan to transform a closed plant nursery into a 5.5 MW solar park, which will be able to power up to 1,200 households or approximately 26 times InCommodities own electricity consumption. The park is expected to be operational in the first half of 2024.

We are excited to invest in projects that have a net positive impact on the climate, the local community, and society, which is in line with our goal to focus on sustainable solutions that benefit both our internal and external business.

We plan to transform a closed plant nursery into a 5.5 MW solar park, which will be able to power up to 1,200 households.

Management's Statement and Independant Auditor's Report

Management's Statement

The Board of Directors and Executive Board have today considered and adopted the Annual Report of In Commoditites A/S for the financial year 1 January- 31 December 2023.

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

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations and cash flows for 2023.

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

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

Aarhus, 6 June 2023

Executive Board

Jesper Severin Johanson
Executive Officer

Board of Directors

Jeppe Bülow Højgaard
Chairman

Emil Kildegaard Gerhardt

Christian Bach

Jesper Severin Johanson

Independent Auditor's Report

To the Shareholder of In Commodities A/S

Opinion

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

We have audited the Financial Statements of In Commodities A/S for the financial year 1 January - 31 December 2022, which comprise income statement and statement of comprehensive income, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("Financial Statement of Comprehensive Income").

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 Company 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 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 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 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 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting

- 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 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 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.

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.

Aarhus, 6 June 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Mads Meldgaard
statsautoriseret revisor
mne24826

Martin Stenstrup Toft
statsautoriseret revisor
mne42786

Consolidated Financial Statement

Income Statement

1 January - 31 December

	Note	2022 TEUR	2021 TEUR
Fair value adjustment of financial and physical energy contracts	3	1,583,708	178,798
Gross profit/loss		**1,583,708**	**178,798**
Other external expenses		-10,261	-3,713
Staff costs	4	-207,125	-30,774
Other operating income		6,900	1,893
Depreciation		-307	-173
Operating profit before financial income and expenses (EBIT)		**1,372,916**	**146,032**
Financial income	5	18,030	1,687
Financial expenses	5	-21,667	-3,646
Profit (loss) before tax (EBT)		**1,369,279**	**144,072**
Tax on profit/loss for the year	6	-305,403	-31,860
Net profit/loss for the year		**1,063,876**	**112,212**
Total net profit (loss) for the period is attributable to the owners of In Commodities A/S		**1,063,876**	**112,212**

Statement of Comprehensive Income

1 January - 31 December

	Note	2022	2021
		TEUR	TEUR
Profit for the year		1,063,876	112,112
Other comprehensive income *Items that may be reclassified to profit or loss*			
Exchange differences on translation of foreign operations		-	-
Income tax relating to these items	6	-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		1,063,876	112,112
Total comprehensive income for the period is attributable to the owners of In Commodities A/S		1,063,876	112,112

Balance Sheet

Assets

	Note	2022	2021	1 January 2021
		TEUR	TEUR	TEUR
Non-current assets				
Right-of-use assets	7	415	720	-
Deposits		188	109	70
Total non-current assets		**603**	**829**	**70**
Current assets				
Inventories	8	73,145	44,021	11,389
Trade receivables	9	170,077	81,222	28,661
Receivables from group enterprises		6,726	5,274	3,379
Derivatives	10	127,510	16,520	3,819
Other receivables		101,213	33,709	4,296
Prepayments		-	-	9
Cash and cash equivalents		733,807	87,103	32,824
Total currents assets		**1,212,478**	**267,849**	**84,377**
Total assets		**1,213,081**	**268,678**	**84,447**

Balance Sheet

Liabilities and equity

	Note	2022 TEUR	2021 TEUR	1 January 2021 TEUR
Equity				
Share capital	16	3,114	3,114	3,114
Retained earnings		695,003	114,510	40,458
Total equity		**698,117**	**117,624**	**43,572**
Liabilities **Non-current liabilities**				
Provisions	13	113	113	-
Lease liabilities	7	216	434	-
Credit institutions	11	4,824	5,180	672
Payables to group enterprises		144,337	-	-
Other payables	11	-	21,258	-
Total non-current liabilities		**149,490**	**26,985**	**672**
Current liabilities				
Lease liabilities	7	303	215	-
Credit institutions	11	-	2,109	18,347
Trade payables		80,711	44,749	4,194
Payables to group enterprises		725	-	-
Derivatives	10	69,355	19,851	8,534
Corporation tax		128,780	31,910	2,989
Other payables		85,600	25,235	6,139
Total current liabilities		**365,474**	**124,069**	**40,203**
Total liabilities		**514,964**	**151,054**	**40,875**
Total liabilities and equity		**1,213,081**	**268,678**	**84,447**

Statement of Changes in Equity

1 January - 31 December

	Share capital	Retained earnings	Total equity
	TEUR	TEUR	TEUR
As at 1 January 2022	**3,114**	**114,510**	**117,624**
Profit for the period	-	1,063,876	1,063,876
Other comprehensive income	-	-	-
Total comprehensive income	3,114	1,178,386	1,181,500
Transactions with owners in their capacity as owners			
Extraordinary dividends paid		-477,502	-477,502
Share-based payments		-7,575	-7,575
Tax on share-based payments	-	1,694	1,694
As at 31 December 2022	**3,114**	**695,003**	**698,117**

Statement of Changes in Equity

1 January - 31 December

	Share capital TEUR	Retained earnings TEUR	Total equity TEUR
As at 1 January 2021	**3,114**	**40,458**	**43,572**
Profit for the period	-	112,112	112,112
Other comprehensive income	-	-	-
Total comprehensive income	-	112,112	112,112
Transactions with owners in their capacity as owners			
Extraordinary dividends paid	-	-38,277	-38,277
Share-based payments	-	117	117
As at 31 December 2021	**3,114**	**114,510**	**117,624**

Cash Flow Statement

1 January - 31 December

	Note	2022	2021
		TEUR	TEUR
Cash flows from operating activities			
Net profit/loss for the year		1,063,876	112,371
Adjustments	15	309,347	33,632
Changes in net working capital	15	-155,015	-58,002
Financial income received	5	3,831	1,687
Financial expenses paid	5	-3,822	-3,619
Corporation tax paid	6	-208,533	-2,938
Net cash inflow from operating activities		**1,009,684**	**83,131**
Cash flows from investing activities			
Payment for fixed assets etc		-79	-39
Net cash outflow from investing activities		**- 79**	**-39**
Cash flows from financing activities			
Change of loans from credit institutions and long-term other payables	15	-23,723	50
Lease payments		-130	159
Share-based payments		-5,881	
Raising of other long-term debt	15	144,337	21,035
Dividends paid to company's shareholders		-477,502	-38,277
Net cash outflow from financing activities		**-362,899**	**-17,033**
Net decrease in cash and cash equivalents		**646,706**	**66,059**
Cash and cash equivalents at the beginning of the financial year		87,103	21,044
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at end of year		**733,807**	**87,103**

Notes to the Financial Statements

1 Summary of significant accounting policies

The financial statements of In Commodities A/S (The Company) for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 6 June 2023.
This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as additional the 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 which are not entered into for the company's own use.
- Derivative financial instruments.

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

- **First-time adoption of IFRS**
  These financial statements are the first financial statements that are presented in accordance with IFRS.

  The comparative figures for 2021 in the income statement and the balance sheet as at 1 January 2021 and 31 December 2021 were restated in accordance with IFRS. The accounting policies applied are based on the standards and interpretations effective for 2022. No standards or interpretations which are not yet effective have been adopted.

  Refer to note 22 for information on how the Company adopted IFRS.

- **New standards and interpretations not yet adopted**
  Certain new accounting standards, amendments to accounting standards and interpretations

have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company. 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.

Foreign currency translation

- **Functional and presentation currency**
  Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (EUR), which is the Company'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 generally recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

  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 that balance sheet

  - income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates, and

  - all resulting exchange differences are recognised in other comprehensive income.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at fair value and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments which are not settled at year end are classified as Derivatives, respectively. The fair values of derivative financial instruments which are settled at year end are classified as "Cash at bank" and "Credit institutions", respectively. Derivative financial instruments with positive fair values are offset against derivative financial instruments with negative fair values when settled on a net basis.

Contracts for the delivery of power and gas are classified as derivative financial instruments when there is a practice of net settlement in respect of similar contracts, including offsetting contracts before delivery.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Income statement

Fair value adjustments of financial and physical energy contracts

The Company routinely enters into exchange traded 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 Company has a practice of entering into offsetting contracts before the delivery date. Consequently, they are measured at fair value on initial recognition and subsequently measured at fair value through profit and loss.

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

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

Cost of sales

Cost of sales includes the purchase of power, gas, and certificates for resale and transportation thereof where physical delivery takes place.

Other external expenses

Other external expenses comprise expenses for premises, marketing, office expenses etc.

Staff costs

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

- **Employee benefits - Pensions**
  For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company 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.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

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.

Tax on profit/loss for the year

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 Company 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.

Balance sheet

Leases

The Company leases 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 Company 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, which is 4 years for recognised right-of-use assets, on a straight-line basis.

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

Fixed asset investments

Fixed asset investments consist of deposits from leasehold.

Inventories

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

Trade receivables

Trade receivables are amounts due from exchange traded sale and purchase transactions for physical delivery of energy commoditie as part of the ordinary course of business. Trade receivables are recognized initially at the amount of consideration that is unconditional.
The Company 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.
The Company applies the IFRS 9 simplified approach to measuring expected credit losses which use s 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.

Derivatives

When derivatives do not meet the hedge accounting criteria, they are primarily classified as ‘held for trading’ for accounting purpose and initially recognised, and subsequently measured at fair value through profit and loss and recognised in the balance sheet as ‘derivatives”. Derivatives that are held for trading are classified as current assets and liabilities regardless of their maturity date. The Group does not apply any type of hedge accounting in the financial statements. Derivatives are categorised by means of shared risk and underlying commodity.

The Company 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 is considered within the scope of IFRS 9 since the contracts are net settled, and they are consequently accounted for as derivatives measured at fair value through profit and loss.

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 comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.
Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.
Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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.

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.
- **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.

Cash Flow Statement

The cash flow statement shows the Company´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 Company´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

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 depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

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

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholder.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand” and ”Overdraft facilities”.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Return on assets	$\dfrac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\dfrac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\dfrac{\text{Net profit for the year x 100}}{\text{Average equity}}$

Notes to the Financial Statements

2 **Critical estimates and judgements**

The preparation of 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 other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

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Judgements

Measurement of gas trading inventory

Determining the measurement method of gas trading inventories require management to make judgements. Management uses significant judgement when determining whether the Company acts as a broker-trader. In this assessement, management takes into consideration both characteristics of the sales contracts entered into, the frequency and volumes of gas trading and the strategic use of the gas trading inventory. Evaluating all the facts and circumstances relating to the gas trading inventories, the Company does not act as a broker-trader and gas trading inventories are consequently measured at historic cost.

The carrying amount of gas trading inventory as per the balance sheet date amount to TEUR 73,145 (2021: 44,021).

Estimates

Valuation of derivatives and commodity contracts not entered into for the Company'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 Company'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

Notes to the Financial Statements

2 **Critical estimates and judgements** (continued)

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 Company also trades capacities for which no active market exists hence the price is estimated. 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 11 for more detailed description and a display of the fair value hierarchy.

The carrying amount of derivatives and commodity contracts as per the balance sheet date amount to TEUR 58,155 (2021: -3,331.

3 **Fair value adjustments of financial and physical energy contracts**

Fair value adjustments related to power contracts

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

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

4 **Staff costs**

	2022 TEUR	**2021** TEUR
Wages and salaries	202,393	29,407
Share-based payments	125	117
Pension cost defined contribution plans	504	366
Other social security costs	107	70
Other staff costs	3,996	814
	207,125	30,774
Average number of employees	118	89

Notes to the Financial Statements

4 **Staff costs** (continued)

Key management personnel compensation

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

	2022			
	Executive Board	**Board of Directors**	**Others**	**Total**
	TEUR	TEUR	TEUR	TEUR
Wages and salaries	291	-	363	654
Share-based payments	-	-	-	-
Pension cost defined contribution plans	14	-	18	32
Other social security costs	1	-	1	2
Other staff costs	-	-	-	-
	306	**-**	**382**	**688**

	2021			
	Executive Board	**Board of Directors**	**Others**	**Total**
	TEUR	TEUR	TEUR	TEUR
Wages and salaries	-	-	323	323
Share-based payments	-	-	-	-
Pension cost defined contribution plans	-	-	24	24
Other social security costs	-	-	1	1
Other staff costs	-	-	1	1
	-	**-**	**349**	**349**

Remuneration to the Executive Board has not been disclosed for 2021 in accordance with section 98 B(3) of the Danish Financial Statements Act.

Notes to the Financial Statements

4 **Staff costs** (continued)

Share-based payments Warrant program

To motivate and retain certain employees, the Company has established a warrant program. 74.366 warrants were granted in August 2020, 29.800 warrants were granted in April 2021 and 21.600 warrants were granted in May 2022. Warrants vest within 3-4 years from the grant date.
Vesting requirements of the warrants are based on non-terminated employment at maturity or upon an exit event.

The fair value of the warrants have been determined based on a Black-Scholes option pricing model with data input from historical share prices of a peer group.

Key input in the Black-Scholes option pricing model includes excercise prices in a range of DKK 118,3-375 and volatility in a range of 29%-31%.

The fair value of warrants granted in 2022 amount to TEUR 568 (2021: TEUR 225). 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.

	2022 Number of shares	**2021** Number of shares
Outstanding at the beginning of the period	102,466	74,366
Granted during the period	21,600	29,800
Forfeited during the period	-6,300	-1,700
Excercised during the period	-74,366	-
Expired during the period	-	-
Outstanding at the end of the period	**43,400**	**102,466**
Weighted-average remaining contractual life, years	3	2

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

Notes to the Financial Statements

5 Financial income and expenses

Financial income	2022 TEUR	2021 TEUR
Interest received from group enterprises	1,741	333
Currency exchange gains	14,199	1,354
Other financial income	2,090	-
	18,030	**1,687**

Financial expenses		
Interest on lease liabilities	38	28
Currency exchange losses	17,845	1,282
Other financial expenses	3,784	2,336
Total interest expense	**21,667**	**3,646**

Notes to the Financial Statements

6 Income tax expense

Current tax	2022 TEUR	2021 TEUR
Current tax on profits for the year	305,617	31,910
Adjustments for current tax of prior periods	-214	-50
Income tax expense	305,403	31,860

Reconcilliation of effective tax rate	2022 TEUR	%	2021 TEUR	%
Tax at the Danish tax rate of 22% (2021: 22%)	301,241	22,0	31,696	22,0
Less tax in foreign operations in relation to the Danish tax rate of 22% rate (2021: 22%)	-	-	-	-
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:				
Other timing differences	4,286	0.3	194	0.1
Non-deductible expenses	90	0.0	20	0.0
Adjustments for current tax of prior periods	-214	0.0	-50	0.0
Income tax expense	305,403	22.3	31,860	22.1

Notes to the Financial Statements

7 Leases

Amounts recognized in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2022 TEUR	2021 TEUR
Right-of-use assets		
Properties	415	720
	415	**720**
Additions to the right-of-use assets	-	895
Lease liabilities		
Current	303	215
Non-current	216	434
	519	**649**

Amounts recognized in the statement of profit or loss

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

	2022 TEUR	2021 TEUR
Depreciation charge of right-of-use assets		
Properties	307	173
Interest expense on lease liabilities	38	28
Expense relating to short-term	17	42
Total cash outflow for leases	**362**	**243**

Notes to the Financial Statements

8 Inventories

The company's inventories comprise the following:	2022 TEUR	2021 TEUR	1 January 2021 TEUR
Gas storage	73,145	44,021	11,389
	73,145	**44,021**	**11,389**

The following inventory write downs are included in the carrying amount presented in the table above.

Changes in inventory write-downs	2022 TEUR	2021 TEUR
Inventories write down at 1 January	-14,656	-
Write-downs for the year, additions	-16,921	-14,656
Write-downs for the year, reversal	14,656	-
Total inventory write-downs	**-16,921**	**-14,656**
Total inventories, net	**73,145**	**44,021**

Amounts recognised in profit and loss

Inventories recognised as an expense during 2022 amounted to TEUR 1.940.396 (2021: TEUR 916.953). These are included in fair value adjustment of financial and physical energy contracts.

Notes to the Financial Statements

9 Trade receivables

	2022	2021	1 January 2021
	TEUR	TEUR	TEUR
Trade receivables from contracts	170,077	81,222	28,661
Loss allowance	-	-	-
	170,077	81,222	28,661

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

Refer to note 12 for a description of the expected credit losses and risks regarding trade receivables.

Notes to the Financial Statements

10 Fair value

Derivative financial instruments in In Commodities mainly consist of commodity derivatives that are traded as part of the Company's ordinary business activity.

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

- Power derivatives
- Gas derivatives
- Foreign currency derivatives

Fair value hierarchy

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 Company has classified its financial instruments into three levels prescribed under the accounting standards.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). To a large extent level 2 is based on observable quoted prices, however in some instances forward prices are not observable. In these situations the most liquid forward curves are used to derive a spread to the specific location. For options theoretical pricing models with implied volatilities are used to calculate market prices. These valuation techniques maximise the use of observable market data where it is avaliable and rely as little as possible on entity specific estimates. If all significant inputs required to calculate the fair value of an instrument are observable, the instrument is included in Level 2;

Level 3: Inputs for the asset or liability that are not based on observable market data. Non-listed shares and other securities fall within level 3 of the fair value hierarchy.
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.

Notes to the Financial Statements

10 **Fair value** (continued)

Valuation processes/techniques

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

The valuation process of the derivatives includes different input based on external information to the extent possible and the final valuation is verified and approved by the risk management function. Benchmark and pricing services are used to verify valuations and increase data quality.

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

2022	**Level 1**	**Level 2**	**Level 3**	**Total**
	TEUR	TEUR	TEUR	TEUR
Financial assets				
Power derivatives	-	-	-	-
Gas derivatives	127,510	-	-	127,510
Foreign currency derivatives	-	-	-	-
Total	**127,510**	**-**	**-**	**127,510**
Financial liabilities				
Power derivatives	29,958	38,187	-	68,145
Gas derivatives	-	-	-	-
Foreign currency derivatives	1,209	-	-	1,209
Total	**31,167**	**38,187**	**-**	**69,354**

Notes to the Financial Statements

10 **Fair value** (continued)

2021	**Level 1** TEUR	**Level 2** TEUR	**Level 3** TEUR	**Total** TEUR
Financial assets				
Power derivatives	-	12,392	0	12,392
Gas derivatives	-	4,128	0	4,128
Foreign currency derivatives	-	-	0	0
Total	-	16,520	0	16,520
Financial liabilities				
Power derivatives	19,851	-	-	19,851
Gas derivatives	-	-	-	-
Foreign currency derivatives	-	-	-	-
Total	19,851	-	-	19,851

Notes to the Financial Statements

11 Financial assets and financial liabilities

The Company holds the following financial instruments:

Financial assets	2022 TEUR	2021 TEUR	1 January 2021 TEUR
Financial assets measured at fair value through profit and loss			
Derivatives and commodity contracts	127,510	16,520	3,819
Derivatives and commodity contracts (cash and cash equivalents)	173,034	27,127	6,004
	300,544	**43,647**	**9,823**
Financial assets at amortized cost			
Deposits	188	109	70
Trade receivables	170,077	81,222	28,661
Receivables from group enterprises	6,726	5,274	3,379
Other receivables	101,213	33,709	477
Cash and cash equivalents	560,773	59,976	26,820
	838,977	**180,290**	**59,407**
Financial assets	**1,139,521**	**223,937**	**69,230**

Due to the short-term nature of the financial assets measured at amortized cost, their carrying amount is considered to be the same as their fair value.

Notes to the Financial Statements

11 Financial assets and financial liabilities (continued)

Financial liabilities	**2022** TEUR	**2021** TEUR	**1 January 2021** TEUR
Other payables			
Financial assets measured at fair value through profit and loss			
Derivatives and commodity contracts	69,355	19,851	8,534
	69,355	**19,851**	**8,534**
Financial assets at amortized cost			
Trade payables	80,711	44,749	4,194
Credit institutions	4,824	7,289	19,019
Lease liabilities	519	649	-
Payables to group enterprises	145,062	-	-
Other payables	85,600	46,493	6,139
	316,716	**99,180**	**29,352**
Financial liabilities	**386,071**	**119,031**	**37,886**

Due to the short-term nature of the financial liabilities measured at amortized cost, their carrying amount is considered to be the same as their fair value. The Company's exposure to various risks associated with the financial instruments is discussed in note 11.

Notes to the Financial Statements

11 **Financial assets and financial liabilities** (continued)

Borrowings	**2022**			**2021**		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Credit institutions	-	4,824	**4,824**	2,109	5,180	**7,289**
Other loans	-	144,337	**144,337**	-	-	**-**
	-	149,161	**149,161**	2,109	5,180	**7,289**

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

The nature of the Company's borrowings are primarily credit line facilities, which can be used to borrow cash or to provide guarantees or letter of credit to counterparts. The maturites of the credit line facilities are flexible and are based on variable interest rates.

The borrowing from credit institutions consists of a loan from Vækstfonden. The loan is maturing in 2025 and cannot be terminated unilaterally by Vækstfonden. The loan is based on a variable interest rate. Other loans consists of loans from Incomas Holding ApS. The loan is maturing in 2026 and cannot be terminated unilaterally by Incomas Holding. The loan is based on a fixed interest rate.

Notes to the Financial Statements

12 Financial risk management

The Company's principal financial liabilities, comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the group's operations. The Company's principal financial assets include trade receivables, and cash and cash equivalents.

The Company is exposed to market risk, credit risk, liquidity risk.

Market risk

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

Commodity price risk

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

Pre-Trade Risk Limits: The pre-trade risk limits are set and administrated at several levels of the company to operationalize and mitigate the market risk:

- 1. Board of Directors: At the board level an overall risk appetite is defined. The risk level is defined in terms of 1% daily VaR and 1% monthly VaR. As such the board of directors allows that, the Company loses up to the daily (monthly) VaR level 1% of the days (months). If the VaR limits are breached the BoD must be informed. Limits at this level are primarily determined based on the Company's solidity and risk appetite of the owners.

- 2. Founding Partners: The founding partners set the 1% VaR limits for each department under consideration of the VaR limits specified by the BoD. If the VaR limit is breached the BoD must be informed. Limits at this level are primarily determined based on the experience of the teams, clearing arrangements, exchange arrangements and market risk. The founding partners are also responsible for distributing limits for larger "one off" events like capacity auctions.

Notes to the Financial Statements

12 Financial risk management (continued)

- 3. Head of Trading Department and Head of Risk: The practical risk limits formulated in terms of concrete risk mandates are formulated jointly by the head of the relevant trading unit and the Head of Risk under the considerations of the 1% VaR limits set by the BoD and the founding partners. These mandates are set at the department level and differentiate between the various business areas. These can be in the form of VaR, EUR, MW or MWh limits. The mandates must be visual to the entire company. The mandates can be dynamic in the sense that they can automatically increase or decrease as a function of accumulated GP.

Value-at-Risk

The Company is assessing the market risk by measuring the Value-At-Risk (VaR) on an ongoing basis. VaR is a statistical measure that quantifies the extent of possible financial losses during a certain period of time given normal market conditions. To manage market risk and collective portfolio exposure, The Board of Directors have set specific limits to the VaR.

VaR is calculated under the assumption of 1-day and 1 month holding periods, 99% confidence and 1-year historical data. A decay factor is applied, meaning that the influence of historical data decreases with a predefined factor each day, i.e. most recent market data has the highest weight. Below figures are based on 1-day holding period:

	2022	**2021**
	TEUR	TEUR
Power at 31 December	12,385	31,707
Gas at 31 December	25,582	3,094

Notes to the Financial Statements

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

The Company manages its risk towards foreign currency by occasionally entering forward contracts on specific currencies to which the daily commercial business is exposed. However, there is no single currency exposure that is considered material. The majority of the Company's activities are in EUR as the majority of the activities are performed in market areas where commodity products are traded in EUR.

	2022			2021		
Monetary items and sensitivity TEUR	**Cash and receivables**	**Potential change in exchange rate**	**Impact on profit or loss before tax**	**Cash and receivables**	**Potential change in exchange rate**	**Impact on profit or loss before tax**
DKK/EUR	1,780	1%	18	207	1%	2
USD/EUR	-196	5%	-9	90	5%	4
GBP/EUR	63,248	5%	3,012	52,986	5%	2,523

Interest rate risk

Due to the limited magnitude of the loans as well as the short-term nature of the business activities the Company does not consider this risk to be significant.

The Company funds the company via equity and debt. The debt carries a variable interest rate and as such interest rate risk exists.

Notes to the Financial Statements

12 **Financial risk management** (continued)

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to retail customers, including outstanding receivables.

Credit risk is considered very limited due to the limited receivables from individual counterparts and a very low probability of default for each of the counterparties.

However, the Company is expanding its bilateral trading activities and hence the credit risk increases. When exposed to credit risk towards a trading counterpart an extensive credit assessment must be performed, which minimum involves:

- Collecting credit and compliance reports through our business-acknowledged external partner
- Profound screening of most recent annual reports
- Getting an overview of ownership structure

Based on the assessment we set a credit limit on how much EUR exposure we are willing to accept towards the trading counterpart. Such screening must be performed on all trading counterparts at least annually.

The majority of the Company's trading activities are still performed towards exchanges, TSOs, clearing banks and banks. Such counterparts are in general low risk counterparts. Thus, the overall credit risk of the Company is considered low.

For more information about the trade receivables please refer to note 9. Please refer to note 14 for more detailed information about offsetting of financial assets and liabilities.

Trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. However, due to the nature of the Company's business activities, the Company considers its credit risk related to trade receivables to be immaterial. There is no history of credit loss and no provision for expected credit loss.

Notes to the Financial Statements

12 **Financial risk management** (continued)

Liquidity risk

We consider the current liquidity risk very limited due to the significant amount of cash on account, low debt and limited hedges.

Liquidity risk is a significant element of the risk sphere of the company. To ensure that the company always has sufficient liquidity for all possible future scenarios the Company has a large array of tools at hand and takes a number of measures. These tools and measures must include:

- Vast buffers set aside in budgets for:
  - Variation margin
  - An extended period of weak performance
  - The unknown.
- Liquidity projection (both budget and in operations)
- Daily liquidity monitoring
- Excess cash holding
- Flexible lines with banks
- The ability to scale cash intensive operations down
- Education of key front office employees in liquidity management and risk

The Risk Department is responsible for monitoring the company's liquidity risk, and most importantly how it would be affected under various scenarios. As such, the Risk Department must stress-test open power and gas positions where liquidity risk arises. The tool must take price-correlations into consideration and contain the ability to play around with price-volatilities.
Hence, capturing how the company's liquidity situation would look e.g. under a worst-case scenario. If a worst-case scenario would cause severe liquidity stress the Head of Risk must act accordingly to reduce exposure.

Notes to the Financial Statements

12 **Financial risk management** (continued)

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	**< 1 year** TEUR	**1-5 years** TEUR	**> 5 years** TEUR	**Total contractual cash flows** TEUR	**Carrying amount** TEUR
At 31 December 2022					
Trade payables	80,711	-	-	80,711	80,711
Payables to group enterprises	725	195,893	-	196,618	145,062
Borrowings	241	5,858	-	6,099	4,824
Lease liabilities	401	433	-	834	519
Other payables	85,600	-	-	85,600	85,600
Derivatives held for trading	69,355	-	-	69,355	69,355
	237,033	**202,184**	**-**	**439,217**	**386,071**
At 31 December 2021					
Trade payables	44,749	-	-	44,749	44,749
Borrowings	2,368	6,184	-	8,552	7,289
Lease liabilities	313	651	-	964	649
Other payables	41,322	26,721	-	68,043	46,493
Derivatives held for trading	19,851	-	-	19,851	19,851
	108,603	**33,556**	**-**	**142,159**	**119,031**

Notes to the Financial Statements

13 Provisions

	2022			2021		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Refurbishment of tenancy	-	113	113	-	113	113
Other provisions	-	-	-	-	-	-
	-	113	113	-	113	113

The provision to refurbishment of tenancy consist of an obligation to refurbish leased property when the lease contract lapse.

Financial assets	**Refurbishment of tenancy**	**Other provisions**	**Total**
	TEUR	TEUR	TEUR
At 1 January 2021	-	-	-
Additional provision charged to land and buildings	113	-	113
Charged to profit and loss	-	-	-
- Additional provision recognised	-	-	-
- Unused amounts reversed	-	-	-
Amounts used during the year	-	-	-
At 31 December 2021	113	-	113
At 1 January 2022	113	-	113
Charged to profit and loss	-	-	-
- Additional provision recognised	-	-	-
- Unused amounts reversed	-	-	-
Amounts used during the year	-	-	-
At 31 December 2022	113	-	113

Notes to the Financial Statements

14 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Company currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Company has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset. The column 'net amount' shows the impact on the Company's balance sheet if all set-off rights were exercised.

	Effects of offsetting on the balance sheet			**Related amounts not offset**	
2022	**Gross amounts**	**Gross amounts offset in the balance sheet**	**Net amounts presented in the balance sheet**	**Cash collateral (received / pledged)**	**Net amount**
	TEUR	TEUR	TEUR	TEUR	TEUR
Financial assets					
Trade receivables	241,035	-70,858	170,177	18,488	188,665
Derivatives held for trading	2,526,328	-2,398,818	127,510	-	127,510
Total financial assets	**2,767,363**	**-2,469,676**	**297,687**	**18,488**	**316,175**
Financial liabilities					
Trade receivables	151,569	-70,858	80,711	-82,725	-2,014
Derivatives held for trading	2,466,964	-2,398,818	68,146	-	68,146
Total financial liabilities	**2,618,533**	**-2,469,676**	**148,857**	**-82,725**	**66,132**

Notes to the Financial Statements

14 Offsetting financial assets and financial liabilities (continued)

2021	Effects of offsetting on the balance sheet			Related amounts not offset	
	Gross amounts TEUR	**Gross amounts offset in the balance sheet** TEUR	**Net amounts presented in the balance sheet** TEUR	**Cash collateral (received / pledged)** TEUR	**Net amount** TEUR
Financial assets					
Trade receivables	136,458	-55,326	81,222	4,392	85,614
Derivatives held for trading	885,432	-869,275	16,157	-	16,157
Total financial assets	**1,021,980**	**-924,601**	**97,379**	**4,392**	**101,771**
Financial liabilities					
Trade receivables	100,075	-55,326	44,749	-20,289	24,460
Derivatives held for trading	889,126	-869,275	19,851	-	19,851
Total financial liabilities	**989,201**	**-924,601**	**64,600**	**-20,289**	**44,311**

Notes to the Financial Statements

15 Cash flow specifications

Adjustments	2022 TEUR	2021 TEUR
Financial income	-18,030	-1,687
Financial expenses	21,667	3,618
Depreciations	307	-
Change in other provisions	-	-
Income tax	305,403	31,860
	309,347	**33,791**

Changes in net working capital	2022 TEUR	2021 TEUR
Change in inventories	-29,124	-32,632
Change in receivables including derivaties	-246,253	-92,797
Change in trade payables including derivaties	120,362	67,427
	-155,015	**-58,002**

Notes to the Financial Statements

15 **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.

Net debt	Borrowings	Leases	Total
	TEUR	TEUR	TEUR
At 1 January 2021	19,019	-	19,019
Cash flows	9,528	-159	9,369
New leases	-	780	780
Other changes	-	28	28
At 31 December 2021	**28,547**	**649**	**29,196**
Cash flows	120,614	130	120,484
New leases	-	-	-
Other changes	-	-	-
At 31 December 2022	**149,161**	**519**	**149,680**

Notes to the Financial Statements

16 Share capital

	2022		2021	
	Number of shares	**Nominal value** EUR	**Number of shares**	**Nominal value** EUR
The share capital comprises:				
Ordinary shares at 1 January	31,139	3,113,870	31,139	3,113,870
Capital increase	-	-	-	-
Ordinary shares at 31 December	**31,139**	**3,113,870**	**31,139**	**3,113,870**

No shares carry any special rights. All shares are fully paid.

	2022 EUR per share	**2021** EUR per share
Total dividend paid out for the year	153	12
Total dividend proposed for the year	-	-

Notes to the Financial Statements

17 Capital management

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:
Net debt, as per note 15: Cash flow specifications divided by Total equity, as shown in the balance sheet.

During 2022, the Company's strategy, which was unchanged from 2021, was to maintain a debt to equity ratio of 2. The debt to equity ratio at 31 December 2022 was 0,21 (2021: 0,25). The debt to equity ratio at 31 December 2022 decreased due to the financial performance of 2022 and thus increase in equity.

In general during 2023 we will seek to increase debt to equity ratio with agreement with new financial partners. We need to ensure a stronger gearing of our equity to ensure our future growth. At the moment we are primarily founded by our own equity and that is not optimal. As we have done historically we pay out dividends to owners when we have sufficient excess cash.

Loan covenants

Under the terms of the borrowing facilities, the Company is required to comply with the following financial covenants:
Equity/assets > 0.4 and Debt/equity < 2.5

Notes to the Financial Statements

18 Contingent liabilities and commitments

Contingent liabilities	**2022**	**2021**
The Company had contingent liabilities at year end in respect of:	TEUR	TEUR
Charges and security		
The following assets have been placed as security with bankers:		
- Liquid funds of	233,724	70,366
The following assets have been placed as security with counterparties:		
The following cash deposits are placed with counterparts to meet standard requirements related to credit risk	-	-
Guarantee obligation		
The Company has placed payment guarantees to counterparties of to meet standard requirements related to credit risk	197,256	107,545

Commitments

As a part of the main activities the Company has entered into contracts with counterparties whereof contractual commitments amount to TEUR 219.201 (2021: TEUR 73.263). All contracts run between 0-69 months (2021: 0-36 months).

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 Incomas Holding ApS, which is the management company of the 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.

Notes to the Financial Statements

19 Related party transactions

The Company is controlled by the following entity:

Name of entity	Type	Place of business
Incomas Holding ApS	Ultimate parent company	Aarhus
In Commodities Global ApS	Immediate parent company	Aarhus

Transactions with other related parties The following transactions occurred with related parties:	**2022** TEUR	**2021** TEUR
The parent company (Incomas Holding ApS)		
Dividend payments to Incomas Holding ApS	477,502	38,277
Financial income	1,618	110
Loans to parent company	-	758
Loans from parent company	145,062	-
Other related parties*		
Sale of services	6,902	1,894
Purchase of services	2,407	-
Financial income	123	233
Loans to other related parties	6,726	4,516
Key management personnel		
Financial expenses	558	660
Loans from key management personnel	-	19,120

* Other related parties comprise In Commodities US ApS and In Commodities US LLC.

Notes to the Financial Statements

19 **Related party transactions** (continued)

Terms and conditions

Outstanding balances with other related parties and key management personnel hold no special terms or conditions.

It is expected that outstanding balances will be cash settled. Outstanding balances have occurred during normal cause of business and are interest calculated.

The loans to/from Incomas Holding ApS are repayable within four years from the reporting date. The average interest rate on the loans during the year was 5%.

20 **Fee to auditors appointed at the general meeting**

Fee to the auditors appointed at the general meeting has not been disclosed in accordance with section 96 (3) of the Danish Financial Statements Act.

21 **Subsequent events**

After the end of the financial year, no events have occurred which could significantly affect the company's financial position.

22 **First-time adoption of IFRS**

The financial statements for the year ended 31 December 2022 are the first that the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2021 the Company prepared its financial statements in accordance with The Danish Financial Statements Act ('Danish GAAP')

The Company has prepared financial statements that comply with IFRS applicable as at 31 Decmeber 2022, together with the comparative period information for the year ended 31 December 2021.

In preparing these financial statements, the Company's opening statement of financial position was prepared as at 1 January 2021 (date of transition to IFRS).

The disclosures required by IFRS 1 First-time Adoption of IFRS explaining the principal adjustments made by the 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 Financial Statements

22 **First time adoption of IFRS** (continued)

Notes to the reconciliation from Danish GAAP to IFRS

Leases

In accordance with the provisions in IFRS 1, the Company has adopted IFRS 16 Leases from the date of transition. With the adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which under Danish GAAP were classified as operating leases. These liabilities were measured at the present value of the remaining lease liabilities as at the transition date using the incremental borrowing rates of 1 January 2021. The weighted average incremental borrowing rate applied was 5,57% 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 2021, a lease liability of TEUR 649 and a right-of-use asset of TEUR 722 was recognised. In the cash flow statement, lease payments were presented in cash flow from operating activities Danish GAAP. Under IFRS, the principal element of lease payments are presented in cash flows from financing activities, whereas the interest element is presented as cash flows from operating activities.

Exemptions applied

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

- **Leases:** Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2021. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2021. The lease payments associated with leases for which the lease term ends within 12 months of the date of transition to IFRS and leases for which the underlying asset is of low value have been recognised as an expense on either a straight-line basis over the lease term or another systematic basis.

- Exchange differences on translation of foreign operations are deemed to be zero as at 1 January 2021.

Notes to the Financial Statements

22 **First time adoption of IFRS** (continued)

Classification of revenue

Gains and losses arising from trading with energy commodity derivatives including futures, options, swaps and certain forward sales and purchases are excluded from revenue and presented separately. Likewise, energy commodity contracts with physical delivery with a net settlement option or past practice of settlement of contracts in net cash or other financial instruments are also to be excluded from revenue since these energy commodity contracts and treated considered within the scope of IFRS 9 Financial instruments.
Given the nature of the company's business model and contracts with counterparties all gains and losses arising from trading with energy commodity derivatives are accounted for using IFRS 9 Financial instruments.

Consequently, the Company has reduced revenue by 13.429.079 TEUR in 2021 from revenue and recognized 'Fair value adjustment of financial and physical energy contracts' amounting to 178,788 TEUR in 2021.

Share-based payments

The Company has granted equity-settled warrants to certain key employees, which according to IFRS 2 - Share-based payments is recognized as a compensation expense, measured at fair value at the grant date, in the profit and loss over the vesting period with a corresponding entry to equity. Under Danish GAAP, the Company has not recognized any expenses for equity-settled warrants.

As a consequence, the Company has recognized 125 TEUR in 2022 and 117 TEUR in 2021 as a compensation expense with a corresponding entry to equity.

Notes to the Financial Statements

22 First time adoption of IFRS (continued)

	As at 1 January 2021			For the year ended 31 December 2021	As at 31 December 2021		
	Assets	**Liabilities**	**Equity**	**Profit for the year**	**Assets**	**Liabilities**	**Equity**
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
According to the Danish Financial Statements Act	84,447	40,875	43,572	112,371	264,194	146,528	117,666
IFRS adjustments:							
- Leases	-	-	-	-42	720	649	-42
- Provisions	-	-	-	-	-	113	-
- Share-based payment	-	-	-	-117	-	-	-
	-	-	-	-159	720	762	-42
According to IFRS	84,447	40,875	43,572	112,112	264,914	147,290	117,624