danske commodities

Annual Report 2023

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EXECUTIVE REVIEW

STRONG RESULTS AS MARKETS NORMALISE

In 2023, Danske Commodities delivered strong results in normalised energy markets, while growing its asset portfolio and increasing its global market presence.

Following a turbulent 2022 dominated by the energy supply crisis in Europe, energy prices and volatility moved closer to pre-crisis levels in 2023. This normalisation was mainly driven by lower energy demand, high gas storage levels and a mild European winter. Throughout the year, price and volatility levels continued to decline.

Under these market conditions, Danske Commodities delivered an adjusted EBT of EUR 359 million (IFRS EUR 453 million) and adjusted gross profit of EUR 308 million (IFRS EUR 410 million), which is within the expectations of EUR 200-600 million in EBT and EUR 300-700 million in gross profit.
The delivered results underline that Danske Commodities has built a stronger and broader business in recent years. During these years, the Group has increased its global market presence and its portfolio of renewables and flexible assets, and this growth continued in 2023.

RESTATEMENT OF PRIOR YEAR NUMBERS

The IFRS results are impacted by a restatement effect of the 2022 results as explained in note 1.1.
The Group has previously assessed that gas flow capacities could be net settled and the gas flow capacities were accounted for at fair value. Going forward, gas flow capacities are accounted for as executory contracts. Comparative numbers for 2022 have been restated accordingly. Adjusted EBT remain unaffected.

RAMPING UP ON RENEWABLES AND FLEXIBLE ASSETS

In 2023, Danske Commodities grew its portfolio of renewables and flexible assets under contract by 20%, from 10 GW in 2022 to 12 GW.

The energy supply crisis in 2022 made it evident that Europe must reduce its dependence on imported natural gas and prioritise investments in renewable energy production and flexibility to meet future energy demands. With that in mind, Danske Commodities' increased commitments to wind and solar assets as well as signing its first battery storage asset in the UK were among some of the highlights of the year. With the onboarding of the UK battery storage asset, the Group's portfolio of flexible assets has now reached a size of 1.7 GW across Denmark, Sweden, Norway and the UK.

It was also a year when Danske Commodities' collaboration with its parent company Equinor once again resulted in concrete and measurable progress within the renewables space. Danske Commodities will risk manage the 800 MW asset portfolio from leading Brazilian renewables developer Rio Energy, and the power produced by Polish onshore wind farm Wilko, both acquired by Equinor in 2023.

To support its growing asset portfolio, Danske Commodities invested in weather analysis infrastructure, algorithmic trading setup, flexibility in power production, the implementation of a new deal capture system in its gas business and, not least, its people.

During the year, Danske Commodities grew the organisation by 72 FTEs – an increase of 19% –and the Group expects this growth to continue in the coming years.

EXPANDING THE GLOBAL FOOTPRINT

Danske Commodities has unlocked new opportunities for its business model as a result of increasing market liberalisation and green ambitions around the world. In 2023, the Group took another important step in its global journey as it completed its first trades in the Brazilian power market from its newly established office in São Paulo.

2023 was also the year when Danske Commodities prepared the company to enter the Japanese power market. This market entry was completed in January 2024 from Danske Commodities' trading desk in Singapore.

With these market entries, Danske Commodities now has activities on five continents, truly underlining its position as a global energy trading company.

OUTLOOK: READY TO HANDLE THE COMPLEXITY OF TOMORROW

The market stabilisation in 2023 led to declining energy prices and decreasing market volatility throughout the year. The downward trend in prices and volatility is expected to continue even further in 2024. Navigating a new normal for energy markets that is still being defined, the Group expects gross profit to be in the range of EUR 200-400 million and EBT to be in the range of EUR 150-350 million in 2024.

Looking further ahead, the Group expects the energy landscape to grow greener, but also more complex, with the build-out of renewable energy sources and the introduction of new flexible technologies such as batteries and power-to-X. The need for companies like Danske Commodities to optimise energy markets and bring balance on a global scale will only increase in the coming years. With the growth of the asset portfolio, global expansion and continuous investments in our trading and technological setup, Danske Commodities is well-positioned to do our part in the energy transition.

THE GROUP'S MAIN ACTIVITY

Danske Commodities has built a successful business on trading power and gas across borders. The Group's trading activities cover time-delimited markets from forward to day-ahead and intraday. Using comprehensive data sets, analytical capabilities, automation and deep market knowledge, Danske Commodities turns data into knowledge and knowledge into business. Every day, the Group uses its market expertise, broad market footprint and 24-hour trading setup to support energy producers and large-scale energy consumers through tailor-made services for renewables producers, flexible assets and energy suppliers.

FINANCIAL HIGHLIGHTS AND RATIOS

ADJUSTED PERFORMANCE MEASURES

EUR '000	2023	2022	2021	2020	2019
Gross turnover	40.459.738	67.014.434	32.311.321	11.844.042	10.046.074
Adjusted gross profit	307.636	2.405.560	325.472	96.292	101.265
Adjusted EBT	359.077	2.226.558	248.849	41.363	45.267
Adjusted equity	2.784.998	5.751.868	514.299	320.112	288.222
Ratios in %					
Adjusted scalability	74,3%	95,8%	78,6%	46,0%	46,2%
Adjusted return on capital employed	6,4%	68,0%	42,3%	20,6%	36,2%

Further explanation of adjusted performance measures is outlined on page 4.

GROUP FIGURES

EUR '000	2023	2022*	2021	2020	2019
Income statement					
Trading income and revenue from contracts with customers	3.070.581	6.555.371	2.451.083	791.683	791.474
Gross profit	410.103	2.178.526	475.666	126.402	110.178
Profit before financial income	322.767	2.068.955	394.127	54.312	52.559
Net financials	130.432	-77.775	-6.922	-2.959	-1.538
Profit before tax (EBT)	453.199	1.991.180	387.205	51.353	51.021
Profit for the year	357.120	1.555.794	302.909	40.207	39.786
Balance sheet					
Balance sheet total	4.360.737	14.843.202	7.488.231	1.231.814	770.564
Equity	2.795.018	5.688.472	634.498	332.393	292.711
Cash flow statement					
Cash flow from operating activities	3.568.964	-2.222.907	-198.975	143.031	-75.812
Cash flow from investing activities	-61.189	-6.203	-3.332	-20.928	-91.899
- hereof investments in intangible assets	-4.598	-3.078	-2.513	-21.725	-93.656
- hereof investments in property, plant and equipment	-2.590	-3.125	-819	-915	-1.025
Free cash flow	3.507.775	-2.229.110	-202.307	122.103	-167.711
Cash flow from financing activities	-4.758.087	2.294.669	1.404.048	-1.050	178.471
Change in cash and cash equivalents for the year	-1.253.850	39.836	1.204.523	119.397	10.760
Cash and cash equivalents	170.651	1.424.501	1.384.665	180.142	60.745
Ratios in %					
Scalability	78,7%	95,0%	82,9%	43,0%	47,7%
Return on capital employed	9,2%	60,6%	58,7%	24,3%	39,9%
Equity ratio	64,1%	38,3%	8,5%	27,0%	38,0%
Return on equity	8,4%	49,2%	62,7%	12,9%	21,6%
Average number of employees	446	374	338	319	281
Number of employees end of year	487	412	370	355	317

The ratios have been prepared in accordance with the definitions set out in note 8.5 in the financial statements.

* 2022 has been restated due to a change in the accounting treatment of gas flow capacities. Refer to note 1.1 for further information.

ADJUSTED PERFORMANCE MEASURES

Gross turnover, adjusted gross profit and adjusted EBT are used as alternatives to the financial figures prepared in accordance with IFRS (as defined in note 8.5). These adjusted performance measures are used as the primary performance measure internally in Danske Commodities based on the assessment that adjusted performance measures better reflect the business performance.

GROSS TURNOVER

Revenue from trading activities is presented net under IFRS. To provide readers of the financial statements with an insight into Danske Commodities' gross trading and revenue activities, a gross turnover presentation is included as a part of the adjusted performance measures. Gross turnover reflects sales contracts for physical delivery of non-financial items consisting of power, gas and certificates, whether or not it is considered to be a part of trading activities. The gross turnover amounts to EUR 40,460 million in 2023 compared to the IFRS trading income and revenue from contracts with customers of EUR 3,071 million.

The calculation of the adjusted gross profit and adjusted EBT is based on the corresponding IFRS figures. These are adjusted for the three components, market value of gas storages, market value of gas flow capacities and reclassification of amortisations.

MARKET VALUE OF GAS STORAGES

IFRS requires that trading inventories measured at fair value use period-end spot prices. In the internal performance measurement reporting Danske Commodities measures gas storages at an approximated market value. The market value of the gas storages is valuated using a storage planning model with multiple inputs, which are mainly related to storage capacity and physical restrictions from the underlying gas storage contract, forward prices and gas volume in storage. The difference between the gas storage market value and the IFRS gas inventory value is reflected in the adjustment to IFRS gross profit and IFRS EBT.

MARKET VALUE OF GAS FLOW CAPACITIES

Gas flow capacities are considered a part of the trading portfolio in Danske Commodities on the same terms as gas forward trades. As Danske Commodities does not have a practice of net settlement of the gas flow capacities, IFRS does not allow gas flow capacities to be included in the fair value measurement. However, for performance measures in Danske Commodities, gas flow capacities are fair valued at their intrinsic value like the gas forward trades that they can be utilised together with, which is reflected in the adjustment to IFRS gross profit and IFRS EBT.

RECLASSIFICATION OF AMORTISATIONS

In 2019 and 2020, Danske Commodities entered into several PPAs and gas storage contracts which were already in operation and favourable, given current market terms. These contracts were recognised as intangible assets and amortised over the duration of each contract. As the amortisations are considered an important part of the performance of these contracts, the amortisations are reclassified from the financial statement line item 'depreciation and amortisation' to 'gross profit'.

IFRS VS. ADJUSTED PERFORMANCE MEASURES

2023

EURm	**IFRS**	Reclas-sification	Gas storage	Gas flow capacities	**Adjusted**
Gross profit	410.1	-8.3	-194.1	100.0	307.7
Other operating income	0.1				0.1
External expenses	-13.0				-13.0
Staff costs	-62.4				-62.4
Amortisations	-12.0	8.3			-3.7
EBIT	**322.8**	**0.0**	**-194.1**	**100.0**	**228.7**
Net financials	130.4				130.4
EBT	**453.2**	**0.0**	**-194.1**	**100.0**	**359.1**

2022

EURm	**IFRS***	Reclas-sification	Gas storage	Gas flow capacities*	**Adjusted**
Gross profit	2,178.5	-8.3	349.0	-113.5	2,405.7
Other operating income	1.5				1.5
External expenses	-23.1				-23.1
Staff costs	-74.5				-74.5
Amortisations	-13.5	8.3			-5.2
EBIT	**2,068.9**	**0.0**	**349.0**	**-113.5**	**2,304.4**
Net financials	-77.8				-77.8
EBT	**1,991.1**	**0.0**	**349.0**	**-113.5**	**2,226.6**

* IFRS numbers has been restated. For description refer to note 1.1.

As shown in the tables, IFRS gross profit amounted to EUR 410 million in 2023 and is adjusted upward by EUR 100 million in relation to gas flow capacities and downward by EUR 202 million in relation to gas storages and reclassification of amortisations, bringing the adjusted gross profit to EUR 308 million.

IFRS EBT is EUR 453 million and adjusted by the EUR 100 million flow capacities upward adjustment and EUR 194 million gas storage downward adjustment, the adjusted EBT is EUR 359 million.

Adjusted equity is IFRS equity adjusted for the accumulated after tax income statement effect of the gas flow capacity and gas storage adjustment specified in the table above. With IFRS equity of EUR 2,795 million in 2023, an accumulated gas flow capacity and gas storage adjustment of EUR 13 million minus 22% tax, the adjustment amounts to EUR 10 million and an adjusted equity of EUR 2,785 million.

STATUTORY REPORTING ON CORPORATE GOVERNANCE

CORPORATE SOCIAL RESPONSIBILITY

Danske Commodities' commitment to ethical standard and corporate social responsibility is a focus area in the Group's activities.

Danske Commodities conducts its business consistently with the Ten Principles of the Global Compact and supports the Paris Agreement and a net-zero future. Focusing particularly on advancing the Sustainable Development Goal (SDG) 7, Danske Commodities' business model is guided by the energy transition, and the Group wishes to play an active role in the expansion of a renewables-driven energy system. Danske Commodities believes that real value lies in the work carried out by its people, anchored by four main sustainability themes: ethics, equality, people and planet.

ETHICS

POLICY

Recognising the importance of business ethics and compliance in its activities, Danske Commodities is committed to establishing and maintaining a strong compliance culture based on its core values of bringing passion, building trust and creating value. The Code of Conduct reflects these views and establishes clear expectations and responsibilities for all employees.

HOW THE POLICIES ARE PUT INTO ACTION

Code of conduct

The Code of Conduct applies to all employees, board members and external personnel with IT access. Training in the Code of Conduct is mandatory, and the Group requires all employees to confirm annually that they understand and will comply with the Code of Conduct.

Compliance Training

Danske Commodities recognises the importance of efficient and ongoing training and education. Training is conducted on various compliance topics, including introductory compliance training, annual compliance training tailored to the needs of the specific business team covering such topics as trading compliance, competition law, anti-money laundering and sanctions.

Speak Up, Reach Out

Danske Commodities encourages a 'speak up and reach out' culture in which employees can discuss concerns of unethical conduct with their leader, their leader's leader, People & Culture and/or Compliance. The Ethics Helpline also allows for anonymous reporting of any concerns of unethical conduct in Danske Commodities.

RISKS

Failure to act in accordance with relevant laws and regulations has the potential of exposing Danske Commodities to legal liability, loss of business, fines and other sanctions, loss of reputation as well as impacting individuals or groups of employees.

RESULTS IN 2023

- Revision and update of Danske Commodities' Compliance Programme were carried out, creating a clear, robust and globally focused programme that reflects the Group's strong compliance culture and efforts
- Final implementation of the EU Whistleblower Directive was carried out, requiring companies to provide whistleblowers with efficient channels to report breaches of EU rules confidentially, establishing a robust system of protection against retaliation
- The Compliance intranet page was updated, enabling employees to more easily access the compliance information, relevant polices, guidelines and procedures, as well as providing learning material to further improve their knowledge

PRIORITIES FOR 2024

- Further incorporating business ethics into the compliance training programme
- Preparing for the implementation of new legislation, including the REMIT II regulation

EQUALITY

POLICY

Danske Commodities respects all human rights and is committed to creating and maintaining an inclusive environment. The Group values people diversity and is committed to providing an environment recognised for its equality, inclusion and diversity.

Danske Commodities treats everyone with fairness, respect and dignity, and does not tolerate discrimination of colleagues or others affected by its work. Discrimination includes all unequal treatment, exclusion or preference based on race, gender, age, disability, sexual orientation, religion, political views, national or ethnic origin or any other characteristic that results in compromising the principle of equality.

This means that employees treat everyone with fairness, respect and dignity, and that the Group bases work-related decisions on merit and not on other characteristics that result in compromising the principle of equality.

HOW THE POLICY IS PUT INTO ACTION

Respecting human rights

Danske Commodities respects all internationally recognised human rights, which include the right to freedom of association, collective bargaining and rights not to be subject to forced labour or child labour.

Anti-discrimination and harassment

Danske Commodities treats everyone it engages with, through work or work-related activities, in a respectful manner. The Group does not tolerate any verbal or physical conduct that harasses others, disrupts others' work performance or creates a hostile work environment.

CORPORATE SOCIAL RESPONSIBILITY – CONTINUED

This means that:

- Danske Commodities' employees take steps to create and maintain a good working environment
- Danske Commodities' employees never engage in harassment, bullying, workplace violence or other behaviour that colleagues or business partners may regard as threatening or degrading
- Offensive messages, derogatory remarks and inappropriate jokes are never acceptable
- Danske Commodities' employees respect the customs and cultures of those the Group engages with

Danske Commodities has a zero-tolerance policy for harassment.

RISKS

Risks of breach of human rights or the principle of equality are mitigated by leadership, strong values, clear policies and the opportunity to report any concerns to various internal channels, alternatively an external anonymous Ethics Helpline.

RESULTS IN 2023

- No violations of human rights cases were reported
- The recruitment system was updated to reduce unconscious bias
- Recruitment processes and policies to remind and educate leaders on unbiased recruitment were updated
- Bias blockers in succession planning were implemented
- Integrated training on inclusion and potential biases in talent programme to educate future leaders was introduced
- A leadership café on the topic 'bias-conscious leadership' was held
- Cross-company training on cultural intelligence was carried out

PRIORITIES FOR 2024

- Maintaining a continued strategic focus on diversity, equality and inclusion, with a particular focus in 2024 on implementing more bias blockers in recruitment, as well as designing and implementing bias blockers in talent promotion and career development processes to ensure equity
- Ensuring inclusion in the workplace, e.g. by anchoring allyship (DE&I role models) across the organisation and facilitating a DE&I awareness week for the entire organisation

PEOPLE

POLICY

The primary policy within the people area is the People Handbook which ensures that all employees are introduced to and are aware of the Group's history, culture and values. Furthermore, the People Handbook provides information about all the practicalities employees need to be aware of as well as overall information on the IT security policy, processing of personal data and other relevant policies.

HOW THE POLICY IS PUT INTO ACTION

Security and privacy

Danske Commodities protects data confidentiality and integrity related to all internal and external stakeholders. The Group continues to update and put policies in place to define and direct the rules or guidelines for the organisation and employees.

Cyber security

Cyber security has become an increasingly important topic and Danske Commodities continuously assesses and addresses a wide range of possible cyber threats, including but not limited to ransomware and DDoS attacks, financial fraud using phishing and account takeover to transfer money out of the Group. Protecting and reacting to cyber security threats continue to be a group priority. Cyber security awareness training and campaigns are key controls to reduce the risk of human risk and technologies are put in place and optimised to reduce the risk surface.

Hybrid work

Danske Commodities offers a flexible work environment, where employees have the opportunity to work from home up to two days a week, in alignment with their leader and their team. Focus remains on how to best facilitate hybrid work, as this is important in ensuring the safety and well-being of employees.

RISKS

With the continued focus on energy markets putting pressure on all actors in the industry, the focus will remain on people's safety, integrity and motivation.

RESULTS IN 2023

- Employee satisfaction score in the annual people survey reached a satisfying level of 79
- An Employee Value Proposition (EVP) with the purpose of making Danske Commodities an even more attractive place to work was developed

PRIORITIES FOR 2024

- Maintaining a continued focus on employee satisfaction and motivation in a growth scenario
- Activating the EVP to attract and retain talented employees

PLANET

POLICY

Danske Commodities' sustainability focus follows the ESG-dimensions (Environmental, Social, Governance) and addresses a variety of internal and external societal and environmental challenges and strives for constant improvement of the Group's business practices.

CORPORATE SOCIAL RESPONSIBILITY – CONTINUED

HOW THE POLICY IS PUT INTO ACTION

The Greenhouse Gas Protocol
Danske Commodities applies the Greenhous Gas Protocol to measure and account for the Group's scope 1 and 2 emissions. Danske Commodities promotes environment-friendly transportation, offers remote working flexibility, sorts waste and sources electricity from Danish wind turbines.

Supporting SDGs
Danske Commodities supports the Sustainable Development Goals (SDGs) and focuses particularly on advancing SDG 7, 'Ensure access to affordable, reliable, sustainable and modern energy for all'.

Local and global engagement
Danske Commodities supports the local community, e.g. by participating in Climate Alliance Aarhus to actively support the transition to climate-friendly workplaces in Aarhus as well as supporting social renewable energy projects in Mali and giving donations to support earthquake victims in Türkiye and Syria.

RISKS

Danske Commodities has conducted a double materiality assessment to determine the most relevant sustainability topics and risks associated with them. Succeeding with the sustainability policy requires an effort from all employees and other stakeholders to drive change both inside and outside the Group.

RESULTS IN 2023

- An internal sustainability innovation competition to identify and execute ESG initiatives was launched. Initiatives in 2023 included reducing number of PC screens used, participating in World Clean-up Day and the Vi-cykler-til-arbejde campaign (in June and November)
- Donations were made to a variety of organisations including UNICEF, a summer school for Ukrainian refugees, and Mali Folkecenter
- An internal course on sustainability was initiated along with preparations to comply for the upcoming CSRD regulations
- Scope 1 and 2 emissions (market based) were reduced by 78% compared to 2019 benchmark

PRIORITIES FOR 2024

- Ensuring compliance with the EU Corporate Sustainability Reporting Directive (CSRD)
- Continuing to engage the broader organisation and cocreating sustainable practices with employees
- Supporting the ESG agenda in the communities in which Danske Commodities operates by conducting initiatives to address Environmental, Social and Governance-related challenges

GENDER DIVERSITY

INTRODUCTION AND 2023 ACTIONS

The energy trading sector has historically been highly male-dominated – particularly in leadership. According to the World Economic Forum's Global Gender Gap Report from 2022, only one in five leadership roles in the energy sector are held by women[1]. As a leading energy trading company, Danske Commodities recognises the need to step up and help create change. As such, this policy focuses on the gender composition in the leadership group of Danske Commodities.

Danske Commodities recognises the benefits that come with diversity in leadership, including how more diverse leadership groups pave the way for more innovative and high-performing teams. Yet, to increase gender diversity in its leadership, Danske Commodities must also secure a more diverse leadership pipeline among its employees. As such, the Group is dependent on broadening its talent pool to attract more diverse talent as well as fostering an inclusive work environment, where all employees feel welcomed, respected and that they can make a difference.

For that reason, the Group has a strategic focus on increasing the gender diversity in Danske Commodities with an ambition to transition towards 30% females by 2025. To support this, Danske Commodities has, in 2023, implemented various bias blockers in the recruitment process to ensure equal treatment of candidates. In addition, the Group has reviewed its talent progression processes for potential biases and placed a particular focus on fostering an inclusive culture. Therefore, Danske Commodities' leaders have received training in inclusive leadership, and various efforts have been made towards creating awareness of the diversity, equity & inclusion (DEI) agenda among all employees. Further, the Group has conducted an internal leadership assessment programme with 22% female participants.

Overall, dedicated measures have been taken in 2023 regarding DEI, and Danske Commodities continuously works on strengthening a culture where all employees have a sense of belonging and where diverse teams thrive. That is what creates the best and brightest ideas and enables Danske Commodities to contribute to a viable energy future.

GENDER TARGETS FOR A DIVERSIFIED LEADERSHIP GROUP

The Group have set gender targets for all leadership levels in Danske Commodities, which include the Board of Directors, Senior Leadership, Directors and the Senior Manager/Manager layer. Below, the current representation of women as well as the targets for increasing the share of women in the various leadership levels are listed.

Board of Directors	2023
Members (heads)	6
Women (heads)	2
Share (%)	33
Target (%)	40
Target deadline	2025

In 2023, Danske Commodities lived up to the target of a minimum of 28.6% females in the Board of Directors with 2/6 members of the Board of Directors being female, corresponding to 33%.

Senior Leadership	2023
Members (heads)	9
Women (heads)	1
Share (%)	11
Target (%)	20
Target deadline	2025

Directors	2023
Members (heads)	16
Women (heads)	4
Share (%)	19
Target (%)	25
Target deadline	2025

Senior Managers/Managers	2023
Members (heads)	51
Women (heads)	16
Share (%)	22
Target (%)	30
Target deadline	2025

This policy constitutes the required reporting according to the Danish Financial Statements Act section 99 b on targets for policies on gender composition of top leadership of the Group as well as the Danish Companies Act section 139 c on a policy for increasing the proportion of the underrepresented gender on the additional leadership levels. The reporting and target setting for the Senior Manager/Manager layer have been voluntarily added.

[1] World Economic Forum. *Global Gender Gap Report* (2022).

DATA ETHICS POLICY

Danske Commodities recognises data as a cornerstone of its value chain and a critical element in its competitive strategy. As a data-driven entity, Danske Commodities transforms data into knowledge to craft profitable trading strategies. The commitment extends beyond the operational use of market and asset data, incorporating the meticulous handling of personal data. The data used consist of personal data as well as market data and asset data used for the operations of the Group.

Danske Commodities is dedicated to upholding and continuously improving data ethics. By integrating these principles into every facet of its operations, Danske Commodities aims to foster trust and demonstrate its commitment to ethical data stewardship.

THE EVOLVING ROLE OF DATA

In the digital era, the strategic importance of data is paramount. Investment in data capabilities is not just about harvesting value; it is about wielding data and analytics as competitive devices in an ethical way. Danske Commodities commits to a responsible data power approach, ensuring its actions reflect the highest ethical standards and respect section 99 d of the Danish Financial Statements Act. This policy codifies Danske Commodities' data ethics principles, guiding the Group's endeavours in trading, innovation and business processes.

2023 IN REVIEW: DATA ETHICS IN ACTION

The past year's focus has been on the ethical treatment of personal data, reinforced through annual IT programmes and controls that ensure compliance and responsible usage.

DANSKE COMMODITIES' THREE DATA ETHIC PRINCIPLES

Security and privacy by design
Danske Commodities treats official market data as a trust, with stringent compliance to data access, sharing, and usage boundaries. Privacy by design is embedded in the Group's culture and processes, upheld by mandatory conduct training that includes data ethics, personal data handling and its implications in financial and business reporting.

Integrity and consistent governance
Integrity at Danske Commodities means managing data in alignment with robust internal governance principles. This also means ensuring and enforcing the respect of the rules set by the Sarbanes-Oxley Act (hereafter SOX) as well as staying strictly within the bounds of all applicable legal principles. Effective data governance assures consistency and trust, preventing misuse. Integral to this is risk management and data quality as core governance tenets.

Responsibility and impact assessment
As custodians of data integral to Danske Commodities' value chain, the Group leverages data in the best interest of its counterparties, the markets and society. This entails responsible deployment of advanced analytics and machine learning, ensuring fair and unbiased algorithms, and transparency in automated trading activities.

ENHANCING THE DATA ETHICS FRAMEWORK

To align with best practices, the Group is taking additional steps:

Stakeholder engagement
Stakeholder feedback is integral to Danske Commodities' policy development, ensuring a diverse range of perspectives from a technical, business and legal point of view.

Extended training programs
Danske Commodities has developed and constantly improve on comprehensive data training, emphasising real-world applications, design philosophies, data handling best practices, as well as security and ethical decision-making in its data ecosystem.

Global standards alignment
The Group's policies reflect international standards, adapting to global best practices and legal requirements.

Review and update mechanisms
Danske Commodities commits to an annual review of our Data Ethics Policy, ensuring it evolves with technological advancements and societal expectations.

RISK MANAGEMENT

MARKET RISK

Market risk is the risk of the value of open positions changing as a result of fluctuating market conditions.

Danske Commodities' market risk arises in both commodity and financial markets with fluctuating energy prices, production and consumption balancing and foreign exchange rates constituting key risk factors. Due to the potential impact on the Group's earnings, Danske Commodities continuously monitors and stress tests volatility and commodity price developments.

Market risk is managed as set out in the Market Risk Policy and the Market Risk Manual. The Market Risk Policy defines the allowable products, regions and commodities whereas the Market Risk Manual provides the specific mandates within the overall market risk appetite. The market risk appetite of Danske Commodities sets out the overall risk limits defined as the allocated risk capital, and the aggregation of the different mandates is kept within those limits, ensuring that the Group monitors its risk profile at all times. Open positions are only accepted if mandates have been established. All open trading positions are monitored by a second line of defence by the Risk Management team.

All mandates across the business are reviewed regularly and updated to ensure that they continue to comply with the overall risk appetite and are in sync with changing market conditions. As part of the monitoring process, Danske Commodities operates several warning levels and stop-loss limits to ensure timely action if a mandate is violated. Structured product control, model validations and additional stress tests and risk measures, are used as an integral part of risk management for relevant products and activities.

Foreign exchange risk, to which the daily commercial business is exposed, is mitigated and hedged on a daily basis. As foreign exchange risk is not a core business for Danske Commodities, a hedging strategy anchored in the Treasury team is pursued to mitigate the foreign exchange risk. Hence, currency risk is an insignificant component of the overall risk appetite at Danske Commodities.

CREDIT RISK

Credit risk is the risk of financial loss resulting from a counterparty failing to meet contractual obligations.

Danske Commodities manages credit risk through a clearly defined framework of policies and procedures approved by the Board of Directors and defined by the Risk Management team.

The financial strength and creditworthiness of a potential counterparty is assessed before the Group enters any contract and subsequently the allowed credit line is monitored daily. If required, security is requested before or during the contract lifespan.

Thorough Know Your Customer (KYC) and sanctions screening processes are performed according to the agreed policy. The KYC process is reviewed regularly, and sanctions screening is done on a continual basis.

OPERATIONAL AND IT RISK

Danske Commodities is exposed to operational and IT risks with possible impact on license to operate, financial losses or near misses. Operational and IT risks can broadly be defined as risks of inadequate or failed internal processes, human errors, system failures or from external events.

Danske Commodities continues to mature and improve operational and IT risk management to make it an integral part of the Company's efforts to reduce the overall risk exposure.

All employees have read and understood Danske Commodities' fair use policy and cybersecurity training is mandatory for all employees and IT risk controls are further strengthened through an external 24/7 Security Operations Centre which includes an incident response retainer. The Danish Energy Agency evaluates Danske Commodities' crisis management business continuity planning and obligations as a balancing responsible party in the energy market and audits Danske Commodities on a planned frequency. In addition, Danske Commodities complies with SOX and SWIFT compliance requirements.

Crisis management and business continuity processes, procedures and tooling are updated and exercised on a monthly and biannual basis.

LIQUIDITY RISK

Liquidity risk is the risk of Danske Commodities not being able to meet its liabilities towards counterparties.

Danske Commodities is considered to have low liquidity risk, being under the ownership of Equinor and given its solid capital structure. Cash flows from operations, cash reserves, capital injections and credit facilities are key aspects that for several years have ensured stable and adequate liquidity.

Danske Commodities measures its overall liquidity, consisting of free liquidity, including cash collateral, other deposits and forecasted cash flows, on a daily basis. In addition, different liquidity outcomes are simulated through various stress tests. The stress testing process analyses daily and monthly forecasted liquidity against a minimum liquidity level, enabling the Group to better manage liquidity reserves and withstand market movements at all times.

RISK MANAGEMENT – CONTINUED

LEGAL RISK

Contractual relationships with counterparties and business partners bear the potential for legal risks.

Danske Commodities' Legal team is focused on proactive legal work and contributes in a structured way to identifying, prioritising and managing legal risks and opportunities in consultation with teams across the entire organisation.

In 2022, a cross functional Market Design Working group was established to follow the market situation closely as this was highly affected by the energy crisis and the geopolitical situation. This group will continue on a case-by-case to support the business on new legislation.

The Legal team engages in the ongoing business activities and decision-making processes at an early stage and takes part in the approval process for new products. By drafting and negotiating well-balanced contracts in accordance with the legal risk tolerance defined by the Board of Directors in line with local legislation and practice in the markets in which Danske Commodities operates, the Group conducts risk assessment on an ongoing basis. As such, the overall level of claims and disputes can be held at a minimum. The legal counsels of Danske Commodities work closely with professional external advisers when expert knowledge is required.

COMPLIANCE RISK

Compliance risk is the risk posed to Danske Commodities' financial, organisational, operational or reputational standing that could result from a failure to act in accordance with relevant laws, regulations and prescribed standards.

High ethical standards and compliance with relevant laws and regulations are fundamental to Danske Commodities. Danske Commodities' Compliance Programme sets out the framework for operating the Company's activities in an ethical and compliant manner and ensures that compliance is embedded with all employees and throughout the organisation, creating a strong culture of compliance.

The Compliance Programme focuses on preventing, detecting and handling non-compliant behaviour and is managed by the Compliance Officer who regularly reports to Senior Leadership and the Risk Committee.

Danske Commodities' Compliance Policy & Guidelines and Code of Conduct are the foundation for the Compliance Programme as they lay out the requirements and expectations of the Company's employees and they apply to all employees. Annual compliance risk assessments are another important part of the Compliance Programme.

Training and education also play a vital role in the Compliance Programme, ensuring that Danske Commodities' employees are regularly provided with up-to-date information and knowledge of compliance issues. Further, relevant employees also take part in face-to-face training sessions conducted by the Compliance team. In 2023, these training sessions related to the market abuse prohibitions that apply to many of the jurisdictions that Danske Commodities operates in.

Monitoring and trade surveillance are also an important part of the Compliance Programme and ensure compliance with relevant regulations and allow Danske Commodities to monitor that its activities are carried out in a compliant manner.

Oversight with the Compliance Programme is ensured through the preparation of an annual compliance report as well as regular reports to Senior Leadership and the Risk Committee.

MANAGEMENT'S STATEMENT ON THE ANNUAL REPORT

The Board of Directors and the Executive Board have today considered and approved the Annual Report of Danske Commodities 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 additional requirements in the Danish Financial Statements Act.

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

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

Furthermore, the Management's Review provides a description of the most significant risks and elements of uncertainty facing the Group.

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

Aarhus, 8 April 2024

Executive Board

Helle Østergaard Kristiansen CEO	Jakob Sørensen CFO

Board of Directors

Helge Haugane Chair	Rune Karlsen Vice Chair	Olav Kolbeinstveit Board member
Torbjørn Folgerø Board member	Molly Moris Board member	Trine Borum Bojsen Board member

INDEPENDENT AUDITOR'S REPORT

To the shareholder of Danske Commodities A/S

Opinion
We have audited the consolidated financial statements and the parent company financial statements of Danske Commodities A/S for the financial year 1 January – 31 December 2023, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Statement on the Management's review
Management is responsible for the Management's review.

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

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Management's responsibilities for the financial statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance as to 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit.

INDEPENDENT AUDITOR'S REPORT – CONTINUED

We also:

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

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

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

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

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

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

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

Aarhus, 8 April 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Steen Skorstengaard
State Authorised Public Accountant
mne19709

Tinne Kruse
State Authorised Public Accountant
mne49068

STATEMENT OF COMPREHENSIVE INCOME

1 JANUARY – 31 DECEMBER

INCOME STATEMENT

		Group		Parent	
EUR '000	Note	2023	2022	2023	2022
Trading income and revenue from contracts with customers	2.1	3,070,581	6,555,371	3,046,453	6,476,484
Cost of sales	2.1	-2,660,478	-4,376,845	-2,660,358	-4,376,825
Gross profit		**410,103**	**2,178,526**	**386,095**	**2,099,659**
Other operating income		146	1,468	145	1,468
Other external expenses	4.1	-13,064	-23,058	-13,086	-23,344
Staff costs	4.1	-62,404	-74,483	-57,607	-72,020
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	6.1, 6.2	-12,014	-13,498	-11,925	-13,490
Operating profit (EBIT)		**322,767**	**2,068,955**	**303,622**	**1,992,273**
Share of profit in subsidiaries after tax	6.4	0	0	16,885	62,484
Financial income	4.3	184,513	9,733	181,215	9,550
Financial expenses	4.3	-54,081	-87,508	-53,457	-87,455
Profit before tax (EBT)		**453,199**	**1,991,180**	**448,265**	**1,976,852**
Tax on profit for the year	7.1	-96,079	-435,386	-91,145	-421,058
Profit for the year		**357,120**	**1,555,794**	**357,120**	**1,555,794**

STATEMENT OF OTHER COMPREHENSIVE INCOME

	Group		Parent	
EUR '000	2023	2022	2023	2022
Profit for the year	**357,120**	**1,555,794**	**357,120**	**1,555,794**
Items that may subsequently be reclassified to the income statement:				
Exchange rate adjustment on translation of foreign operations	-573	-1,820	-573	-1,820
Other comprehensive income (net of tax)	**-573**	**-1,820**	**-573**	**-1,820**
Total comprehensive income (net of tax)	**356,547**	**1,553,974**	**356,547**	**1,553,974**

BALANCE SHEET

AT 31 DECEMBER

ASSETS

EUR '000	Note	Group 2023	Group 2022	Parent 2023	Parent 2022
Contractual rights		58,254	66,597	58,254	66,597
Software		11,622	8,358	11,622	8,358
Intangible assets	6.1	**69,876**	**74,955**	**69,876**	**74,955**
Land and buildings		2,996	2,690	1,614	2,690
Other fixtures and fittings, tools and equipment		3,626	3,825	3,500	3,800
Leasehold improvements		199	71	7	50
Property, plant and equipment	6.2	**6,821**	**6,586**	**5,121**	**6,540**
Investments in subsidiaries	6.4	0	0	130,406	81,889
Deferred tax	7.2	14,376	14,935	14,376	13,925
Deposits		424	421	419	417
Other non-current assets		**14,800**	**15,356**	**145,201**	**96,231**
Non-current assets		**91,497**	**96,897**	**220,198**	**177,726**
Inventories	5.1	766,711	1,914,475	766,711	1,914,475
Trade receivables	5.2	693,361	1,369,480	690,087	1,360,478
Other receivables	5.3	45,407	76,502	34,503	62,232
Deposits related to trading	5.5	46,288	460,853	45,081	458,317
Receivables from group enterprises	4.2	1,532,700	4,093,498	1,550,581	4,137,218
Corporation tax receivables	7.2	1,730	26,991	0	26,832
Prepayments		8,348	30,607	5,346	25,607
Derivative financial instruments	3.5	950,043	5,349,398	945,836	5,346,433
Current asset investments	6.5	54,001	0	0	0
Cash and cash equivalents		170,651	1,424,501	94,560	1,386,648
Current assets		**4,269,240**	**14,746,305**	**4,132,705**	**14,718,240**
Assets		**4,360,737**	**14,843,202**	**4,352,903**	**14,895,966**

BALANCE SHEET

AT 31 DECEMBER

LIABILITIES AND EQUITY

		Group		Parent	
EUR '000	Note	2023	2022	2023	2022
Share capital		175,000	3,679,762	175,000	3,679,762
Share premium		1,750,000	0	1,750,000	0
Reserve for currency translation		-3,938	-3,365	0	0
Reserve for net revaluation under the equity method		0	0	58,738	72,608
Reserve for development costs		0	0	8,956	6,375
Proposed dividend		750,000	0	750,000	0
Retained earnings		123,956	2,012,075	52,324	1,929,727
Equity		**2,795,018**	**5,688,472**	**2,795,018**	**5,688,472**
Deferred tax liabilities	7.2	105	0	0	0
Provisions	5.6	293	620	293	620
Lease liabilites	6.3	2,058	1,810	676	1,810
Other payables	5.4	0	2,118	0	2,118
Non-current liabilities		**2,456**	**4,548**	**969**	**4,548**
Trade payables		411,813	1,449,030	409,121	1,443,538
Payables to group enterprises	4.2	217,743	3,829,830	226,436	3,900,512
Corporation tax payables	7.2	38,812	3,397	37,960	0
Provisions	5.6	1,628	6,763	1,628	6,763
Other payables	5.4	30,303	49,564	25,356	44,873
Deposits related to trading	5.5	294,660	655,110	294,660	655,110
Prepayments		4,508	34,926	1,672	34,926
Derivative financial instruments	3.5	562,465	3,120,354	558,845	3,116,016
Lease liabilities	6.3	1,331	1,208	1,238	1,208
Current liabilities		**1,563,263**	**9,150,182**	**1,556,916**	**9,202,946**
Liabilities		**1,565,719**	**9,154,730**	**1,557,885**	**9,207,494**
Liabilities and equity		**4,360,737**	**14,843,202**	**4,352,903**	**14,895,966**

STATEMENT OF CHANGES IN EQUITY

2023	Group					
EUR '000	Share capital	Share premium	Reserve for currency translation	Proposed dividend	Retained earnings	Total
Equity at 1 January	3,679,762	0	-3,365	0	1,923,487	5,599,884
Restatement effect in prior year	0	0	0	0	88,588	88,588
Restated equity at 1 Janaury	**3,679,762**	**0**	**-3,365**	**0**	**2,012,075**	**5,688,472**
Net profit for the year	0	0	0	0	357,120	357,120
Other comprehensive income for the year	0	0	-573	0	0	-573
Total comprehensive income for the year	**0**	**0**	**-573**	**0**	**357,120**	**356,547**
Capital decrease	-3,679,762	0	0	0	0	-3,679,762
Capital increase	175,000	1,750,000	0	0	0	1,925,000
Proposed capital distribution	0	0	0	750,000	-750,000	0
Dividend paid	0	0	0	0	-1,495,239	-1,495,239
Equity at 31 December	**175,000**	**1,750,000**	**-3,938**	**750,000**	**123,956**	**2,795,018**

2022	Group					
EUR '000	Share capital	Share premium	Reserve for currency translation	Proposed dividend	Retained earnings	Total
Equity at 1 January	179,065	0	-1,545	0	456,978	634,498
Net profit for the year as restated	0	0	0	0	1,555,794	1,555,794
Other comprehensive income for the year	0	0	-1,820	0	0	-1,820
Total comprehensive income for the year	**0**	**0**	**-1,820**	**0**	**1,555,794**	**1,553,974**
Capital decrease	-179,762	0	0	0	0	-179,762
Capital increase	3,679,762	0	0	0	0	3,679,762
Other adjustments	697	0	0	0	-697	0
Equity at 31 December	**3,679,762**	**0**	**-3,365**	**0**	**2,012,075**	**5,688,472**

STATEMENT OF CHANGES IN EQUITY – CONTINUED

2023	Parent						
EUR '000	Share capital	Share premium	Reserve for net revaluation under the equity method	Reserve for development costs	Proposed dividend	Retained earnings	Total
Equity at 1 January	3,679,762	0	72,608	6,375	0	1,841,139	5,599,884
Restatement effect in prior year	0	0	0	0	0	88,588	88,588
Restated equity at 1 Janaury	**3,679,762**	**0**	**72,608**	**6,375**	**0**	**1,929,727**	**5,688,472**
Net profit for the year	0	0	16,885	0	0	340,235	357,120
Development costs for the year	0	0	0	2,581	0	-2,581	0
Other adjustments	0	0	-30,182	0	0	30,182	0
Other comprehensive income for the year	0	0	-573	0	0	0	-573
Total comprehensive income for the year	**0**	**0**	**-13,870**	**2,581**	**0**	**367,836**	**356,547**
Capital decrease	-3,679,762	0	0	0	0	0	-3,679,762
Capital increase	175,000	1,750,000	0	0	0	0	1,925,000
Proposed capital distribution	0	0	0	0	750,000	-750,000	0
Dividend paid	0	0	0	0	0	-1,495,239	-1,495,239
Equity at 31 December	**175,000**	**1,750,000**	**58,738**	**8,956**	**750,000**	**52,324**	**2,795,018**

2022	Parent						
EUR '000	Share capital	Share premium	Reserve for net revaluation under the equity method	Reserve for development costs	Proposed dividend	Retained earnings	Total
Equity at 1 January	179,065	0	11,910	5,494	0	438,029	634,498
Net profit for the year as restated	0	0	62,484	0	0	1,493,310	1,555,794
Development costs for the year	0	0	0	881	0	-881	0
Other adjustments	0	0	34	0	0	-34	0
Other comprehensive income for the year	0	0	-1,820	0	0	0	-1,820
Total comprehensive income for the year	**0**	**0**	**60,698**	**881**	**0**	**1,492,395**	**1,553,974**
Capital decrease	-179,762	0	0	0	0	0	-179,762
Capital increase	3,679,762	0	0	0	0	0	3,679,762
Other adjustments	697	0	0	0	0	-697	0
Equity at 31 December	**3,679,762**	**0**	**72,608**	**6,375**	**0**	**1,929,727**	**5,688,472**

The share capital consists of 175,000,000 shares of a nominal value of EUR 1 per share. All shares rank equally.

STATEMENT OF CASH FLOWS

		Group		Parent	
EUR '000	Note	2023	2022	2023	2022
Profit for the year		357,120	1,555,794	357,120	1,555,794
Non-cash adjustments	5.8	-22,894	524,845	-41,563	449,969
Change in working capital	5.8	3,135,507	-3,730,838	3,088,605	-3,690,392
Cash flow from operating activities before financial income and expenses		**3,469,733**	**-1,650,199**	**3,404,162**	**-1,684,629**
Financial income, received	4.3	184,513	9,733	181,215	9,550
Financial expenses, paid	4.3	-50,543	-61,785	-49,735	-67,983
Cash flow from ordinary activities		**3,603,703**	**-1,702,251**	**3,535,642**	**-1,743,062**
Corporation tax paid		-55,287	-520,656	-47,041	-508,113
Corporation tax received		20,548	0	20,237	0
Cash flow from operating activities		**3,568,964**	**-2,222,907**	**3,508,838**	**-2,251,175**
Purchase of intangible assets	6.1	-4,598	-3,078	-4,598	-3,078
Purchase of property, plant and equipment	6.2	-2,590	-3,125	-839	-3,087
Capital increase in subsidiaries	6.4	0	0	-62,387	-5,467
Dividends received		0	0	30,173	0
Disposal of subsidiaries		0	0	9	-24
Placement in time deposits		-54,001	0	0	0
Cash flow from investing activities		**-61,189**	**-6,203**	**-37,642**	**-11,656**
Proceeds from borrowings		1,993	1,574,587	457	1,574,587
Repayment of borrowings		-3,014,636	0	-3,014,636	0
Movement in group enterprise cash pool		1,506,179	-2,778,875	1,506,179	-2,778,875
Capital increase		1,925,000	3,500,000	1,925,000	3,500,000
Capital decrease		-3,679,762	0	-3,679,762	0
Dividend payment		-1,495,239	0	-1,495,239	0
Payment of principal portion of lease liabilities		-1,622	-1,043	-1,561	-1,043
Cash flow from financing activities		**-4,758,087**	**2,294,669**	**-4,759,562**	**2,294,669**
Net foreign exchange difference on cash and cash equivalents		-3,538	-25,723	-3,722	-19,472
Change in cash and cash equivalents		**-1,253,850**	**39,836**	**-1,292,088**	**12,366**
Cash and cash equivalents at 1 January		1,424,501	1,384,665	1,386,648	1,374,282
Cash and cash equivalents at 31 December		**170,651**	**1,424,501**	**94,560**	**1,386,648**
Cash and cash equivalents are specified as follows:					
Cash at bank and in hand without restrictions		164,676	228,595	91,044	191,632
Restricted cash *		5,975	1,195,906	3,516	1,195,016
Cash and cash equivalents at 31 December		**170,651**	**1,424,501**	**94,560**	**1,386,648**

* Restricted cash is relating to initial margin coverage held at clearing banks.

NOTES TO FINANCIAL STATEMENTS

BASIS OF REPORTING

1.1 BASIS OF PREPARATION

The consolidated and parent financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS, as defined in note 8.5) as adopted by the EU and further requirements in the Danish Financial Statements Act applying to large enterprises of reporting class C.

The consolidated and parent financial statements have been prepared on a going concern basis and under the historical cost convention, with the exception of derivatives and gas trading inventories, which are measured at fair value as disclosed in notes 3.5, 3.6 and 5.1 and with the exception of investments in subsidiaries, which are measured under the equity method as disclosed in note 6.4.

The consolidated financial statements are presented in euros, which is also the Parent Company's functional currency. All values are rounded to the nearest thousand (EUR'000), except if otherwise indicated.

Accounting policies related to specific line items are described in the notes to which they relate. The description of accounting policies in the notes form part of the overall description of accounting policies. Accounting policies not directly related to a specific line item covered by a note are presented below.

RESTATEMENT OF PRIOR YEAR NUMBERS

Previously, the Group assessed that gas flow capacities under the current operating model could be net settled, and the gas flow capacities were accounted for at fair value in accordance with IFRS 9.

In 2023, the Group reassessed this practice for gas flow capacities and concluded that the net settlement of gas flow capacities has been insignificant since 2021 and should have been accounted for as executory contracts under IFRS 15 at that time.

As a consequence, comparative numbers for 2022 have been restated and Danske Commodities has assessed that there is no material impact of the fair value of gas flow capacities for 2021.

The effect is a restatement of 2022 as follows:

EUR '000	
Increase in trading income and revenue from contracts with customers	113,575
Decrease in tax on profit for the year	-24,987
Increase in profit for the year	88,588
Decrease in derivative financial instrumens (assets)	-17,353
Decrease in derivative financial instruments (liability)	-130,928
Decrease in deferred tax (assets)	-24,987
Increase in equity	88,588

The effect on disclosures 3.1-3.8, 4.2, 5.7, 5.8, 7.1 and 7.2 has been corrected.

BASIS FOR CONSOLIDATION

The consolidated financial statements incorporate the financial information of Danske Commodities A/S, the Parent Company, and its subsidiaries, together the Group. Control is achieved where the Group is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity.

The consolidated financial statements are prepared by combining items of a uniform nature and subsequently eliminating intercompany transactions, internal stockholdings and balances and unrealised intercompany profits and losses.

TRANSLATION OF FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rates prevailing at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income or financial expenses in the income statement.

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

Foreign subsidiaries are considered separate entities. The income statements are translated at the average exchange rate for the period, and the balance sheet items are translated at the exchange rates at the balance sheet date.

Foreign exchange differences arising on translation of the opening equity of foreign entities at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised in other comprehensive income.

1.1 BASIS OF PREPARATION – CONTINUED

CURRENT / NON-CURRENT

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when it is:

- expected to be settled in the normal operating cycle
- held primarily for the purpose of trading
- due to be settled within twelve months after the reporting period
- without unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

1.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Group's consolidated and parent financial statements requires management to make estimates and assumptions that can have a significant effect on the application of policies and reported amounts of assets, liabilities, income, expenses and related disclosures. The estimates and underlying assumptions are based on historical experience and various other factors. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates may be necessary if there are changes in the circumstances on which the estimate was based or more detailed information becomes available. Such changes are recognised in the period in which the estimate is revised.

The main areas where the Group has made significant judgments when applying the accounting policies and that have the most material effect on the amounts recognised in the consolidated financial statements have been described in the following notes:

- 2.1 Trading income and revenue from contracts with customers

Estimates used in the preparation of these consolidated financial statements are prepared based on customised models, while the assumptions on which the estimates are based rely on historical experience, external sources of information and various other factors that management assesses to be reasonable under the current conditions and circumstances. These estimates and assumptions form the basis of making the judgments about carrying values of assets and liabilities when these are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis considering the current and expected future set of conditions.

The Group is exposed to several underlying economic factors affecting the overall results, such as commodity prices, foreign currency exchange rates, market risk premiums and interest rates as well as financial instruments with fair values derived from changes in these factors.

The most important matters in understanding the key sources of estimation uncertainty are described in the following notes:

- 3.6 Fair value measurements
- 5.1 Inventories

EARNINGS

2.1 TRADING INCOME AND REVENUE FROM CONTRACTS WITH CUSTOMERS

	Group		Parent	
EUR '000	2023	2022	2023	2022
Trading income				
Net trading income	313,707	1,642,459	288,188	1,408,015
Net change in fair value of commodity derivatives held for trading	-871,816	1,631,744	-870,425	1,629,502
Net change in fair value of inventory held for trading	904,205	-1,183,437	904,205	-1,025,638
Revenue from contracts with customers				
Sales of climate certificates	771,668	648,562	771,668	648,562
Sales of power and energy-related services	1,952,817	3,816,043	1,952,817	3,816,043
Total trading income and revenue from contracts with customers	**3,070,581**	**6,555,371**	**3,046,453**	**6,476,484**

SIGNIFICANT ACCOUNTING JUDGMENTS

Whether to account for transactions from contracts with customers gross or net involves the use of significant accounting judgment. In making the judgment the Group has considered whether it controls the power volumes prior to onwards sales to the counterparty. When the Group directs the use of the volumes, holds the balancing risk and the Group receives all benefits from the sales of power, the Group is considered the principal in the sale of power and energy-related services, why the revenue is presented gross.

For some contracts, the Group has concluded that ownership of the power volumes has not been transferred to the Group. Although the Group has been granted the ability to direct the use of the volumes, the asset owner receives all the benefits from the sales of these volumes and holds the related balancing risk, since the Group only acts as an intermediary between the asset owner and the market. On that basis, the Group is not considered the principal in the sale of these power and energy related services, why the revenue and related cost of sales is presented net.

ACCOUNTING POLICIES

Trading income

Trading income comprises realised and unrealised fair value changes as well as realised gains and losses on commodity derivatives and inventory held for trading. Net trading income comprises net realised fair value changes, gains and losses arising from trading within energy commodity derivatives. The energy commodity derivatives make up the Group's trading portfolio which includes futures, options, swaps, power transport capacities and certain forward sales and forward purchases commodity contracts that are either financially or physically settled. As the physically settled contracts are managed on a portfolio basis, a practice of net settlement is present, and the contracts are considered in scope of IFRS 9 and treated as derivatives.

Net changes in fair value of commodity derivatives and net changes in fair value of inventory held for trading represents changes in the unrealised part of fair value of commodity derivatives held for trading and inventory held for trading at the balance sheet date.

Revenue from contracts with customers

Revenue is measured at the contractually agreed price exclusive of VAT and taxes charged on behalf of third parties.

Sales agreements are divided into individually identifiable performance obligations when applicable. If a sales agreement includes several performance obligations, the sales agreement's transaction price is allocated to each performance obligation.

Sales of power and energy-related services

Revenue from the sale of power and energy-related services comprises consumption balancing as well as the sale of power sourced from energy producers and related services in terms of e.g. production management and balancing. The Group considers whether it is acting as principal or agent, based on whether it holds the main risks and controls the power and services delivered before transferring it to the counterparty. Revenue is recognised when control of the power is transferred to the buyer simultaneously with fulfilment of the related services, that being when the power is delivered. Agreements for the sale of power and energy-related services are considered a series of identical goods and services that are transferred over time and revenue is recognised at the amount to which the Group is entitled.

Sales of climate certificates

Revenue from the sale of climate certificates comprises the sale of climate certificates sourced from producers. As the Group controls the climate certificates before transferring them to the counterparty, the Group has concluded that it is acting as principal in these agreements. Revenue is recognised when control of the climate certificate is transferred to the buyer being when the certificate is delivered to the buyer. Agreements for the sale of climate certificates are fulfilled at a point in time.

Cost of sales

Cost of sales includes the purchase of power and certificates for resale and transportation thereof incurred to achieve revenue from contracts with customers for the year.

RISK MANAGEMENT

3.1 MARKET RISK

Danske Commodities' market risk arises in both commodity and financial markets, in which changing commodity prices and volumes are key risk factors.

The sensitivity analysis in the following sections relates to open positions at 31 December 2023 and 31 December 2022. The sensitivity is calculated by adjusting the market price used on each individual trade.

The sensitivity shown is based on reasonably possible changes in the current observable market environment. The effect of the assumed changes in respective market risks is prepared on an 'all else being equal' basis. The analysis is based on the financial assets and financial liabilities held at 31 December 2023 and 31 December 2022.

Danske Commodities' business is focused on short-term trading, which is reflected in the maturity of the financial instruments that primarily fall due within 12 months. For more information, refer to note 3.3.

RISK MANAGEMENT PROCEDURES

Danske Commodities' Board of Directors has developed and enacted a risk management strategy for commodity price risk and its mitigation. The risk management strategy also includes limits on foreign currency exposure.

COMMODITY PRICE RISK

Commodity price risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in underlying commodity prices. The Group's exposure to the risk of changes in commodity prices relates primarily to the trading performed at Danske Commodities.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Danske Commodities' exposure to the risk of changes in foreign exchange rates derives primarily from those of the Group's operating activities in which trade receivables, accounts payables and derivatives held for trading are denominated in a currency other than the functional currency.

The foreign currency risk is mitigated and hedged via economic hedges by the Treasury function on a daily basis in accordance with the mandates, policies and hedging strategy approved by the Board of Directors.

The risk relates to a wide range of currencies to which the daily commercial business is exposed. The main underlying currency of the Group's cash flow is Euro as the majority of Danske Commodities' activities are performed in market areas where commodity products are priced in EUR.

Next to EUR, GBP is the most significant currency to which Danske Commodities is exposed. The analysis shows the profit and loss effect from movements in the GBP/EUR ratio with all other variables held constant.

INTEREST RATE RISK

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of change in market interest rates. Danske Commodities' exposure to the risk of changes in market interest rates relates primarily to interest-bearing floating rate liabilities and assets. The estimated effect is considering an effect of one year in profit and loss.

SENSITIVITY		Group		Parent	
		2023	2022	2023	2022
EUR '000	+/- in %	Effect on profit before tax	Effect on profit before tax	Effect on profit before tax	Effect on profit before tax
	30%	-205,998	-603,203	-205,998	-603,203
Gas price risk (financial instruments)	-30%	252,334	655,798	252,334	655,798
	30%	219,785	560,931	219,785	560,931
Gas price risk (inventory)	-30%	-219,785	-560,931	-219,785	-560,931
	30%	15,587	3,761	10,798	-1,922
Power price risk	-30%	56,709	64,740	61,521	70,252
	30%	4,748	7,284	4,748	7,284
Certificate price risk	-30%	2,802	-5,053	2,802	-5,053
	6 % (2022: 8%)	-7,166	30,949	-7,571	25,299
EUR/GBP currency risk	-6 % (2022: -8%)	7,166	-30,949	7,571	-25,299
	1%	2,519	27,789	2,519	27,789
Interest rate risk	-1%	-2,519	-27,789	-2,519	-27,789

The table is calculated on an 'all else being equal' basis. The sensitivity calculation does not account for the correlation between products. For some products, the value is affected by multiple commodities.

3.2 CREDIT RISK MANAGEMENT

Exposure to credit risk may arise in Danske Commodities' trading and treasury operations. Exposure can be split into exchange and OTC. OTC trading is generally performed under standard agreements such as EFET and ISDA, which features netting provisions. The Group manages credit risk through a clear framework of policies and procedures defined by the Board of Directors, Senior Leadership and the Risk Management function. Responsibilities are divided between different business teams, Risk Management, Senior Leadership and the Board of Directors. A thorough Know Your Customer (KYC) process is carried out for all counterparties with whom the Group engages in transactions.

As commodity exchanges generally require variation margin settlement equal to the fair value, the Group considers its credit exposure to commodity exchanges to be insignificant.

The credit risk affecting the derivative financial instruments measured at fair value is considered limited based on the individual counterparty's ratings with public rating agencies.

Historically, Danske Commodities suffered no realised losses from any single major counterparty.

Credit risk from the Company's financial assets primarily concerns derivatives, trade receivables and receivables from group enterprises. For more information of credit risk related to receivables, refer to note 5.2.

CREDIT QUALITY OF THE GROUP'S COUNTERPARTIES

	Group		Parent	
EUR '000	2023	2022	2023	2022
AA rating	2,193,047	8,517,312	2,087,259	8,482,985
A rating	375,416	1,662,247	363,684	1,661,886
BBB rating	680,640	1,619,619	679,409	1,616,660
BB rating and lower	88,200	839,257	85,224	839,257
Not rated	118,513	90,323	116,334	114,330
Total at 31 December	**3,455,816**	**12,728,758**	**3,331,910**	**12,715,118**

3.3 LIQUIDITY RISK

Liquidity management is executed on an ongoing daily basis in Danske Commodities' Treasury function. Daily cash flow forecasts are produced, ensuring availability of required liquidity of the Group by appropriate cash management, and maintaining adequate liquidity reserves at any time through a combination of readily available cash and committed credit facilities provided by Equinor ASA.

The table below shows Danske Commodities' financial liabilities divided into relevant maturity buckets based on their contractual maturities for all financial liabilities and derivative financial instruments. The amounts disclosed in the table are the contractual undiscounted cash flows.

In 2023, the committed credit facility has been repaid as planned and liquidity needs have been much lower than previous years due to lower margin requirements and prices.

The Group and Parent Company's committed credit facility ('Revolving Credit Facility') amounted to EUR 500 million at 31 December 2023 (2022: EUR 3,000 million). The committed credit facility terminates in 2026. At 31 December 2023, the cash pool arrangement with Equinor ASA has an overdraft limit of EUR 3,000 million, (2022: EUR 6,500). The committed credit facility and the cash pool overdraft ensures liquidity for the years to come.

As per 31 December 2023, the Group has drawn EUR 0 million (2022: EUR 3,000 million) of the total available facilities in the amount of EUR 3,500 million (2022: EUR 9,500 million).

For overview of available cash comprising 'cash and cash equivalents' and 'group cash pool' refer to note 3.4.

3.3 LIQUIDITY RISK – CONTINUED

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES

	Group		Parent	
EUR '000	2023	2022	2023	2022
Financial instruments, maturity <1 year				
Trade payables	411,813	1,449,030	409,121	1,443,538
Lease liabilities	1,331	1,208	1,238	1,208
Payables to group enterprises	217,743	815,194	226,436	885,876
Revolving credit facility *	0	3,014,636	0	3,014,636
Deposits related to trading	294,660	655,110	294,660	655,110
Other payables	30,303	49,564	25,356	44,873
Financial instruments, maturity 1-5 years				
Lease liabilities	2,058	1,810	676	1,810
Other payables	0	2,118	0	2,118
Derivative financial instruments, maturity <1 year	419,439	2,903,013	418,879	2,898,716
Derivative financial instruments, maturity 1-5 years	149,548	257,584	146,397	257,459
Total financial liabilities	**1,526,895**	**9,149,267**	**1,522,763**	**9,205,344**

* For the Revolving Credit Facility provided by Equinor, the effective interest rate is the base rate (EURIBOR1M) plus a margin rate of 0.6% p.a. at 31 December 2023. The effective interest rate at 31 December 2023 is 4.5% (2022: 1.0%).

3.4 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt and equity of the Group as disclosed in the statement of equity.

The Group is not subject to any externally imposed capital requirements. The decrease in debt is primarily due to no utilisation of the Parent Company's credit facility at 31 December 2023 as described in note 3.3. The repayment in 2023 was possible due to lower margin requirements and prices, which also explains lower trade payables, payables to group enterprises and deposits related to trading.

GEARING RATIO

	Group		Parent	
EUR '000	2023	2022	2023	2022
Debt *	962,416	6,023,596	959,159	6,084,095
Less:				
Group cash pool (part of 'receivables from group enterprises')	1,272,696	2,778,875	1,272,696	2,778,875
Cash and cash equivalents	170,651	1,424,501	94,560	1,386,648
Net debt	**-480,931**	**1,820,220**	**-408,097**	**1,918,572**
Equity **	**2,795,018**	**5,688,472**	**2,795,018**	**5,688,472**
Net debt to equity ratio (%)	**-17%**	**32%**	**-15%**	**34%**

* Debt is defined as lease liabilities, trade and other payables (excluding derivatives and financial gurantee contracts), prepayments, deposits related to trading and payables to group enterprises.

** Equity includes share capital, share premium and other equity reserves of the Group.

3.5 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments in Danske Commodities mainly consist of commodity derivatives that are traded as part of the Group's ordinary business activities as well as foreign exchange derivatives used for managing currency risk exposure. Trading activities are undertaken by using a range of contract types in combination to create incremental gains by arbitraging prices between markets, locations and time periods. Foreign currency derivatives are traded to mitigate the exposure to currencies denominated in a currency other than EUR. Financial risks relating to the financial instruments are managed on a portfolio basis. The net of these exposures is monitored daily through risk reporting. The credit risk is assessed separately and presented in a table in note 3.2. For further information about offsetting of financial assets and liabilities, refer to note 5.7.

For information about the methods and assumptions used in determining the fair value of derivatives, refer to note 3.6.

ACCOUNTING POLICIES

Derivatives 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 'derivative financial instruments'. Derivative financial instruments that are held for trading are classified as current assets and liabilities regardless of their maturity date. Derivative financial instruments are categorised by means of shared risk and underlying commodity.

Danske Commodities 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 capable of being net settled, and they are consequently accounted for as derivative financial instruments measured at fair value through profit and loss.

A derivative embedded in a hybrid contract, with a non-financial host contract, is separated from the host contract and accounted for as a separate derivative if:

- the economic characteristics and risks are not closely related to the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative;
- and the hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss.

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

3.6 FAIR VALUE MEASUREMENTS

Determining the fair value of the financial instruments recognised and measured at fair value through profit and loss in the financial statements may require the use of estimates. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels.

LEVEL 1

Exchange-traded derivatives are valued using closing prices provided by the exchanges at the balance sheet date. These derivatives are categorised within level 1 of the fair value hierarchy.

LEVEL 2

Derivatives designated to level 2 include both power, gas and certificate trades with a typical contract length < 1 year. Over-the-counter (OTC) financial swaps and physical commodity sale and purchase contracts including commodity forwards and options are generally valued using readily available information in the public markets and if necessary, quotations provided by brokers and price index developers.

Power capacities and foreign exchange contracts within Danske Commodities are measured using internal models. Internal models refer to standard valuation models that use market forward levels on standard instruments, as well as incorporating inputs for the volatility of the underlying indices, markets or commodities.

LEVEL 3

Derivatives within level 3 of the fair value hierarchy includes derivatives where the unobservable inputs used in the valuation is significant. These inputs include prices risk premiums, volatility and interruption factors.

For some markets, there is only observable prices available for a maximum of three years ahead, after which there is no active market. Danske Commodities holds power forward contracts up to a 10-year time horizon. For OTC commodity derivatives in this time horizon, the market price used in areas with no observable prices is calculated based on latest observable spreads to neighbouring markets with observable prices. The unobservable spreads per MWh used is between DK1 and Germany of EUR 4.35 (2022: assuming no price movements and a forward price between EUR 48.75 – 51.88).

3.6 FAIR VALUE MEASUREMENTS – CONTINUED

The valuation of power contracts with a variable delivery profile incorporates a risk premium based on observable market activity for the contracts while accounting for the relationship to the observable base prices. For the valuation of clean spark spread options products, the fair value is estimated using simulation valuation techniques using assumptions developed internally based on observable market activity. The volatility factor used in the simulation model ranges from 0.4 to 0.78 (2022: 0.469 to 1.29).

Based on the unobservable input parameters above a reasonable alternative possible assumption is considered a movement of the unobservable input of 5%.

An increase of the volatility factor used in simulation models of 5% will increase the fair value by EUR 2,105 thousand (2022: EUR 10,803 thousand). A decrease of 5% decreases fair value by EUR 2,100 thousand (2022: EUR 10,804 thousand).

VALUATION PROCESSES

The valuation process of the derivatives includes input from relevant stakeholders of Danske Commodities, and the final valuation is verified and approved by the Risk Management function. To minimise the use of subjective estimates or modifications of parameters and calculation models, it is Danske Commodities' policy to determine fair values based on the external information that most accurately reflects the market values. The Group uses pricing services and benchmark services to increase the data quality. Danske Commodities' policy is to recognise transfers into and out of fair value hierarchy levels at the end of each reporting period.

Transfers in fair value hierarchy

The transfer from level 2 to level 3 relates to financial instruments whose measurement is now using significant unobservable input.

FAIR VALUE HIERARCHY

2023

		Group			
EUR '000	Note	Quoted prices in active markets **Level 1**	Significant observable inputs **Level 2**	Unobservable inputs **Level 3**	**Total**
Financial assets					
Gas trading derivatives		968	716,637	396	**718,001**
Power trading derivatives		2,609	176,064	24,986	**203,659**
Trading certificates		2,077	22,014	0	**24,091**
Foreign exchange derivatives		0	4,292	0	**4,292**
Non-financial assets					
Gas trading inventories	5.1	0	732,615	0	**732,615**
Certificate trading inventories	5.1	0	19,106	0	**19,106**
Total financial and non-financial assets		**5,654**	**1,670,728**	**25,382**	**1,701,764**
Liabilities					
Gas trading derivatives		0	341,638	134,522	**476,160**
Power trading derivatives		122	70,497	4,289	**74,908**
Trading certificates		0	10,953	0	**10,953**
Foreign exchange derivatives		0	444	0	**444**
Total financial liabilities		**122**	**423,532**	**138,811**	**562,465**

2022

		Group			
EUR '000	Note	Quoted prices in active markets **Level 1**	Significant observable inputs **Level 2**	Unobservable inputs **Level 3**	**Total**
Financial assets					
Gas trading derivatives		73	4,701,096	57,980	**4,759,149**
Power trading derivatives		1,348	485,426	84,477	**571,251**
Foreign exchange derivatives		0	18,998	0	**18,998**
Non-financial assets					
Gas trading inventories	5.1	0	1,869,772	0	**1,869,772**
Total financial and non-financial assets		**1,421**	**7,075,292**	**142,457**	**7,219,170**
Liabilities					
Gas trading derivatives		44,481	2,268,471	16	**2,312,968**
Power trading derivatives		150	686,527	64,556	**751,233**
Foreign exchange derivatives		0	56,153	0	**56,153**
Total financial liabilities		**44,631**	**3,011,151**	**64,572**	**3,120,354**

3.6 FAIR VALUE MEASUREMENTS – CONTINUED

2023		Parent			
EUR '000	Note	Quoted prices in active markets **Level 1**	Significant observable inputs **Level 2**	Unobservable inputs **Level 3**	**Total**
Financial assets					
Gas trading derivatives		968	716,638	396	**718,002**
Power trading derivatives		2,609	171,856	24,986	**199,451**
Trading certificates		2,077	22,014	0	**24,091**
Foreign exchange derivatives		0	4,292	0	**4,292**
Non-financial assets					
Gas trading inventories	5.1	0	732,615	0	**732,615**
Certificate trading inventories	5.1	0	19,106	0	**19,106**
Total financial and non-financial assets		**5,654**	**1,666,521**	**25,382**	**1,697,557**
Liabilities					
Gas trading derivatives		0	341,638	134,522	**476,160**
Power trading derivatives		122	10,953	4,289	**15,364**
Trading certificates		0	66,877	0	**66,877**
Foreign exchange derivatives		0	444	0	**444**
Total financial liabilities		**122**	**419,912**	**138,811**	**558,845**

2022		Parent			
EUR '000	Note	Quoted prices in active markets **Level 1**	Significant observable inputs **Level 2**	Unobservable inputs **Level 3**	**Total**
Financial assets					
Gas trading derivatives		73	4,701,096	57,980	**4,759,149**
Power trading derivatives		1,348	482,461	84,477	**568,286**
Foreign exchange derivatives		0	18,998	0	**18,998**
Non-financial assets					
Gas trading inventories	5.1	0	1,869,772	0	**1,869,772**
Total financial and non-financial assets		**1,421**	**7,072,327**	**142,457**	**7,216,205**
Liabilities					
Gas trading derivatives		44,481	2,268,471	16	**2,312,968**
Power trading derivatives		114	682,225	64,556	**746,895**
Foreign exchange derivatives		0	56,153	0	**56,153**
Total financial liabilities		**44,595**	**3,006,849**	**64,572**	**3,116,016**

LEVEL 3 DERIVATIVES

	Group and Parent	
EUR '000	**2023**	**2022**
Fair value contracts at 1 January	77,885	18,078
Transfers into level 3	0	76,275
Settlements	53,689	0
Gains (losses) recognised in the income statement	-197,311	27,508
Purchases	-48,114	-66,538
Sales	422	22,562
Net fair value of contracts at 31 December	**-113,429**	**77,885**

3.6 FAIR VALUE MEASUREMENTS – CONTINUED

SIGNIFICANT ACCOUNTING ESTIMATES

In some cases, the fair values of derivatives are estimated using internal models due to the absence of quoted prices or other observable, market-corroborated data. This primarily applies to the Group's longer-term, structured derivative contracts or contracts in illiquid markets. Most of these contracts are valued using models with inputs that include price curves for each of the different products. These price curves are built up from available active market pricing data, including volatility and correlation, and modelled using the maximum available market-derived information. Additionally, when limited data exist for certain products or market areas, prices are determined using historical and long-term pricing relationships. The use of alternative estimates or valuation methodologies may result in significantly different values for these derivatives.

ACCOUNTING POLICIES

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- level 1 — quoted and unadjusted market prices in active markets for identical assets or liabilities
- level 2 — valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- level 3 — valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each period in which the reassessment is based on the lowest level input that is significant to the fair value measurement as a whole.

Danske Commodities' Risk Management function determines the policies and procedures for recurring fair value measurement for unquoted financial assets and liabilities.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

3.7 FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

	Group		Parent	
EUR '000	2023	2022	2023	2022
Financial assets measured at fair value through profit or loss				
Derivatives held for trading *	945,751	5,330,400	941,544	5,327,435
Derivatives in economic hedges **	4,292	18,998	4,292	18,998
Financial assets measured at amortised cost				
Trade receivables	693,361	1,369,480	690,087	1,360,478
Cash and cash equivalents	170,651	1,424,501	94,560	1,386,648
Receivables from group enterprises	1,532,700	4,093,498	1,550,581	4,137,218
Deposits related to trading and prepayments	55,060	491,881	50,846	484,341
Current asset investments	54,001	0	0	0
Financial assets	**3,455,816**	**12,728,758**	**3,331,910**	**12,715,118**
Financial liabilities measured at fair value through profit or loss				
Derivatives held for trading *	562,021	3,064,201	558,401	3,059,863
Derivatives in economic hedges **	444	56,153	444	56,153
Financial liabilities measured at amortised cost				
Trade payables	411,813	1,449,030	409,121	1,443,538
Payables to group enterprises	217,743	3,829,830	226,436	3,900,512
Deposits related to trading and prepayments	299,168	690,036	296,332	690,036
Lease liabilities	3,389	3,018	1,914	3,018
Financial liabilities	**1,494,578**	**9,092,268**	**1,492,648**	**9,153,120**

* Derivative financial instruments consist of swaps, futures, forwards and options related to commodity trading derivatives.
** Derivatives in economic hedges consist of foreign exchange derivatives.

The carrying amount of financial assets and liabilities measured at amortised cost is considered a reasonable approximation of fair value.

3.8 DEFERRED DAY-1 PROFIT OR LOSS

	Group and Parent	
EUR '000	2023	2022
Balance at 1 January	162,196	30,407
Profit/loss deferred on new transactions	50,179	135,426
Profit/loss recognised in the income statement	-88,353	-3,637
Reserve balance at 31 December	**124,022**	**162,196**

Refer to note 3.6 for information regarding fair value measurements.

ACCOUNTING POLICIES

The Group uses various valuation techniques to measure the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value at initial recognition and the amount determined at initial recognition using the valuation techniques. Any such gains or losses are deferred and recognised in the income statement over the delivery period of underlying contracts.

OTHER FINANCIAL NOTES

4.1 STAFF COSTS

	Group		Parent	
EUR '000	2023	2022	2023	2022
Wages and salaries	54,731	68,475	50,648	66,298
Pensions	3,976	3,056	3,878	2,997
Other staff costs	3,697	2,952	3,081	2,725
Staff costs	**62,404**	**74,483**	**57,607**	**72,020**
Average number of employees	446	374	427	365
Number of employees, end of the year	487	412	469	401

Refer to note 4.2 for further information regarding the Group's share savings programme.

ACCOUNTING POLICIES

Staff Costs

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

Other external expenses

Other external expenses comprise other operating expenses, including expenses for premises, consultancy, marketing and office expenses, etc.

4.2 RELATED PARTIES

Danske Commodities A/S is controlled by Equinor Refining Norway AS, 5954 Mongstad, 1263 Lindås, Norway. The ownership is registered in the Company's register of shareholders as holding 100% of the votes and shares.

The Group is included in the consolidated financial statements of its ultimate Parent Company, Equinor ASA.

The Group is controlled by the following entities:

Name	Type	Place of incoporation	Ownership interest
Equinor ASA*	Ultimate parent entity	Norway	100%
Equinor refining Norway AS**	Immediate parent entity	Norway	100%

* The Norwegian State is the majority shareholder of Equinor ASA.
** Equinor ASA holds 100% of the issued ordinary shares of Equinor refining Norway AS.

The consolidated financial statements of Equinor ASA can be obtained on request to:
Equinor ASA, Forusbeen 50, 4035 Stavanger, Norway.

OTHER RELATED PARTIES

Other related parties comprise the management of Equinor Refining Norway AS and Equinor ASA as well as the Board of Directors and the Executive Board, together with their immediate families. Furthermore, other related parties include companies in which Equinor ASA and the aforementioned individuals have significant influence, joint control or control.

The majority of the agreements related to these transactions are renegotiated on a regular basis. There were no transactions with members of the Board of Directors and the Executive Board, other than remuneration.

4.2 RELATED PARTIES – CONTINUED

	Group		Parent	
EUR '000	2023	2022	2023	2022
Transactions with related parties				
Transactions included in 'trading income and revenue from contracts with customers':				
Sales of energy commodities to related parties	5,550,688	4,612,877	5,630,765	4,783,338
Sales of energy commodities to other related parties	1,149,690	1,504,861	1,149,654	1,504,861
Purchases of energy commodities from related parties	3,469,891	3,950,713	3,553,170	4,172,736
Purchases of energy commodities from other related parties	19,320	27,038	19,320	27,038
Change in value of derivatives from related parties	-1,479,235	1,389,272	-1,479,235	1,389,272
Change in value of derivatives from other related parties	-10	-1,716	-10	-1,716
Transactions included in 'cost of sales':				
Purchases of energy commodities from related parties	0	0	0	10,250
Purchases of energy commodities from other related parties	378,048	428,336	378,048	428,336
Other transactions:				
Other purchases from related parties	9,232	8,371	11,973	10,321
Other purchases from other related parties	1,147	468	958	468
Other sales to related parties	10,600	6,971	10,514	6,972
Other sales to other related parties	3,129	1,010	3,129	1,010
Finance expenses to related parties	24,144	41,343	24,146	41,463
Finance income from related parties	126,485	0	128,698	671
Finance income from other related parties	260	0	260	0
Capital injection from related parties	1,925,000	3,679,762	1,925,000	3,679,762
Catpial injection to related parties	0	0	62,387	0
Capital withdrawal to related parties	3,679,762	179,762	3,679,762	179,762
Dividend paid to related parties	1,495,238	0	1,495,238	0
Dividend received from related parties	0	0	30,173	0
Related party balances at 31 December				
Payables to related parties	150,108	624,351	158,948	695,033
Receivables from related parties	247,130	1,287,344	265,929	1,331,064
Payables to other related parties	67,635	190,843	67,488	190,843
Receivables from other related parties	12,874	27,279	11,956	27,279
Fair value of derivatives with related parties, asset	258,690	2,740,301	258,690	2,740,301
Fair value of derivatives with related parties, liability	336,663	1,339,039	336,663	1,339,039
Fair value of derivatives with other related parties, asset	25	35	25	35
Loans from related parties	0	3,014,636	0	3,014,636
Loans to other related parties	1,272,696	2,778,875	1,272,696	2,778,875

The Group holds a Parent Company Guarantee issued by Equinor ASA of EUR 300 million (2022: EUR 300 million) to cover ongoing trading commitments.

KEY MANAGEMENT REMUNERATION

During the year, key management personnel consisted of the CEO and CFO.

Remuneration to five members of the Board of Directors is paid by the ultimate parent, Equinor ASA. Remuneration to one member of the Board of Directors is paid by Danske Commodities A/S and amounted to EUR 26 thousand for 2023 (2022: two members, EUR 54 thousand).

Remuneration of the Executive Board comprises a base salary, pension contribution, share-based incentive programmes and other benefits (car, cash bonus, etc.)

REMUNERATION OF THE EXECUTIVE BOARD

	Group and Parent	
EUR '000	2023	2022
Base salary	981	806
Other benefits	723	814
Pensions contributions	98	81
Shared-based payments	184	127
Total remuneration	**1,986**	**1,828**

SHARE SAVINGS PROGRAMME

The share savings programme provides employees with the opportunity to purchase Equinor shares through monthly salary deductions. If shares are kept for two full calendar years of continued employment following the year of purchase, the employees will be allocated one bonus share for each share purchased. The latest vesting date for the granted bonus warrants is 2024. The amount expensed for the Executive Board amounted to EUR 50 thousand in 2023 (2022: EUR 14 thousand).

4.2 RELATED PARTIES – CONTINUED

LONG-TERM INCENTIVE PROGRAMME ('LTI')

The LTI is calculated as a portion of the CEO's fixed remuneration. On behalf of the CEO, Danske Commodities A/S acquires shares equivalent to the net annual grant amount. The shares are subject to a three-year lock-in period and then released for the CEO's disposal. If the lock-in obligations are not fulfilled, the CEO must pay back the gross value of the locked-in shares limited to the gross value of the grant amount.

The level of the annual LTI reward is in the range of 20-30% of the annual base salary for the participant on the condition the CEO is invited to participate in in the LTI programme. The latest vesting date for granted LTI-programmes is 2024. The amount expensed for the LTI programme amounted to EUR 134 thousand in 2023 (2022: EUR 113 thousand).

The total recognised expense for the Executive Board amounts to EUR 184 thousand in 2023 (2022: EUR 127 thousand) and was expensed in the period incurred.

ACCOUNTING POLICIES

Equinor ASA has established share-based incentive programmes which are equity-settled and in which the Executive Board and employees in the Group can participate. Danske Commodities compensates its parent entity for the cost of both the LTI and the share savings programme through intra-group recharges. The recharges are linked to the fair value of the programmes and the vesting period. Recharged costs from the parent entity are expensed in the period incurred. Costs relating to the share-based programmes are recognised in the income statement within staff costs.

4.3 FINANCIAL INCOME AND EXPENSES

FINANCIAL INCOME

	Group		Parent	
EUR '000	2023	2022	2023	2022
Interest income, group enterprises	126,745	0	128,958	671
Currency exchange gains	932	266	0	0
Other financial income	56,836	9,467	52,257	8,879
Total	**184,513**	**9,733**	**181,215**	**9,550**

FINANCIAL EXPENSES

EUR '000	2023	2022	2023	2022
Interest expense, group enterprises	24,144	41,343	24,146	41,463
Other financial expenses	24,060	43,098	23,523	42,924
Currency exchange losses	5,749	3,001	5,741	3,002
Interst on lease liabilities	128	66	47	66
Total	**54,081**	**87,508**	**53,457**	**87,455**

ACCOUNTING POLICIES

Financial income and expenses comprise interest income and interest expenses, the interest element of lease liabilities, realised and unrealised exchange rate adjustments as well as surcharges and refunds under the Tax Prepayment Scheme, etc. Other financial income and expenses primarily comprises realised gains and losses on exchange forward derivatives.

WORKING CAPITAL

5.1 INVENTORIES

EUR '000	Group 2023	Group 2022	Parent 2023	Parent 2022
Gas trading inventories	732,615	1,869,772	732,615	1,869,772
Certificates trading inventories	19,106	20,133	19,106	20,133
Other certificates	14,990	24,570	14,990	24,570
Total inventories	**766,711**	**1,914,475**	**766,711**	**1,914,475**

Inventories comprise gas and certificates for resale. Expenses relating to the gas trading inventories and certificates trading inventories are recognised as 'trading income'. Expenses relating to other certificates are recognised as 'cost of sales'.

Costs related to certificate inventories expensed in the income statement amounts to EUR 762,742 thousand (2022: EUR 673,265 thousand).

SIGNIFICANT ACCOUNTING ESTIMATES

Fair value measurement of the gas trading inventories requires management to make estimates and use assumptions, as observable market prices for gas kept in storages are not available, whereas closely related proxy prices for gas kept at the gas hubs are. The proxy prices are used to value the storages. The impact of the estimate is considered low.

ACCOUNTING POLICIES

The trading inventories are acquired with the purpose of selling in the near future and generating a profit from fluctuations in price or margin. Therefore, the Group meets the criteria in IAS 2 for broker-traders.

As a result, trading inventories are measured at fair value less cost to sell. Changes in fair value are recognised in the income statement within 'trading income and revenue from contracts with customers'. The inventories are categorised within level 2 of the fair value hierarchy.

Certificate inventories, that are not held for trading, are measured at the lower of cost according to FIFO and net realisable value. The net realisable value of certificate inventories is calculated at the amount expected to be generated by sales during normal operations less-selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales.

In the event of a write-down of certificate inventories to net realisable value, the write-down is expensed in the period when the loss occurs. Any subsequent reversal of a write-down, as a result of an increase in the net realisable value, will be recognised as a reduction in the amount of inventory costs recognised in the period when the increase has occurred.

5.2 TRADE RECEIVABLES

EUR '000	Group 2023	Group 2022	Parent 2023	Parent 2022
Trade receivables	693,874	1,374,933	690,600	1,365,931
Loss allowance	-513	-5,453	-513	-5,453
Total receivables	**693,361**	**1,369,480**	**690,087**	**1,360,478**

LOSS ALLOWANCE

EUR '000	Group 2023	Group 2022	Parent 2023	Parent 2022
Loss allowance at 1 January	5,453	198	5,453	198
Loss allowance recognised in profit or loss during the year	513	5,453	513	5,453
Unused amount reversed	-5,453	-198	-5,453	-198
Loss allowance at 31 December	**513**	**5,453**	**513**	**5,453**

5.2 TRADE RECEIVABLES – CONTINUED

AGING OF TRADE RECEIVABLES, GROSS

2023

EUR '000	Group Current	Between 30 and 60 days	More than 60 days	Total
Expected loss rate	0%	0%	0%	
Carrying amount - trade receivables	1,951,652	0	701	**1,952,353**
Loss allowance	**513**	**0**	**0**	**513**

2022

EUR '000	Group Current	Between 30 and 60 days	More than 60 days	Total
Expected loss rate	0%	0%	0%	
Carrying amount - trade receivables	4,829,255	69	1,327	**4,830,651**
Loss allowance	**5,452**	**1**	**0**	**5,453**

2023

EUR '000	Parent Current	Between 30 and 60 days	More than 60 days	Total
Expected loss rate	0%	0%	0%	
Carrying amount - trade receivables	1,948,378	0	701	**1,949,079**
Loss allowance	**513**	**0**	**0**	**513**

2022

EUR '000	Parent Current	Between 30 and 60 days	More than 60 days	Total
Expected loss rate	0%	0%	0%	
Carrying amount - trade receivables	4,820,253	69	1,327	**4,821,649**
Loss allowance	**5,452**	**1**	**0**	**5,453**

Information about the Group's exposure to credit risk and foreign currency risk can be found in notes 3.2 and 3.1. Information about the Group's gross trade receivables balances at 31 December can be found in note 5.7.

ACCOUNTING POLICIES

Trade receivables are amounts due from counterparties for goods sold or services performed in the ordinary course of business. Trade receivables are measured at amortised cost less allowance for lifetime expected credit losses. They are generally due for settlement within 30 days and are therefore all classified as current.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date.

The Group has established a provision matrix that is based on its historical credit loss experience, taking forward-looking factors into account. The expected loss rates are updated at each reporting date. There have been no significant changes in the estimation techniques and assumptions during the year.

Historically, the Group has not recognised any significant impairment of any single debtor.

In addition to the lifetime expected credit loss allowance on trade receivables, the Group may also recognise an impairment on a specific debtor if there is any internal or external information indicating that a loss will incur. When receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Recoveries made are recognised in profit or loss.

Impairment losses on trade receivables are presented as other external expenses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

5.3 OTHER RECEIVABLES

	Group		Parent	
EUR '000	2023	2022	2023	2022
VAT receivables	40,518	71,109	31,702	62,232
Other receivables	4,889	5,393	2,801	0
Total	**45,407**	**76,502**	**34,503**	**62,232**

ACCOUNTING POLICIES

Other receivables are measured at amortised cost. They are generally due for settlement within one year and are therefore all classified as current.

In certain cases, the Group may consider a receivable to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group. A receivable is written off when there is no reasonable expectation of recovering the contractual cash flows.

5.4 OTHER PAYABLES

	Group		Parent	
EUR '000	2023	2022	2023	2022
Staff obligations	22,883	35,945	22,883	35,945
Other payables	5,682	15,433	2,473	11,046
VAT payables	1,738	304	0	0
Total	**30,303**	**51,682**	**25,356**	**46,991**

ACCOUNTING POLICIES

Other payables are measured at amortised cost and are unsecured. They are generally due for settlement within one year and are therefore all classified as current.

5.5 DEPOSITS RELATED TO TRADING

Deposits relating to trading activities within the Group are the amounts of cash required to maintain or open a trading position with certain counterparties. Deposits related to trading consists of margin calls and cash deposits.

Margin calls are a collateral payment to/from OTC counterparties to cover changes in the value of underlying assets used in futures/forward contracts. Cash deposits are used as collateral in order for the Group to open a new position for certain counterparties.

Margin calls are monitored daily by management and increases/decreases in margin calls are transferred at a daily basis to ensure credit risk is minimised to the greatest extent possible under the applicable agreements.

There exists an obligation between the parties to repay the deposit to the counterparty upon settlement of the contracts. There are no other significant terms and conditions associated with the use of collateral.

ACCOUNTING POLICIES

Deposits related to trading are measured at amortised cost and are unsecured. They are generally due for settlement within one year and are therefore all classified as current.

5.6 PROVISIONS

EUR '000	Group 2023	Group 2022	Parent 2023	Parent 2022
Onerous contracts				
At 1 January	1,083	1,297	1,083	1,297
Utilised amounts	-462	-214	-462	-214
Litigation and claims				
At 1 January	6,300	1,500	6,300	1,500
Arising during the year	0	5,000	0	5,000
Reversal of unused amounts	-5,000	-200	-5,000	-200
Total	**1,921**	**7,383**	**1,921**	**7,383**
Current	1,628	6,763	1,628	6,763
Non-current	293	620	293	620
Total	**1,921**	**7,383**	**1,921**	**7,383**

Onerous contracts comprise contracts with delivery from 2024 to 2026. The onerous contracts comprise contracts for which the unavoidable costs for purchase of commodities exceed the economic benefits for the same commodities.

The Group is party to a limited number of minor court cases and legal disputes. In the Group's assessment, none of these will significantly impact the Danske Commodities' financial position, neither individually nor collectively. The outcome of the claims may depend on future events which are uncertain by nature.

ACCOUNTING POLICIES

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. An onerous contract is a contract under which the unavoidable costs (i.e. the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

5.7 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

2023	Group				
				Related amounts not set off in the balance sheet	
EUR '000	Gross amounts of recognised financial asset/liability	Gross amounts offset in the balance sheet	**Net amounts presented in the balance sheet**	Cash collateral (received/pledged)	**Net amount**
Financial assets					
Trade receivables	1,952,353	1,258,992	**693,361**	160,507	**532,854**
Derivative financial instruments	4,337,928	3,387,885	**950,043**	134,153	**815,890**
Deposits held for trading	1,886,883	1,840,595	**46,288**	0	**46,288**
Total	**8,177,164**	**6,487,472**	**1,689,692**	**294,660**	**1,395,032**
Financial liabilities					
Trade payables	1,670,805	1,258,992	**411,813**	23,670	**388,143**
Derivative financial instruments	3,806,201	3,243,736	**562,465**	3,610	**558,855**
Deposits held for trading	2,242,430	1,947,770	**294,660**	0	**294,660**
Total	**7,719,436**	**6,450,498**	**1,268,938**	**27,280**	**1,241,658**

2022	Group				
				Related amounts not set off in the balance sheet	
EUR '000	Gross amounts of recognised financial asset/liability	Gross amounts offset in the balance sheet	**Net amounts presented in the balance sheet**	Cash collateral (received/pledged)	**Net amount**
Financial assets					
Trade receivables	4,830,651	3,461,171	**1,369,480**	226,758	**1,142,722**
Derivative financial instruments	20,639,100	15,289,702	**5,349,398**	428,352	**4,921,046**
Deposits held for trading	8,173,393	7,712,540	**460,853**	0	**460,853**
Total	**33,643,144**	**26,463,413**	**7,179,731**	**655,110**	**6,524,621**
Financial liabilities					
Trade payables	4,910,201	3,461,171	**1,449,030**	201,124	**1,247,906**
Derivative financial instruments	19,259,763	16,139,409	**3,120,354**	73,575	**3,046,779**
Deposits held for trading	7,517,943	6,862,833	**655,110**	0	**655,110**
Total	**31,687,907**	**26,463,413**	**5,224,494**	**274,699**	**4,949,795**

2023	Parent				
				Related amounts not set off in the balance sheet	
EUR '000	Gross amounts of recognised financial asset/liability	Gross amounts offset in the balance sheet	**Net amounts presented in the balance sheet**	Cash collateral (received/pledged)	**Net amount**
Financial assets					
Trade receivables	1,949,079	1,258,992	**690,087**	160,507	**529,580**
Derivative financial instruments	4,324,048	3,378,212	**945,836**	134,153	**811,683**
Deposits held for trading	1,877,104	1,832,023	**45,081**	0	**45,081**
Total	**8,150,231**	**6,469,227**	**1,681,004**	**294,660**	**1,386,344**
Financial liabilities					
Trade payables	1,668,113	1,258,992	**409,121**	23,670	**385,451**
Derivative financial instruments	3,794,008	3,235,163	**558,845**	3,610	**555,235**
Deposits held for trading	2,232,756	1,938,096	**294,660**	0	**294,660**
Total	**7,694,877**	**6,432,251**	**1,262,626**	**27,280**	**1,235,346**

5.7 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES – CONTINUED

2022	Parent			Related amounts not set off in the balance sheet	
EUR '000	Gross amounts of recognised financial asset/liability	Gross amounts offset in the balance sheet	**Net amounts presented in the balance sheet**	Cash collateral (received/pledged)	**Net amount**
Financial assets					
Trade receivables	4,821,649	3,461,171	**1,360,478**	226,758	**1,133,720**
Derivative financial instruments	20,627,272	15,280,839	**5,346,433**	428,352	**4,918,081**
Deposits held for trading	8,164,468	7,706,151	**458,317**	0	**458,317**
Total	**33,613,389**	**26,448,161**	**7,165,228**	**655,110**	**6,510,118**
Financial liabilities					
Trade payables	4,904,709	3,461,171	**1,443,538**	201,124	**1,242,414**
Derivative financial instruments	19,249,035	16,133,019	**3,116,016**	73,575	**3,042,441**
Deposits held for trading	7,509,081	6,853,971	**655,110**	0	**655,110**
Total	**31,662,825**	**26,448,161**	**5,214,664**	**274,699**	**4,939,965**

ACCOUNTING POLICIES

The Group assesses financial assets and liabilities on an individual basis and uses that assessment as the unit of account. Financial assets and liabilities are offset, and the net amount is reported in the balance sheet when the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The Group enters into master netting agreements with counterparties to manage the credit risks associated primarily with over-the-counter commodity trading. These master netting agreements enable the Group and its counterparties to set off financial liabilities against financial assets in the ordinary course of business as well as in case of default.

Amounts which cannot be offset under IFRS, but which could be offset if certain conditions arise such as collateral received or pledged, are presented in the table to show the total net exposure of the Group.

5.8 CASH FLOW

CASH FLOW STATEMENT - NON-CASH ADJUSTMENTS

EUR '000	Group 2023	Group 2022	Parent 2023	Parent 2022
Financial income	-184,513	-9,733	-181,215	-9,550
Financial expenses	54,081	87,508	53,457	87,455
Share of profit in subsidiaries after tax	0	0	-16,885	-62,484
Amortisation, depreciation, disposals and impairment losses	12,024	13,498	11,935	13,490
Tax on profit for the year	96,079	435,386	91,145	421,058
Exchange rate adjustments	-565	-1,814	0	0
Total	**-22,894**	**524,845**	**-41,563**	**449,969**

CASH FLOW STATEMENT - CHANGE IN WORKING CAPITAL

EUR '000	Group 2023	Group 2022	Parent 2023	Parent 2022
Change in inventories	1,147,764	-789,573	1,147,764	-789,573
Change in trade and other receivables	2,198,654	-1,293,754	2,212,073	-1,299,810
Change in fair value of derivatives	1,841,466	-2,266,204	1,843,426	-2,268,294
Change in trade and other payables	-2,052,377	618,693	-2,114,658	667,285
Total	**3,135,507**	**-3,730,838**	**3,088,605**	**-3,690,392**

ACCOUNTING POLICIES

Cash flow statement

The statement of cash flows is compiled using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year for the Group and the Parent Company, respectively.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses and provisions.

Cash payments for short-term leases, leases of low value assets and variable lease payments, which are not included in the measurement of the lease liability within operating activities, are classified as cash flows from operating activities.

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, disposals and other adjustments of intangible assets, property, plant and equipment as well as investments in subsidiaries and current asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt, repayment of lease liabilities, payments to and from shareholders as well as payments to group cash pool.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with a maturity of three months or less. The short-term deposits are highly liquid, readily convertible to known amounts of cash and subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

Demand deposits held in clearing bank accounts are included as restricted cash if the deposits provided as part of the Group's operating activities and therefore is deemed as held for the purpose of meeting short-term cash commitments, and the deposits can be released from the account without undue expenses.

CAPITAL EMPLOYED

6.1 INTANGIBLE ASSETS

2023	Group and Parent		
EUR '000	**Contractual rights**	**Software**	**Software development projects in progress**
Cost at 1 January	94,618	28,754	1,167
Additions - internally developed	0	0	1,428
Additions	0	3,170	0
Disposals	0	-68	0
Transfers	0	89	-89
Cost at 31 December	**94,618**	**31,945**	**2,506**
Amortisation and impairment losses at 1 January	28,021	21,563	0
Amortisation for the year	8,343	1,326	0
Reversal of amortisations on disposals for the year	0	-60	0
Amortisation and impairment losses at 31 December	**36,364**	**22,829**	**0**
Carrying amount at 31 December	**58,254**	**9,116**	**2,506**

2022	Group and Parent		
EUR '000	**Contractual rights**	**Software**	**Software development projects in progress**
Cost at 1 January	94,618	25,881	962
Additions - internally developed	0	0	821
Additions	0	2,219	38
Transfers	0	654	-654
Cost at 31 December	**94,618**	**28,754**	**1,167**
Amortisation and impairment losses at 1 January	19,678	18,264	0
Amortisation for the year	8,343	3,299	0
Amortisation and impairment losses at 31 December	**28,021**	**21,563**	**0**
Carrying amount at 31 December	**66,597**	**7,191**	**1,167**

Contractual rights consist of power purchase agreements (PPAs) and gas storage contracts which were acquired in 2019 and 2020 from the ultimate Parent Company Equinor ASA. All the contracts were in operation at the time of purchase by the Group. All contracts have been acquired at a price reflecting fair value in the market at the date of acquisition.

ACCOUNTING POLICIES

Intangible assets are measured at cost less accumulated amortisation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Software projects containing significant development aspects are identified as intangible assets when they are clearly defined, identifiable, provide a development opportunity for the Group and future use is intended. Costs related to projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Development costs that are directly attributable to the design and testing of identifiable and unique projects, including software products controlled by the Group, are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software and it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources needed to complete the development and to use or sell the software are available
- the expenditure attributable to the software during its development can be reliably measured

Costs associated with maintaining the assets are recognised as an expense as and when incurred. Directly attributable costs that are capitalised as part of the assets include employee costs.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Amortisation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:
Contractual rights: 4-18 years
Software: 3-5 years

6.1 INTANGIBLE ASSETS – CONTINUED

For the parent entity, a reserve is recognised in equity for software projects that meet the criteria as development projects. The amount recognised corresponds to the amount capitalised as intangible assets for these projects since 1 January 2016. The reserve is reduced concurrently with amortisation of the software projects and presented after tax.

Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The key assumptions used by management to determine whether external or internal indicators of impairment on intangible assets exist are commodity prices, market outlook and secondary foreign exchange rates.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Intangible assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Management assesses the risk of impairment of the Group's intangible assets. This requires judgment in relation to the identification of cash-generating units (CGUs) and other underlying assumptions used.

6.2 PROPERTY, PLANT AND EQUIPMENT

2023	**Group**		
EUR '000	**Other fixtures and fittings, tools and equipment**	**Right-of-use-assets**	**Leasehold improvements**
Cost at 1 January	6,951	6,957	2,034
Additions	810	1,593	187
Disposals	-4	-99	0
Exchange rate adjustments	0	0	-15
Cost at 31 December	**7,757**	**8,451**	**2,206**
Depreciation and impairment losses at 1 January	3,271	4,122	1,963
Depreciation for the year	1,027	1,267	51
Exchange rate adjustments	0	0	-7
Reversal of depreciation on disposals for the year	-4	-97	0
Depreciation and impairment losses at 31 December	**4,294**	**5,292**	**2,007**
Carrying amount at 31 December	**3,463**	**3,159**	**199**

2022	**Group**		
EUR '000	**Other fixtures and fittings, tools and equipment**	**Right-of-use-assets**	**Leasehold improvements**
Cost at 1 January	4,177	6,889	2,040
Additions	2,984	135	6
Disposals	-209	-67	0
Exchange rate adjustments	-1	0	-12
Cost at 31 December	**6,951**	**6,957**	**2,034**
Depreciation and impairment losses at 1 January	2,847	3,015	1,920
Depreciation for the year	633	1,174	49
Exchange rate adjustments	0	0	-6
Reversal of depreciation on disposals for the year	-209	-67	0
Depreciation and impairment losses at 31 December	**3,271**	**4,122**	**1,963**
Carrying amount at 31 December	**3,680**	**2,835**	**71**

6.2 PROPERTY, PLANT AND EQUIPMENT – CONTINUED

2023 EUR '000	Parent Other fixtures and fittings, tools and equipment	Right-of-use-assets	Leasehold improvements
Cost at 1 January	6,895	6,956	1,996
Additions	702	137	0
Disposals	0	-99	0
Cost at 31 December	**7,597**	**6,994**	**1,996**
Depreciation and impairment losses at 1 January	3,240	4,121	1,946
Depreciation for the year	1,020	1,193	43
Reversal of depreciation on disposals for the year	0	-97	0
Depreciation and impairment losses at 31 December	**4,260**	**5,217**	**1,989**
Carrying amount at 31 December	**3,337**	**1,777**	**7**

2022 EUR '000	Parent Other fixtures and fittings, tools and equipment	Right-of-use-assets	Leasehold improvements
Cost at 1 January	4,142	6,889	1,996
Additions	2,953	134	0
Disposals	-200	-67	0
Cost at 31 December	**6,895**	**6,956**	**1,996**
Depreciation and impairment losses at 1 January	2,812	3,015	1,899
Depreciation for the year	628	1,173	47
Reversal of depreciation on disposals for the year	-200	-67	0
Depreciation and impairment losses at 31 December	**3,240**	**4,121**	**1,946**
Carrying amount at 31 December	**3,655**	**2,835**	**50**

Right-of-use assets with carrying amounts of EUR 3,159 thousand for the Group and EUR 1,777 for the Parent (2022: EUR 2,835 thousand) are presented as 'land and buildings' and 'other fixtures and fittings, tools and equipment' in the balance sheet. Right-of-use assets included in the category 'land and buildings' amounted to EUR 2,996 thousand for the Group and EUR 1,614 for the Parent at 31 December 2023 (2022: EUR 2,690 thousand). Right-of-use assets included in the category 'other fixtures and fittings, tools and equipment' amounted to EUR 163 thousand at 31 December 2023 (2022: EUR 145 thousand) for the Group and the Parent.

ACCOUNTING POLICIES

Individual components of property, plant and equipment that have different useful lives are accounted for as separate items, which are depreciated separately.

Property, plant and equipment is measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:
Other fixtures and fittings, tools and equipment: 3-5 years
Leasehold improvements: 2-5 years
Right-of-use assets: 2-10 years

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates if the amount is material.

Carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. When a recoverable amount cannot be determined for the individual asset, assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on an overall assessment.

6.3 LEASES

The Group has lease contracts for various items of office spaces, vehicles and other equipment used in its operations. Leases of office spaces generally have lease terms between five and ten years, while motor vehicles and other equipment generally have lease terms between one and four years.

The total cash outflows for leases amounted to EUR 1.6 million for the Group and the Parent in 2023 (2022: EUR 1.4 million for the Group and for the Parent).

AMOUNTS RECOGNISED IN THE INCOME STATEMENT

	Group		Parent	
EUR '000	2023	2022	2023	2022
Depreciation of right-of-use-assets	1,267	1,174	1,193	1,174
Interest on lease liabilities	128	66	47	66
Expenses relating to low-value leases	46	34	46	34
Total	**1,441**	**1,274**	**1,286**	**1,274**

ACCOUNTING POLICIES

The Group leases various offices, warehouses, equipment and vehicles.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Lease liabilities are initially recognised at the present value of future lease payments including payments from extension or purchase options that are considered reasonably certain to be exercised.

The lease liability is measured using the implicit borrowing rate in the contracts or, when this is not available, the Group's average incremental borrowing rate at the date of inception. Lease assets are depreciated over a 2-10-year period.

Short-term leases and leases of low value of EUR five thousand and below are accounted for as low-value-assets and recognised as expenses in the income statement on a straight-line basis over the lease term.

Subsequent to initial measurement, the liability will be reduced with payments made and increased with interest. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date

The lease assets are depreciated using the straight-line method over the shorter of the expected lease term and the useful life of the underlying asset. The lease assets are tested for impairment whenever there is an indication that the assets may be impaired. No impairment indicators were identified at 31 December 2023.

6.4 INVESTMENTS IN SUBSIDIARIES

EUR '000	Parent 2023	2022
Cost at 1 January	9,281	3,824
Disposals	0	-10
Additions	62,387	5,467
Cost at 31 December	**71,668**	**9,281**
Value adjustments at 1 January	72,608	11,910
Exchange rate adjustments	-573	-1,820
Net profit for the year	16,885	62,484
Dividend paid	-30,173	0
Disposal for the year	-5	34
Adjustments	-4	0
Value adjustments at 31 December	**58,738**	**72,608**
Carrying amount at 31 December	**130,406**	**81,889**

The financial statements of the Parent Company include:

Name	Place of registered office	Share capital	Votes and ownership
Danske Commodities Albania Sh.p.k.	Albania	tALL 276,125	100%
Danske Commodities APAC Pte. Ltd.	Singapore	tSGD 2,000	100%
Danske Commodities Australia Pty Limited	Australia	tAUD 0	100%
Danske Commodities BH d.o.o.	Bosnia and Herzegovina	tBAM 20,561	100%
Danske Commodities Comercializadora de Energia Ltda	Brazil	tBRL 288,000	100%
Danske Commodities Deutschland Gmbh	Germany	tEUR 25	100%
Danske Commodities Kosovo SH.P.K.	Kosovo	tEUR 11	100%
Danske Commodities DOOEL Skopje	North Macedonia	tMKD 55,822	100%
Danske Commodities Sweden AB	Sweden	tSEK 50	100%
Danske Commodities Turkey Enerji Ticaret A.Ş.	Turkey	tTRY 61,700	100%
Danske Commodities Ukraine LLC	Ukraine	tUAH 229	100%
Danske Commodities UK Limited	United Kingdom	tGBP 0	100%

ACCOUNTING POLICIES

Share of profit in subsidiaries after tax

The separate line item 'share of profit in subsidiaries after tax' in the income statement includes the proportionate share of the underlying entities' profit after tax for the year.

Investments in subsidiaries

The Parent Company has chosen to apply the equity method as the measurement method, and investments in subsidiaries are measured accordingly.

On initial recognition, investments in subsidiaries are measured at cost plus transaction costs and included in the line item 'investments in subsidiaries' in the balance sheet.

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

Subsidiaries with a negative net asset value are recognised at EUR 0 and any receivables from them are written down by the Parent Company's share of the negative net asset value. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

6.5 CURRENT ASSET INVESTMENTS

Current asset investment consists of time deposits with original maturity date exceeding three months. The investments are made for the purpose of receiving cash flows consisting solely of payments of principal and interest to optimise the return of surplus liquidity and are measured at amortised cost.

TAX

7.1 TAX ON PROFIT FOR THE YEAR

EUR '000	Group 2023	Group 2022	Parent 2023	Parent 2022
Current tax for the year	95,484	454,046	91,596	439,343
Deferred tax for the year	3,943	-18,797	2,828	-18,426
Adjustment of tax relating to prior years	-69	1,764	0	1,769
Adjustment of deferred tax relating to prior years	-3,279	-1,627	-3,279	-1,628
Total tax for the year	**96,079**	**435,386**	**91,145**	**421,058**
The total contribution for the year is specified as follows:				
Profit for the year before tax	453,199	1,991,180	448,265	1,976,852
Adjustments (non-deductible)	-2,198	-1,118	-19,059	-63,599
Tax on profit for the year	99,427	435,249	94,424	420,917
Effective tax rate	**21.9%**	**21.9%**	**21.1%**	**21.3%**
Tax on profit for the year can be explained as follows:				
Calculated tax (22%)	99,704	438,060	98,618	434,907
Calculated tax in foreign subsidiaries in relation to 22%	207	-2,565	0	0
Non-deductible costs and non-taxable income	-484	-246	-4,194	-13,990
Effective tax for the year	**99,427**	**435,249**	**94,424**	**420,917**

ACCOUNTING POLICIES

Tax for the year consists of current tax for the year and deferred tax for the year as well as adjustments of tax and deferred tax relating to prior years. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises showing profit or loss in proportion to their taxable incomes. The jointly taxed enterprises have adopted the on-account taxation scheme.

7.2 DEFERRED TAX

EUR '000	Group 2023	Group 2022	Parent 2023	Parent 2022
Deferred tax at 1 January	-14,935	5,489	-13,925	6,129
Deferred tax recognised in profit for the year	664	-20,424	-451	-20,054
Deferred tax 31 December	**-14,271**	**-14,935**	**-14,376**	**-13,925**
The items are recognised in the balance sheet as follows:				
Deferred tax asset	-14,376	-14,935	-14,376	-13,925
Deferred tax liability	105	0	0	0
Total	**-14,271**	**-14,935**	**-14,376**	**-13,925**
Deferred tax can be explained as follows:				
Property, plant and equipment	-384	-485	-384	-485
Intangible assets	2,558	1,839	2,558	1,839
Current liabilities	-3,128	-3,241	-3,128	-3,241
Derivative financial instruments	-13,308	-12,735	-13,413	-11,788
Losses available for offsetting against future taxable income	0	-63	0	0
Other	-9	-250	-9	-250
Total	**-14,271**	**-14,935**	**-14,376**	**-13,925**

Deferred tax and provision for deferred tax comprise all temporary differences between the carrying amount and the tax base of intangible assets, property, plant and equipment, receivables and short-term debt.

7.2 DEFERRED TAX – CONTINUED

ACCOUNTING POLICIES

Current tax receivables and liabilities
Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Joint taxation contributions payable and receivable are recognised in the balance sheet as corporation tax receivable or corporation tax payable.

Deferred tax assets and liabilities
Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

OTHER NOTES

8.1 AUDITORS' FEES

	Group		Parent	
EUR '000	2023	2022	2023	2022
Statutory audit	1,273	1,447	1,273	1,447
Assurance engagements	177	141	177	141
Total	**1,450**	**1,588**	**1,450**	**1,588**

Fees to statutory auditors comprise fees to auditors appointed by the Company at the Annual General Meeting. Assurance engagements comprise of services related to other reporting requirements to group auditors.

8.2 OTHER COMMITMENTS AND CONTINGENT LIABILITIES

GAS STORAGES
The Group has entered into various long-term agreements for storage of gas. The agreements ensure the rights to the capacity or volumes in question, but also impose on the Group the obligation to pay for the agreed-upon service, irrespective of actual use.

The terms of the contracts vary, with durations of up to six years.

MATURITY OF GAS STORAGE AGREEMENTS

EUR '000	Group and Parent
2024	91,749
2025	24,647
2026	8,248
2027	6,388
2028	5,851
2029	1,447

GUARANTEES
The Parent Company has provided guarantees and securities for related parties to third parties with a carrying amount of EUR 27,341 thousand (2022: EUR 10,290 thousand).

OTHER COMMITMENTS
The Group has a lease contract relating to a new office building that has not yet commenced as of 31 December 2023. The future lease payments for the non-cancellable lease contract are EUR 0 million within one year, EUR 12,497 million within five years and EUR 11,621 million thereafter.

The Danish group enterprises are jointly and severally liable for tax on the taxable income, etc. in the joint taxation. Danske Commodities A/S is the administration company of the jointly taxed companies. Furthermore, the Danish group enterprises are jointly and severally liable for Danish withholding taxes such as tax on dividend, royalty and interests. Any subsequent adjustments to corporation tax and withholding taxes may increase the Company's obligations.

8.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

AMENDMENTS TO IAS 1: CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement
- that a right to defer must exist at the end of the reporting period
- that classification is unaffected by the likelihood that an entity will exercise its deferral right
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

The amendments are not expected to have a material impact on the Group's financial statements.

8.4 EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred since the balance sheet date which could materially impact the Group or the Parent Company's financial position.

8.5 DEFINITIONS

DEFINITIONS OF FINANCIAL RATIOS

Scalability = $\dfrac{\text{EBIT x 100}}{\text{Gross profit}}$

Return on capital employed = $\dfrac{\text{EBIT x 100}}{\text{Average total equity plus net interest bearing debt}}$

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

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

Average number of employees: calculated as average number of full-time employees

Number of employees, end of year: calculated as number of employees at end of year

OTHER DEFINITIONS

Danske Commodities refers to the Group.

Danske Commodities A/S refers to the Parent Company.

IFRS is used synonymously with IFRS® Accounting Standards.