danske commodities

Annual Report 2022

TABLE OF CONTENTS

Management's review

Financial statements

Notes to financial statements

EXECUTIVE REVIEW

STRONG PERFORMANCE WHILE BRINGING BALANCE AND LIQUIDITY TO ENERGY MARKETS

In 2022, the people of Danske Commodities worked with determination and skill to navigate a European energy supply crisis. A crisis that firmly underlined the need for substantial investments in renewable energy and the vital role that trading companies play in connecting supply and demand through cross-border trading.

The first effects of the crisis emerged as early as Q4 2021 with supply shortages and substantial energy price increases. This was caused by world economies bouncing back from Covid-19 lockdowns faster than expected, extreme weather events, political unrest, low gas storage levels and underperforming deliveries of natural gas from Russia into Europe.

There's no doubt, however, that the main causes of the high energy prices in 2022 were supply concerns and actual supply shortage in the wake of Russia's invasion of Ukraine. Prior to the invasion, 35-40% of the natural gas consumed in Europe was imported from Russia, but during 2022 Russian supply came to a complete halt, causing an unprecedented energy supply shortage in Europe that was further exacerbated by heat, drought and low wind production during the summer.

Danske Commodities strongly condemns the invasion and the ensuing humanitarian crisis affecting millions of innocent people. On the morning of the invasion, we took immediate action and suspended all trading activities with Russian counterparties.

FINANCIAL ROBUSTNESS WAS KEY AS PRICES ROSE

As prices and volatility rose to historically high levels, financial robustness became a key factor for energy market participants to ensure a functioning energy market and ultimately help cushion the unprecedented price volatility.

Since becoming part of energy major Equinor in 2019, Danske Commodities has strengthened its financial position. In 2022 that position was further improved by a capital injection from Equinor of EUR 3.5 billion, enabling us to continue our trading activities in high price and high volatility scenarios, providing much needed liquidity to the energy markets.

Staying active in the markets proved especially important during the peak of the energy supply crisis, as efficient energy markets curtail price spikes and help ensure that we make the most out of the energy resources available by constantly moving energy from where there is a surplus to where it is needed most. This not only strengthens security of supply, but also absorbs the most extreme price shocks, thereby creating significant societal value.

STRONG PERFORMANCE AND STRATEGIC PROGRESS

By combining a robust financial position with the adaptability of our business model and the know-how of our people, we delivered EUR 2.2 billion in adjusted EBT (IFRS EUR 1.9 billion) for 2022, significantly exceeding the expectations of EUR 0.2-0.3 billion. Adjusted gross profit for the year was EUR 2.4 billion (IFRS EUR 2.1 billion), exceeding expected gross profit of EUR 0.3-0.4 billion. With this record result, the Group contributed with EUR 439 million in company taxes in Denmark, making Danske Commodities one of the biggest corporate tax contributors in Denmark.

2022 was also a year of progress for our strategic objectives within asset-backed trading and global expansion. We grew our portfolio of flexible and renewables assets by 25% and strengthened our systems platform, resulting in an increase of average daily trades from 15,000 in 2021 to 25,000 in 2022. We also established offices in Singapore and São Paolo, moving one step closer to our long-term ambition of profitability across five continents, and we welcomed 165 new colleagues to the Danske Commodities team.

It is a pleasure to see how many people have chosen to work with us and utilise their skills to help find real solutions to push the energy transition forward. Together, we want to solve the challenges that arise as we move towards increasingly decentralised and intermittent energy production.

PAVING THE WAY FOR MORE RENEWABLES

At Danske Commodities, we are proud to play a central part in the energy transition by bringing renewables to the market at scale and providing the flexibility needed to meet the energy demands through our portfolio of gas storages and dispatchable assets.

The energy supply crisis has made it evident that Europe needs to free itself of its dependency on imported natural gas. While Europe was able to mitigate the effects of the energy supply crisis in part by buying LNG on the global markets, this is not a sustainable, long-term solution due to increasing global demand. To meet energy demands and reach climate targets, there is a need for more investments in renewable energy production and market participants like Danske Commodities have an important part to play in making these investments viable through trading, optimisation and balancing.

EXECUTIVE REVIEW – CONTINUED

OUTLOOK: PRICES DECLINE, UNDERLYING CHALLENGES REMAIN

At the end of 2022, prices returned to the levels they were at prior to the invasion of Ukraine. High prices during the year and a relatively warm winter at the end of the year led to a considerable decrease in demand for natural gas in Europe. At the same time, an increased inflow of LNG from global markets into Europe substituted some of the natural gas previously imported from Russia. In combination, this remedied the immediate supply issues, causing prices to drop, and we expect energy prices and volatility to remain at lower levels compared to 2022. Taking this into consideration, we expect gross profit to be in the EUR 300-700 million range in 2023 and EBT to be in the EUR 200-600 million range in 2023.

Looking further ahead, we see that the continued build-out of renewables will cause an increased need for balancing on a global scale, and in this context Danske Commodities is well-positioned to capture value and deliver an important part of the solution for tomorrow's energy system.

THE COMPANY'S MAIN ACTIVITY

Danske Commodities has built a successful business on trading power and gas across borders. The Company'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 Company 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	2022	2021	2020	2019
Gross turnover	67,014,434	32,311,321	11,844,042	10,046,074
Adjusted gross profit	2,405,560	325,472	96,292	101,265
Adjusted EBT	2,226,558	248,849	41,363	45,267
Adjusted equity	5,751,868	514,299	320,112	288,222
Ratios in %				
Adjusted scalability	95.8%	78.6%	46.0%	46.2%
Adjusted return on capital employed	68.0%	42.3%	20.6%	36.2%

Further explanation of adjusted performance measures is outlined on page 5.

GROUP FIGURES

EUR '000	2022	2021	2020	2019	2018 *
Income statement					
Trading income and revenue	6,441,796	2,451,083	791,683	791,474	9,376,686
Gross profit	2,064,951	475,666	126,402	110,178	123,472
Profit before financial income	1,955,380	394,127	54,312	52,559	71,826
Net financials	-77,775	-6,922	-2,959	-1,538	-233
Profit before tax (EBT)	1,877,605	387,205	51,353	51,021	71,593
Profit for the year	1,467,206	302,909	40,207	39,786	55,967
Balance sheet					
Balance sheet total	14,885,542	7,488,231	1,231,814	770,564	373,271
Equity	5,599,884	634,498	332,393	292,711	76,235
Cash flow statement					
Cash flow from operating activities	-2,222,907	-198,975	143,031	-75,812	50,490
Cash flow from investing activities	-6,203	-3,332	-20,928	-91,899	-4,691
- hereof investments in intangible assets	-3,078	-2,513	-21,725	-93,656	-1,303
- hereof investments in property, plant and equipment	-3,125	-819	-915	-1,025	-2,058
Free cash flow	-2,229,110	-202,307	122,103	-167,771	45,799
Cash flow from financing activities	2,294,669	1,404,048	-1,050	178,471	-85,634
Change in cash and cash equivalents for the year	39,836	1,204,523	119,397	10,760	-39,835
Cash and cash equivalents **	1,424,501	1,384,665	180,142	60,745	69,545
Ratios in %					
Scalability	94.7%	82.9%	43.0%	47.7%	58.2%
Return on capital employed	58.0%	58.7%	24.3%	39.9%	307.4%
Equity ratio	37.6%	8.5%	27.0%	38.0%	20.4%
Return on equity	47.1%	62.7%	12.9%	21.6%	61.5%
Average number of employees	374	338	319	281	267
Number of employees end of year	412	370	355	317	295

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

* Due to a change in accounting principles from Danish GAAP to IFRS, key figures and ratios for 2018 are not comparable with figures for 2019-2022. Restatement of 2018 figures would not affect gross profit but mainly impact trading income and revenue as well as balance sheet total.
** Due to a change in accounting principles regarding the treatment of restricted cash in 2022, comparative figures for 2018-2021 has been amended accordingly. See description of the change in section 'Changes to accounting policies in 2022' in note 1.1.

ADJUSTED PERFORMANCE MEASURES

Gross turnover, adjusted gross profit and adjusted EBT are used as alternatives to the financial figures prepared in accordance with IFRS. 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.

Adjusted EBT is substituted for adjusted EBIT in 2022 due to changes in the capital structure of the company and changed market conditions making EBT the most relevant of the two financial figures in 2022 and going forward. Comparative figures from 2019-2021 are changed accordingly.

In 2022, adjusted performance measures are expanded to include adjusted equity and the ratios adjusted scalability and adjusted return on capital employed to reflect the performance measures used for internal business performance reporting to management.

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 67,014 million in 2022 compared to the IFRS trading income and revenue of EUR 6,442 million.

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

MARKET VALUE OF GAS STORAGES

IFRS requires that trading inventories measured at fair value uses 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 mainly are related to storage capacity and physical restrictions from the underlying gas storage contract, forward prices and gas volume in storage. The difference between this gas storage market value and the IFRS gas inventory value 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

2022

EURm	**IFRS**	Reclas-sification	Gas storage	**Adjusted**
Gross profit	2,065.0	-8.3	349.0	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	**1,955.4**	**0.0**	**349.0**	**2,304.4**
Net financials	-77.8			-77.8
EBT	**1,877.6**	**0.0**	**349.0**	**2,226.6**

2021

EURm	**IFRS**	Reclas-sification	Gas storage	**Adjusted**
Gross profit	475.7	-11.8	-138.4	325.5
External expenses	-13.4			-13.4
Staff costs	-51.6			-51.6
Amortisations	-16.5	11.8		-4.7
EBIT	**394.2**	**0.0**	**-138.4**	**255.8**
Net financials	-6.9			-6.9
EBT	**387.3**	**0.0**	**-138.4**	**248.9**

As shown in the tables, IFRS gross profit amounted to EUR 2,065 million in 2022 and is adjusted upward by EUR 349 million in relation to gas storages and downward by EUR 8 million in reclassification of amortisations, bringing the adjusted gross profit to EUR 2,406 million. IFRS EBT is EUR 1,878 million and adjusted only by the EUR 349 million gas storage adjustment, the adjusted EBT is EUR 2,227 million.

Adjusted equity is IFRS equity adjusted for the accumulated after tax income statement effect of the gas storage adjustment specified in table above. With IFRS equity of EUR 5,600 million in 2022, an accumulated gas storage adjustment of EUR 195 million minus 22% tax, the adjustment amounts to EUR 152 million and an adjusted equity of EUR 5,752 million.

STATUTORY REPORTING ON CORPORATE GOVERNANCE

CORPORATE SOCIAL RESPONSIBILITY

Danske Commodities' commitments to responsible business operations, ethical standards, human rights, environmental impact, and integrity remain focus areas of the Company's operations.

Danske Commodities conducts its business in accordance with the United Nations Guiding Principles on Business and Human Rights, the ten Principles of the Global Compact and the Sustainable Development Goals (SDGs), pledging to be an active participant in pushing the world towards a more sustainable future. The Company supports all SDGs and focuses particularly on advancing SDG 7, Ensure access to affordable, reliable, sustainable, and modern energy for all. Danske Commodities' business model is inherently linked to the global energy transformation that the UN promotes, bringing the freedom of choice and competitive energy prices to consumers. The Company employs a holistic approach to corporate social responsibility, covering four main themes: ethics, equality, people, and planet.

ETHICS

POLICY

High ethical standards and compliance with relevant laws and regulations are fundamental to Danske Commodities. The Code of Conduct reflects these views and sets out the requirements and expectations of our employees.

HOW THE POLICIES ARE PUT INTO ACTION

Code of conduct

The Code of Conduct applies to all employees. Training in the Code of Conduct is mandatory, and the Company requires all employees to confirm annually that they understand and will comply with the Code of Conduct. In addition, training is conducted on various compliance topics, including competition law, anti-corruption, anti-money laundering and sanctions.

Employees, who suspect a violation of the Code of Conduct or other unethical conduct, are encouraged to discuss concerns with their leader or raise it with their leader's leader, People & Culture, or the Compliance team. 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 or failure to meet the ethical requirements has the potential of exposing Danske Commodities to legal liability, loss of business, fines and other sanctions, and loss of reputation as well as impacting individuals or groups of employees.

RESULTS IN 2022

- Enhanced screening for sanctions and trade restrictions, complying with the UN, US, UK and EU restrictive measures, specifically in relation to the restrictions imposed on the energy sector due to the Russian/Ukrainian conflict
- Addition of human rights dimension to all KYC counterparty assessments
- Virtual Code of Conduct training

PRIORITIES FOR 2023

- Continue the development of ethics compliance set-up outside of Europe
- Conducting physical Code of Conduct training course

EQUALITY

POLICY

Danske Commodities respects all human rights and is committed to creating and maintaining an inclusive environment. The Company values the diversity of people 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 Company 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 Company 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 Company engages with

The Company 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 2022

- No violations of human rights cases were reported
- A diversity and inclusion workshop was conducted for all employees at DC Strategy Days in H1 2022
- Additionally, a full day workshop on inclusive leadership was conducted in H2 2022 for all leaders

PRIORITIES FOR 2023

- Strategic focus on diversity, equality, and inclusion, with a particular focus in 2023 on diversity in attraction and recruitment, e.g., educating leaders on unbiased recruiting and adjusting careers portal and on equality in career development processes
- Ensuring inclusion in the workplace, e.g., by increasing awareness of psychological safety and offering training for leaders and employees

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 Company'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 Company 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 Company. Protecting and reacting to cyber security threats continue to be a company 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.

Physical safety

In 2022, Danske Commodities responded to changing business circumstances, particularly the energy crisis. Danske Commodities increased physical security at the main offices with tighter control of access to buildings, a general awareness campaign to all employees and training of selected managers in the Crisis Management team.

Hybrid work

In 2022, Danske Commodities collaborated with Aarhus University on gaining insights into the advantages and disadvantages of hybrid work (working partly from the office and partly from home). Awareness of how to best facilitate hybrid work is important in ensuring safety and well-being of employees.

RISKS

With the energy crisis putting pressure on all actors in the industry, the focus will remain on people's safety, including physical safety.

RESULTS IN 2022

- Employee satisfaction score in the annual people survey reached an all-time high of 82
- Improved physical safety at headquarter office in Aarhus
- Increased awareness of the consequences of hybrid work

PRIORITIES FOR 2023

- Continue focus on employee satisfaction and motivation in a growth scenario
- Ensure access to a safe workplace in all office locations

PLANET

POLICY

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

CORPORATE SOCIAL RESPONSIBILITY – CONTINUED

HOW THE POLICY IS PUT INTO ACTION

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

Supporting SDG's
The Company 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 joining 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 Benin.

RISKS

Succeeding with the sustainability policy requires an effort from all employees and other stakeholders to drive change both inside and outside the Company.

RESULTS IN 2022

- Launched internal carbon reduction initiative Cut the Carbon 2.0
- Donated to a variety of organisations including Aarhus International School, UNICEF and Special Minds.
- Concluded project in Benin which ensured education of more than 180 solar energy technicians, focusing especially on women
- Scope 1 and 2 emissions reduced 61% compared to 2019 benchmark. The 61% carbon emission reductions are mainly driven by offsets in GOs (Guarantees of Origin) from Danish wind farms and VERs (Verified Emission Reductions) from reforestation)

PRIORITIES FOR 2023

- Prepare for compliance with coming EU Corporate Sustainability Reporting Directive (CSRD) including conducting a double materiality assessment and crafting a sustainability strategy
- Further engage the broader organisation and cocreate sustainable practices with employees
- Support the ESG agenda in the communities in which Danske Commodities operate by conducting initiatives to address Environmental, Social and Governance-related challenges

GENDER DIVERSITY

Danske Commodities works actively to strengthen an inclusive culture where diverse minds thrive. That is what creates the best and brightest ideas and enables us to build a viable energy future. Yet, historically, the energy trading sector has had a lack in gender diversity with an overweight of male employees. Therefore, Danske Commodities has incorporated a specific focus on gender diversity in its corporate strategy with a transition indicator to move towards 30% female employees by 2025. Further, the Company has a gender policy related to leadership as part of the statutory reporting on gender diversity cf. the Danish Financial Statement act §99b. The policy can be found here: https://danskecommodities.com/gender-policy-2022.

DATA ETHICS POLICY

At Danske Commodities, data have always been important assets and a competitive parameter. Danske Commodities is a data-driven company, which sees data as a natural part of its value chain and is aware of the importance of enabling technology in its everyday business. The Company's business model relies on the ability to turn data into knowledge, and knowledge into profitable trading strategies. The data used consist of personal data as well as market- and asset data used for the operations of the Company.

For most companies today, the importance of data has become more obvious, transparent and firmly positioned on the strategic agenda. Most companies invest in data and the ability to harvest the value. This has also become easier than ever before and leading organisations in every industry are wielding data and analytics as competitive advantages. The power of data calls for a conscious decision on how to create, use and protect data. Danske Commodities takes data seriously and the purpose of this policy is to formally state Danske Commodities' data ethics principles and describe the overall approach that ensures that the Company always treats data with the highest ethical standards. With clear data ethics principles, Danske Commodities works actively to address data ethics issues across trading activities, innovation and business processes.

In 2022 the data ethics activities have revolved around the usage of the treatment of personal data through annual IT programs and controls regarding the usage of personal data.

THREE DATA ETHIC PRINCIPLES

Security

Danske Commodities' usage of fundamental market data requires the Company to process official data with the purpose of supporting critical internal processes. Employees must all comply with the boundaries for data access, sharing and use. Employees are also subject to comprehensive statutory obligations for data security and data protection, and processing data securely and responsibly is an integrated part of the Company's culture and processes. All Danske Commodities employees have been part of the mandatory code of conduct training that sets the ethical guidelines, including the use of data, handling personal data and using data for financial and business reporting purposes.

Integrity

To Danske Commodities, integrity is about managing and using data according to the Company's internal data governance principles. With an effective data governance, Danske Commodities ensures that data are consistent, trustworthy and do not get misused. Danske Commodities' integrity principle also has risk management and data quality included as core governance components.

Responsibility

As data is considered an integral part of Danske Commodities' value chain, the Company is committed to leveraging this in a fair and responsible way to the best interest of its customers, the energy markets and society in general. This also includes advanced analytics, developing machine learning models and participating in automating trading activities across markets and products.

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 Company'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 Company 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, such as Value-at-Risk, 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 Company 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.

Cybersecurity training is mandatory for all employees and IT risk controls are further strengthened as part of SOX compliance. The Danish Energy Agency has audited Danske Commodities' crisis management business continuity planning and obligations as a balancing responsible party in the energy market.

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 and credit facilities are key aspects that for several years have ensured stable and adequate liquidity. Add to that the bolstering of equity through two capital injections by Equinor in 2019 and 2022 alongside access to internal credit facilities, also provided by Equinor.

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 Company to better manage liquidity reserves and withstand market movements at all times.

RISK MANAGEMENT – CONTINUED

LEGAL RISK

Contractual relationships with customers 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 crossfunctional 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.

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 Company 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 2022 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 2022.

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 2022 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 2022.

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, 27 April 2023

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	Jens-Peter Saul 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 2022, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting 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 2022 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 2022 in accordance with International Financial Reporting 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 International Financial Reporting 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, 27 April 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Steen Skorstengaard
State Authorised Public Accountant
mne19709

Simon M. Laursen
State Authorised Public Accountant
mne45894

STATEMENT OF COMPREHENSIVE INCOME

1 JANUARY – 31 DECEMBER

INCOME STATEMENT

		Group		Parent	
EUR '000	Note	2022	2021	2022	2021
Trading income and revenue	2.1	6,441,796	2,451,083	6,362,909	2,437,891
Cost of sales	2.1	-4,376,845	-1,975,417	-4,376,825	-1,975,416
Gross profit		**2,064,951**	**475,666**	**1,986,084**	**462,475**
Other operating income		1,468	10	1,468	10
Other external expenses	4.1	-23,058	-13,410	-23,344	-14,061
Staff costs	4.1	-74,483	-51,594	-72,020	-49,729
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	6.1, 6.2	-13,498	-16,545	-13,490	-16,537
Operating profit/loss (EBIT)		**1,955,380**	**394,127**	**1,878,698**	**382,158**
Share of profit in subsidiaries after tax	6.4	0	0	62,484	9,353
Financial income	4.3	9,733	6,161	9,550	6,709
Financial expenses	4.3	-87,508	-13,083	-87,455	-13,121
Profit before tax (EBT)		**1,877,605**	**387,205**	**1,863,277**	**385,099**
Tax on profit/loss for the year	7.1	-410,399	-84,296	-396,071	-82,190
Profit for the year		**1,467,206**	**302,909**	**1,467,206**	**302,909**

STATEMENT OF OTHER COMPREHENSIVE INCOME

	Group		Parent	
EUR '000	2022	2021	2022	2021
Profit for the year	**1,467,206**	**302,909**	**1,467,206**	**302,909**
Items that may subsequently be reclassified to the income statement:				
Exchange rate adjustment on translation of foreign operations	-1,820	-804	-1,820	-804
Other comprehensive income (net of tax)	**-1,820**	**-804**	**-1,820**	**-804**
Total comprehensive income (net of tax)	**1,465,386**	**302,105**	**1,465,386**	**302,105**

BALANCE SHEET

AT 31 DECEMBER

EUR '000	Note	Group 2022	Group 2021	Parent 2022	Parent 2021
Contractual rights		66,597	74,940	66,597	74,940
Software		8,358	8,579	8,358	8,579
Intangible assets	6.1	**74,955**	**83,519**	**74,955**	**83,519**
Land and buildings		2,690	3,766	2,690	3,766
Other fixtures and fittings, tools and equipment		3,825	1,438	3,800	1,438
Leashold improvements		71	120	50	97
Property, plant and equipment	6.2	**6,586**	**5,324**	**6,540**	**5,301**
Investment in subsidiaries	6.4	0	0	81,889	15,734
Deferred tax	7.2	39,922	640	38,912	0
Deposits		421	348	417	348
Other non-current assets		**40,343**	**988**	**121,218**	**16,082**
Non-current assets		**121,884**	**89,831**	**202,713**	**104,902**
Inventories	5.1	1,914,475	1,124,902	1,914,475	1,124,902
Trade receivables	5.2	1,369,480	829,750	1,360,478	818,303
Other receivables	5.3	76,502	58,153	62,232	45,922
Deposits related to trading	5.3	460,853	1,005,859	458,317	1,005,168
Receivables from group enterprises	4.2	4,093,498	50,363	4,137,218	82,585
Corporation tax receivables	7.1	26,991	178	26,832	0
Prepayments		30,607	14,258	25,607	13,258
Derivative financial instruments	3.5	5,366,751	2,930,272	5,363,786	2,926,914
Cash and cash equivalents		1,424,501	1,384,665	1,386,648	1,374,282
Current assets		**14,763,658**	**7,398,400**	**14,735,593**	**7,391,334**
Assets		**14,885,542**	**7,488,231**	**14,938,306**	**7,496,236**

BALANCE SHEET

AT 31 DECEMBER

EUR '000	Note	Group 2022	Group 2021	Parent 2022	Parent 2021
Share capital		3,679,762	179,065	3,679,762	179,065
Reserve for currency translation		-3,365	-1,545	0	0
Reserve for net revaluation under the equity method		0	0	72,608	11,910
Reserve for development costs		0	0	6,375	5,494
Retained earnings		1,923,487	456,978	1,841,139	438,029
Equity		**5,599,884**	**634,498**	**5,599,884**	**634,498**
Deferred tax liabilities	7.2	0	6,129	0	6,129
Provisions	5.5	620	1,083	620	1,083
Lease liabilites	6.3	1,810	2,930	1,810	2,930
Other payables	5.4	2,118	10,469	2,118	10,469
Non-current liabilities		**4,548**	**20,611**	**4,548**	**20,611**
Trade payables		1,449,030	880,630	1,443,538	879,663
Payables to group enterprises	4.2	3,829,830	1,632,214	3,900,512	1,648,237
Corporation tax payables	7.1	3,397	41,430	0	40,169
Provisions	5.5	6,763	1,714	6,763	1,714
Other payables	5.4	49,564	34,086	44,873	30,936
Deposits related to trading	5.4	655,110	1,234,474	655,110	1,234,474
Prepayments		34,926	40,011	34,926	40,012
Derivative financial instruments	3.5	3,251,282	2,967,432	3,246,944	2,964,791
Lease liabilities	6.3	1,208	1,131	1,208	1,131
Current liabilities		**9,281,110**	**6,833,122**	**9,333,874**	**6,841,127**
Liabilities		**9,285,658**	**6,853,733**	**9,338,422**	**6,861,738**
Liabilities and equity		**14,885,542**	**7,488,231**	**14,938,306**	**7,496,236**

STATEMENT OF CHANGES IN EQUITY

2022	Group			
EUR '000	Share capital	Reserve for currency translation	Retained earnings	Total
Equity at 1 January	179,065	-1,545	456,978	634,498
Net profit for the year	0	0	1,467,206	1,467,206
Other comprehensive income for the year	0	-1,820	0	-1,820
Total comprehensive income for the year	**0**	**-1,820**	**1,467,206**	**1,465,386**
Capital decrease	-179,762	0	0	-179,762
Capital increase	3,679,762	0	0	3,679,762
Other adjustments	697	0	-697	0
Equity at 31 December	**3,679,762**	**-3,365**	**1,923,487**	**5,599,884**

2021	Group			
EUR '000	Share capital	Reserve for currency translation	Retained earnings	Total
Equity at 1 January	179,065	-741	154,069	332,393
Net profit for the year	0	0	302,909	302,909
Other comprehensive income for the year	0	-804	0	-804
Total comprehensive income for the year	**0**	**-804**	**302,909**	**302,105**
Equity at 31 December	**179,065**	**-1,545**	**456,978**	**634,498**

2022	Parent				
EUR '000	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Total
Equity at 1 January	179,065	11,910	5,494	438,029	634,498
Net profit for the year	0	62,484	0	1,404,722	1,467,206
Development costs for the year	0	0	881	-881	0
Other adjustments	0	34	0	-34	0
Other comprehensive income for the year	0	-1,820	0	0	-1,820
Total comprehensive income for the year	**0**	**60,698**	**881**	**1,403,807**	**1,465,386**
Capital decrease	-179,762	0	0	0	-179,762
Capital increase	3,679,762	0	0	0	3,679,762
Other adjustments	697	0	0	-697	0
Equity at 31 December	**3,679,762**	**72,608**	**6,375**	**1,841,139**	**5,599,884**

2021	Parent				
EUR '000	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Total
Equity at 1 January	179,065	3,370	4,405	145,553	332,393
Net profit for the year	0	9,353	0	293,556	302,909
Development costs for the year	0	0	1,089	-1,089	0
Other adjustments	0	-9	0	9	0
Other comprehensive income for the year	0	-804	0	0	-804
Total comprehensive income for the year	**0**	**8,540**	**1,089**	**292,476**	**302,105**
Equity at 31 December	**179,065**	**11,910**	**5,494**	**438,029**	**634,498**

The share capital consists of 3,679,761,954 shares of a nominal value of EUR 1 per share. All shares rank equally.

STATEMENT OF CASH FLOWS

		Group		Parent	
EUR '000	Note	2022	2021	2022	2021
Profit for the year		1,467,206	302,909	1,467,206	302,909
Non-cash adjustments	5.7	499,858	106,974	424,982	95,786
Change in working capital	5.7	-3,617,263	-554,868	-3,576,817	-550,645
Cash flow form operating activities before financial income and expenses		**-1,650,199**	**-144,985**	**-1,684,629**	**-151,950**
Financial income, received	4.3	9,733	3,379	9,550	3,927
Financial expenses, paid	4.3	-61,785	-13,083	-67,983	-13,121
Cash flow from ordinary activities		**-1,702,251**	**-154,689**	**-1,743,062**	**-161,144**
Corporation tax paid		-520,656	-44,560	-508,113	-42,384
Corporation tax received		0	274	0	230
Cash flow from operating activities		**-2,222,907**	**-198,975**	**-2,251,175**	**-203,298**
Purchase of intangible assets	6.1	-3,078	-2,513	-3,078	-2,513
Purchase of property, plant and equipment	6.2	-3,125	-819	-3,087	-819
Capital increase in subsidiaries	6.4	0	0	-5,467	-1,469
Disposal of subsidiaries		0	0	-24	71
Cash flow from investing activities		**-6,203**	**-3,332**	**-11,656**	**-4,730**
Proceeds from borrowings		1,574,587	1,405,049	1,574,587	1,405,049
Payments to group enterprise cash pool		-2,778,875	0	-2,778,875	0
Capital increase		3,500,000	0	3,500,000	0
Payment of principal portion of lease liabilities		-1,043	-1,001	-1,043	-1,001
Cash flow from financing activities		**2,294,669**	**1,404,048**	**2,294,669**	**1,404,048**
Net foreign exchange difference on cash and cash equivalents		-25,723	2,782	-19,472	2,782
Change in cash and cash equivalents		**39,836**	**1,204,523**	**12,366**	**1,198,802**
Cash and cash equivalents at 1 January		1,384,665	180,142	1,374,282	175,480
Cash and cash equivalents at 31 December		**1,424,501**	**1,384,665**	**1,386,648**	**1,374,282**
Cash and cash equivalents are specified as follows:					
Cash at bank and in hand without restrictions		228,595	946,609	191,632	936,226
Restricted cash *		1,195,906	438,056	1,195,016	438,056
Cash and cash equivalents at 31 December		**1,424,501**	**1,384,665**	**1,386,648**	**1,374,282**

* 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 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 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 Euro, which is also Danske Commodities' 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.

CHANGES TO ACCOUNTING POLICIES IN 2022

IFRIC agenda decision

In April 2022, IFRIC issued an agenda decision on the application of IAS 7 regarding 'Demand Deposits with Restrictions on Use arising from a Contract with a Third Party'. The decision concluded that restrictions on the use of a demand deposit arising from a contract with a third party do not result in the deposit no longer being cash.

Danske Commodities A/S holds demand deposits at clearing banks restricted to cover initial margin, and this was previously recognised as deposits held for trading.

Danske Commodities A/S has adopted the treatment set out in the IFRIC agenda decision regarding demand deposits in which demand deposits with restrictions on use are subsequently classified as cash and cash equivalents.

The change in accounting treatment has been accounted for retrospectively and comparative information has been restated. The change has no effect on the statement of comprehensive income or equity. The comparative figures for cash and cash equivalents increased by EUR 438 million and deposits held for trading decreased by EUR 438 million.

The Group has implemented other changes in standards and interpretation relevant that are mandatory for 2022. None of these have had a material impact on the financial statements for 2022.

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.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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 rates for the month, 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.

FAIR VALUE MEASUREMENT

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

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

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

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in note 3.6.

1.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of Danske Commodities' 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 application of the Group's accounting policies may require management to make judgments that can have a significant effect on the amounts recognised in the consolidated and parent financial statements and related disclosures. Management judgment is required in particular when assessing the substance of transactions that have a complicated structure or legal form.

The significant accounting estimates and judgments can potentially significantly impact the consolidated financial statements.

The table below shows the significant accounting estimates and judgments and their level of potential impact on the consolidated and parent financial statements.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS	Estimate/ judgment	Impact from estimates and judgments	Notes
Presentation of net and gross income	Judgment	Large	2.1
Valuation of derivative financial instruments	Estimate	Moderate	3.6
Gas trading inventories at fair value	Estimate	Low	5.1

EARNINGS

2.1 TRADING INCOME AND REVENUE

	Group		Parent	
EUR '000	2022	2021	2022	2021
Trading income				
Net trading income	1,642,459	469,356	1,408,015	455,447
Net change in fair value of commodity derivatives held for trading	1,518,169	44,624	1,515,927	45,341
Net change in fair value of inventory held for trading	-1,183,437	-61,834	-1,025,638	-61,834
Revenue from contracts with customers				
Sales of climate certificates	648,562	540,066	648,562	540,066
Sales of power and energy related services	3,816,043	1,458,871	3,816,043	1,458,871
Total trading income and revenue	**6,441,796**	**2,451,083**	**6,362,909**	**2,437,891**

SIGNIFICANT ACCOUNTING JUDGMENTS

Management uses significant judgments when determining presentation of income from complex contracts that contain certain sales of goods or services that are not clearly defined within the IFRS framework. In this assessment, management takes into consideration both the individual characteristics of the goods and services and the nature of the promise within the context of the contract, evaluating all the facts and circumstances relating to the specific contract under the relevant legal and regulatory framework as well as assessing whether the Group acts as principal or agent to determine the appropriate presentation of income.

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 Danske Commodities' trading portfolio which includes futures, options, swaps, 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 unrealised changes in the fair value of commodity derivatives held for trading and inventory held for trading at the balance sheet date.

2.1 TRADING INCOME AND REVENUE – CONTINUED

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.

Revenue from the sale of power and energy-related services comprises the sale of power sourced from energy producers and related services in terms of e.g. production management and balancing. Danske Commodities considers whether it is acting as principal or agent, based on whether it holds the main risks related to and controls the power and services delivered before transferring it to the counterparty. The Group has concluded that it is acting as principal in all material aspects, however, insignificant activity is accounted for net, as the conclusion is agent due to the nature of the business. 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.

Revenue from the sale of climate certificates comprises the sale of climate certificates sourced from producers. As Danske Commodities 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 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 2022 and 31 December 2021. The sensitivity is calculated by adjusting the market price used on each individual trade.

The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks and prepared on an 'all else being equal' basis. The analysis is based on the financial assets and financial liabilities held at 31 December 2022 and 31 December 2021. Percentage change in commodity prices used to determine sensitivity is based on the current observable market environment.

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 estimated gains and losses from movements in the GBP/EUR ratio with all other variables held constant.

3.1 MARKET RISK – CONTINUED

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.

INSTRUMENTS USED BY THE GROUP

Forwards and futures are the primary instruments traded for gas and power with physical delivery, while financially settled instruments other than forwards and futures also include options and swaps.

SENSITIVITY		Group		Parent	
		2022	2021	2022	2021
EUR '000	+/- in %	Effect on profit/ loss before tax	Effect on profit/ loss before tax	Effect on profit/ loss before tax	Effect on profit/ loss before tax
	30%	-560,572	-289,104	-560,572	-289,104
Gas price risk (financial instruments)	-30%	613,167	349,512	613,167	349,512
	30%	560,931	329,533	560,931	329,533
Gas price risk (inventory)	-30%	-560,931	-329,533	-560,931	-329,533
	30%	3,761	67,081	-1,922	67,081
Power price risk	-30%	64,740	33,345	70,252	33,345
	30%	7,284	6,864	7,284	6,864
Certificate price risk	-30%	-5,053	9,341	-5,053	9,341
	8%	26,043	-572	20,394	-1,711
EUR/GBP currency risk	-8%	-26,043	572	-20,394	1,711
	1%	27,789	-14,400	27,789	-14,400
Interest rate risk	-1%	-27,789	14,400	-27,789	14,400

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. 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 settle fair values daily, 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	2022	2021	2022	2021
AA Rating	8,522,961	439,737	8,488,635	439,294
A Rating	1,662,247	3,580,084	1,661,886	3,573,207
BBB Rating	1,624,782	1,770,747	1,621,822	1,769,687
BB Rating and lower	845,798	209,559	845,798	208,543
Not rated	90,323	201,130	114,330	216,869
Total at 31 December	**12,746,111**	**6,201,257**	**12,732,471**	**6,207,600**

3.3 LIQUIDITY RISK

Liquidity management is executed on an ongoing daily basis in Danske Commodities' Treasury function. Daily cashflow 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.

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 2022, the increase in power and gas prices led to higher margin calls and the need for collateral. This led to further draws on the committed credit facility.

The Group and Parent Company's committed credit facility ('Revolving Credit Facility') amounted to EUR 3,000 million at 31 December 2022 (2021: EUR 2,400 million). The committed credit facility terminates in 3Q 2023. In 2022, Danske Commodities has engaged in a cash pool with Equinor ensuring liquidity for the years to come. At 31 December 2022, the cash pool has an overdraft limit of EUR 6,500 million, which is reduced to EUR 3,000 million in 1Q 2023 and will be renegotiated during the summer of 2023 to reflect expected liquidity needs.

As per 31 December 2022, the Group has drawn EUR 3,000 million (2021: EUR 1,440 million) of the total available facilities, in the amount of EUR 9,500 million (2021: EUR 2,400 million).

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

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES

	Group		Parent	
EUR '000	2022	2021	2022	2021
Financial instruments, maturity <1 year				
Trade payables	1,449,030	880,630	1,443,538	879,663
Lease liabilities	1,208	1,131	1,208	1,131
Payables to group enterprises	815,194	192,165	885,876	208,188
Revolving credit facility *	3,014,636	1,440,049	3,014,636	1,440,049
Deposits related to trading	655,110	1,234,474	655,110	1,234,474
Other payables	49,564	34,086	44,873	30,936
Financial instruments, maturity 1-5 years				
Lease liabilities	1,810	2,930	1,810	2,930
Other payables	2,118	10,469	2,118	10,469
Derivative financial instruments, maturity <1 year	3,029,609	2,641,499	3,025,311	2,638,897
Derivative financial instruments, maturity 1-5 years	262,250	325,933	262,125	325,894
Total financial liabilities	**9,280,529**	**6,763,366**	**9,336,605**	**6,772,631**

* For the Revolving Credit Facility provided by Equinor, the effective interest rate is the base rate (EURIBOR12M) plus a margin rate of 0.03%. In the case the aggregate of the base rate and the rate drops below zero, the effective interest rate will be set at 0.0%. The effective interest rate at 31 December 2022 is 1.0% (2021: 0.0%).

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 increase in debt is primarily due to utilisation of the Parent Company credit facility as described in note 3.3.

GEARING RATIO

	Group		Parent	
EUR '000	2022	2021	2022	2021
Debt *	6,023,596	3,835,945	6,084,095	3,847,852
Less:				
Group cash pool (part of 'receivables from group enterprises')	2,778,875	0	2,778,875	0
Cash and cash equivalents	1,424,501	1,384,665	1,386,648	1,374,282
Net debt	**1,820,220**	**2,451,280**	**1,918,572**	**2,473,570**
Equity **	**5,599,884**	**634,498**	**5,599,884**	**634,498**
Net debt to equity ratio (%)	**33%**	**386%**	**34%**	**390%**

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

** Equity includes all capital and 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 5.6.

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

ACCOUNTING POLICIES

When derivatives do not meet the hedge accounting criteria, they are primarily classified as 'held for trading' for accounting purpose and initially recognised, and subsequently measured at fair value through profit and loss and recognised in the balance sheet as 'derivative financial instruments'. Derivative financial instruments that are held for trading are classified as current assets and liabilities regardless of their maturity date. The Group does not apply any type of hedge accounting in the financial statements. 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 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 prescribed under the accounting standards.

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. Exchange-traded derivatives are typically considered cleared through the payment or receipt of variation margin.

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. These quotes are corroborated with market data and are predominately categorised within level 2 of the fair value hierarchy.

Capacity 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 the valuation model is extrapolated from the latest observable prices assuming no price movements (0%). The unobservable prices used range from EUR 48.75 to EUR 51.88 (2021: EUR 64.75 - 65.75).

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 basket option 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 0.469 to 1.29. For products, where the delivery can be interrupted, the fair value is reliant on a factor of interruptions ranging from 0-40% that is internally developed based on historically observable market activity.

Based on the unobservable input parameters above a reasonable alternative possible assumption is considered a movement of the unobservable input of 5%. For prices and volatility, the effect of such movements are considered significant and the impact is described below.

An increase of the unobservable prices of 5% will increase the fair value by EUR 1,236 thousand (2021: EUR 898 thousand). A decrease of 5% decreases fair value by EUR 1,236 thousand (2021: EUR 898 thousand). An increase of the volatility factor used in simulation models of 5% will increase the fair value by EUR 10,803 thousand. A decrease of 5% decreases fair value by 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.

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.

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	4,715,630	60,799	**4,776,502**
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**	**7,089,826**	**145,276**	**7,236,523**
Liabilities					
Gas trading derivatives		44,481	2,375,525	23,890	**2,443,896**
Power trading derivatives		150	686,527	64,556	**751,233**
Foreign exchange derivatives		0	56,153	0	**56,153**
Total financial liabilities		**44,631**	**3,118,205**	**88,446**	**3,251,282**

2021		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		414,786	782,419	0	**1,197,205**
Exchange-traded certificates		21,403	0	0	**21,403**
Power trading derivatives		401,474	1,292,112	18,078	**1,711,664**
Foreign exchange derivatives		0	2,612	0	**2,612**
Non-financial assets					
Gas trading inventories	5.1	0	1,098,444	0	**1,098,444**
Total financial and non-financial assets		**837,663**	**3,175,587**	**18,078**	**4,031,328**
Liabilities					
Gas trading derivatives *		19,461	1,018,031	0	**1,037,492**
Power trading derivatives		387	1,929,553	0	**1,929,940**
Foreign exchange derivatives		0	335	0	**335**
Total financial liabilities		**19,848**	**2,947,919**	**0**	**2,967,767**

3.6 FAIR VALUE MEASUREMENTS – CONTINUED

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	4,715,630	60,799	**4,776,502**
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**	**7,086,861**	**145,276**	**7,233,558**
Liabilities					
Gas trading derivatives		44,481	2,375,525	23,890	**2,443,896**
Power trading derivatives		114	682,225	64,556	**746,895**
Foreign exchange derivatives		0	56,153	0	**56,153**
Total financial liabilities		**44,595**	**3,113,903**	**88,446**	**3,246,944**

2021		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		414,786	782,419	0	**1,197,205**
Exchange-traded certificates		21,403	0	0	**21,403**
Power trading derivatives		401,472	1,288,756	18,078	**1,708,306**
Foreign exchange derivatives		0	2,612	0	**2,612**
Non-financial assets					
Gas trading inventories	5.1	0	1,098,444	0	**1,098,444**
Total financial and non-financial assets		**837,661**	**3,172,231**	**18,078**	**4,027,970**
Liabilities					
Gas trading derivatives *		19,461	1,018,031	0	**1,037,492**
Power trading derivatives		387	1,926,912	0	**1,927,299**
Foreign exchange derivatives		0	335	0	**335**
Total financial liabilities		**19,848**	**2,945,278**	**0**	**2,965,126**

LEVEL 3 DERIVATIVES

	Group and Parent	
EUR '000	2022	2021
Fair value contracts at 1 January	18,078	0
Transfers into level 3	76,275	2,461
Gains (losses) recognised in the income statement	27,508	15,617
Purchases	-87,593	0
Sales	22,562	0
Net fair value of contracts at 31 December	**56,830**	**18,078**

3.7 FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

	Group		Parent	
EUR '000	2022	2021	2022	2021
Financial assets measured at fair value through profit or loss				
Derivatives held for trading *	5,347,753	2,930,272	5,344,788	2,926,914
Derivatives in economic hedges **	18,998	2,612	18,998	2,612
Financial assets measured at amortised cost				
Trade receivables	1,369,480	829,750	1,360,478	818,303
Cash and cash equivalents	1,424,501	1,384,665	1,386,648	1,374,282
Receivables from group enterprises	4,093,498	50,363	4,137,218	82,585
Deposits related to trading and prepayments	491,881	1,020,465	484,341	1,018,774
Financial assets	**12,746,111**	**6,218,127**	**12,732,471**	**6,223,470**
Financial liabilities measured at fair value through profit or loss				
Derivatives held for trading *	3,195,129	2,967,432	3,190,791	2,964,791
Derivatives in economic hedges **	56,153	335	56,153	335
Financial liabilities measured at amortised cost				
Trade payables	1,449,030	880,630	1,443,538	879,663
Payables to group enterprises	3,829,830	1,632,214	3,900,512	1,648,237
Deposits related to trading and prepayments	690,036	1,274,485	690,036	1,274,486
Lease liabilities	3,018	4,061	3,018	4,061
Financial liabilities	**9,223,196**	**6,759,157**	**9,284,048**	**6,771,573**

* 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	2022	2021
Balance at 1 January	30,407	6,627
Profit/loss deferred on new transactions	246,760	27,894
Profit/loss recognised in the income statement	-3,637	-4,114
Reserve balance at 31 December	**273,530**	**30,407**

Refer to note 3.6 for information regarding fair value measurements.

ACCOUNTING POLICIES

Danske Commodities 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

EUR '000	Group 2022	Group 2021	Parent 2022	Parent 2021
Wages and salaries	68,475	47,634	66,298	45,978
Pensions	3,056	2,553	2,997	2,483
Other staff costs	2,952	1,407	2,725	1,268
Staff costs	**74,483**	**51,594**	**72,020**	**49,729**
Average number of employees	374	338	365	330
Number of employees, end of the year	412	370	401	361

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

RELATED PARTY TRANSACTIONS

	Group		Parent	
EUR '000	2022	2021	2022	2021
Transactions with related parties				
Transactions included in 'trading income and revenue':				
Sales of energy commodities to related parties	4,612,877	674,376	4,783,338	789,717
Sales of energy commodities to other related parties	1,504,861	947,585	1,504,861	947,585
Purchases of energy commodities from related parties	3,950,232	1,190,298	4,173,563	1,271,966
Purchases of energy commodities from other related parties	27,177	115,183	27,177	115,183
Transactions included in 'cost of sales':				
Purchases of energy commodities from related parties	1,881	2,418	12,773	14,681
Purchases of energy commodities from other related parties	427,656	264,752	427,656	264,752
Other transactions:				
Finance expenses to related parties	41,343	240	41,463	288
Finance income from related parties	0	0	671	711
Change in value of derivatives from related parties	1,389,259	80,612	1,389,259	59,404
Change in value of derivatives from other related parties	-1,716	0	-1,716	0
Equity injection from related parties	3,500,000	0	3,500,000	0
Related party balances at 31 December				
Payables to related parties	624,351	183,751	695,033	199,774
Receivables from related parties	1,287,344	18,066	1,331,064	30,815
Payables to other related parties	190,843	8,414	190,843	8,414
Receivables from other related parties	27,279	32,297	27,279	32,715
Fair value of derivatives with related parties, asset	2,740,301	69,297	2,740,301	48,090
Fair value of derivatives with related parties, liability	1,339,052	34,349	1,339,052	34,349
Fair value of derivatives with other related parties, asset	35	0	35	0
Loans from related parties	3,014,636	1,440,049	3,014,636	1,440,049
Loans to other related parties	2,778,875	0	2,778,875	19,055

The Group has a Parent Company Guarantee of EUR 300 million (2021: EUR 100 million) to cover ongoing trading commitments.

The sales to and purchases from related parties are made on EFET terms.

KEY MANAGEMENT REMUNERATION

During the year, key management personnel consisted of the CEO and one CFO (2021: three members, one CEO and two different CFOs). The current CFO was appointed on 3 January 2022.

Remuneration to four members of the Board of Directors is paid by the ultimate parent, Equinor ASA. Remuneration to two members of the Board of Directors is paid by Danske Commodities A/S and amounted to EUR 54 thousand for 2022 (2021: EUR 72 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	2022	2021
Base salary	806	629
Other benefits	814	409
Pensions contributions	81	98
Shared-based payments	127	121
Total remuneration	**1,828**	**1,257**

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 2023. The amount expensed for the Executive Board amounted to EUR 14 thousand in 2022 (2021: EUR 21 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, the company 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 2023. The amount expensed for the LTI programme amounted to EUR 113 thousand in 2022 (2021: EUR 99 thousand).

The total recognised expense for the Executive Board amounts to EUR 127 thousand in 2022 (2021: EUR 120 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 Danske Commodities can participate. Danske Commodities compensates the 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	2022	2021	2022	2021
Interest income, group enterprises	0	0	671	711
Currency exchange gains	266	0	0	0
Other financial income	9,467	6,161	8,879	5,998
Total	**9,733**	**6,161**	**9,550**	**6,709**

FINANCIAL EXPENSES

EUR '000	2022	2021	2022	2021
Net fair value gains/losses on listed securities	0	1,723	0	1,723
Interest expense, group enterprises	41,343	240	41,463	288
Other financial expenses	43,098	8,161	42,924	8,155
Currency exchange losses	3,001	2,872	3,002	2,868
Interst on lease liabilities	66	87	66	87
Total	**87,508**	**13,083**	**87,455**	**13,121**

ACCOUNTING POLICIES

Financial income and expenses comprise interest income and interest expenses, realised and unrealised exchange rate adjustments as well as interest on extra payments and repayment under the on-account taxation scheme and interest in respect of lease liabilities.

Other financial income primarily comprises realised gains on exchange forward derivatives as well as interest income. Other financial expenses primarily comprise realised losses on exchange forward derivatives as well as well as interest expenses.

WORKING CAPITAL
5.1 INVENTORIES

EUR '000	Group 2022	Group 2021	Parent 2022	Parent 2021
Gas trading inventories	1,869,772	1,098,444	1,869,772	1,098,444
Certificates	44,703	26,458	44,703	26,458
Total inventories	**1,914,475**	**1,124,902**	**1,914,475**	**1,124,902**

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

Costs related to certificate inventories expensed in the income statement amounts to EUR 673,265 thousand (2021: EUR 526,267 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.

ACCOUNTING POLICIES
The gas 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, gas trading inventories are measured at fair value less cost to sell, using quoted spot prices at each physical location. Changes in fair value are recognised in the income statement within 'trading income and revenue'. The inventories are categorised within level 2 of the fair value hierarchy.

Certificate inventories 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 2022	Group 2021	Parent 2022	Parent 2021
Trade receivables	1,374,933	829,948	1,365,931	818,501
Loss allowance	-5,453	-198	-5,453	-198
Total receivables	**1,369,480**	**829,750**	**1,360,478**	**818,303**

LOSS ALLOWANCE

EUR '000	Group 2022	Group 2021	Parent 2022	Parent 2021
Loss allowance at 1 January	198	0	198	0
Loss allowance recognised in profit or loss during the year	5,453	198	5,453	198
Unused amount reversed	-198	0	-198	0
Loss allowance at 31 December	**5,453**	**198**	**5,453**	**198**

5.2 TRADE RECEIVABLES – CONTINUED

2022

AGING OF TRADE RECEIVABLES, GROSS

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**

2021

EUR '000	Group Current	Between 30 and 60 days	More than 60 days	Total
Expected loss rate	0%	0%	50%	
Carrying amount - trade receivables	3,333,031	0	117	**3,333,148**
Loss allowance	**198**	**0**	**0**	**198**

2022

EUR '000	Parent Current	Between 30 and 60 days	More than 60 days	Total
Expected loss rate	0%	0%	50%	
Carrying amount - trade receivables	3,321,584	0	117	**3,321,701**
Loss allowance	**198**	**0**	**0**	**198**

2021

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 Danske Commodities' 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 5.6.

ACCOUNTING POLICIES

Trade receivables are amounts due from customers 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.

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 AND DEPOSITS RELATED TO TRADING

OTHER RECEIVABLES

	Group		Parent	
EUR '000	2022	2021	2022	2021
VAT receivables	71,109	49,296	62,232	43,295
Other receivables	5,393	8,857	0	2,627
Total	**76,502**	**58,153**	**62,232**	**45,922**

ACCOUNTING POLICIES

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 extend possible under the applicable agreements.

Deposits related to trading are measured at amortised cost.

5.4 OTHER PAYABLES AND DEPOSITS RELATED TO TRADING

OTHER PAYABLES

	Group		Parent	
EUR '000	2022	2021	2022	2021
Staff obligations	35,945	22,281	35,945	22,281
Other payables	15,433	21,871	11,046	19,124
VAT payables	304	403	0	0
Total	**51,682**	**44,555**	**46,991**	**41,405**

ACCOUNTING POLICIES

Deposits related to trading

Accounting policies for deposits related to trading can be found in note 5.3.

5.5 PROVISIONS

EUR '000	Group 2022	Group 2021	Parent 2022	Parent 2021
Onerous contracts				
At 1 January	1,297	0	1,297	0
Arising during the year	0	1,297	-214	1,297
Utilised amounts	-214	0	0	0
Litigation and claims				
At 1 January	1,500	0	1,500	0
Arising during the year	5,000	1,500	5,000	1,500
Reversal of unused amounts	-200	0	-200	0
Total	**7,383**	**2,797**	**7,383**	**2,797**
Current	6,763	1,714	6,763	1,714
Non-current	620	1,083	620	1,083
Total	**7,383**	**2,797**	**7,383**	**2,797**

Onerous contracts comprise contracts with delivery from 2023 to 2027. 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 number of minor court cases and legal disputes. In our assessment, none of these will significantly impact the Group's 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.

5.6 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

2022 **Group**

EUR '000	Gross amounts of recognised financial asset/liability	Gross amounts offset in the balance sheet	**Net amounts presented in the balance sheet**	Related amounts not set off in the balance sheet: Cash collateral (received/pledged)	**Net amount**
Financial assets					
Trade receivables	4,830,651	3,461,171	**1,369,480**	226,758	**1,142,722**
Derivative financial instruments	20,656,453	15,289,702	**5,366,751**	428,352	**4,938,399**
Deposits held for trading	8,173,393	7,712,540	**460,853**	0	**460,853**
Total	**33,660,497**	**26,463,413**	**7,197,084**	**655,110**	**6,541,974**
Financial liabilities					
Trade payables	4,910,201	3,461,171	**1,449,030**	201,124	**1,247,906**
Derivative financial instruments	19,390,691	16,139,409	**3,251,282**	73,575	**3,177,707**
Deposits held for trading	7,517,943	6,862,833	**655,110**	0	**655,110**
Total	**31,818,835**	**26,463,413**	**5,355,422**	**274,699**	**5,080,723**

2021 **Group**

EUR '000	Gross amounts of recognised financial asset/liability	Gross amounts offset in the balance sheet	**Net amounts presented in the balance sheet**	Related amounts not set off in the balance sheet: Cash collateral (received/pledged)	**Net amount**
Financial assets					
Trade receivables	3,333,148	2,503,398	**829,750**	59,686	**770,064**
Derivative financial instruments	19,376,879	16,446,607	**2,930,272**	1,142,367	**1,787,905**
Deposits held for trading	3,519,053	2,513,194	**1,005,859**	0	**1,005,859**
Total	**26,229,080**	**21,463,199**	**4,765,881**	**1,202,053**	**3,563,828**
Financial liabilities					
Trade payables	3,384,028	2,503,398	**880,630**	92,264	**788,366**
Derivative financial instruments	20,009,820	17,042,388	**2,967,432**	739,772	**2,227,660**
Deposits held for trading	3,151,887	1,917,413	**1,234,474**	0	**1,234,474**
Total	**26,545,735**	**21,463,199**	**5,082,536**	**832,036**	**4,250,500**

2022 Parent

EUR '000	Gross amounts of recognised financial asset/liability	Gross amounts offset in the balance sheet	**Net amounts presented in the balance sheet**	Related amounts not set off in the balance sheet: Cash collateral (received/pledged)	**Net amount**
Financial assets					
Trade receivables	4,821,649	3,461,171	**1,360,478**	226,758	**1,133,720**
Derivative financial instruments	20,644,625	15,280,839	**5,363,786**	428,352	**4,935,434**
Deposits held for trading	8,164,468	7,706,151	**458,317**	0	**458,317**
Total	**33,630,742**	**26,448,161**	**7,182,581**	**655,110**	**6,527,471**
Financial liabilities					
Trade payables	4,904,709	3,461,171	**1,443,538**	201,124	**1,242,414**
Derivative financial instruments	19,379,963	16,133,019	**3,246,944**	73,575	**3,173,369**
Deposits held for trading	7,509,081	6,853,971	**655,110**	0	**655,110**
Total	**31,793,753**	**26,448,161**	**5,345,592**	**274,699**	**5,070,893**

5.6 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES – CONTINUED

2021	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	3,321,701	2,503,398	**818,303**	59,686	**758,617**
Derivative financial instruments	19,373,520	16,446,606	**2,926,914**	1,142,367	**1,784,547**
Deposits held for trading	3,518,362	2,513,194	**1,005,168**	0	**1,005,168**
Total	**26,213,583**	**21,463,198**	**4,750,385**	**1,202,053**	**3,548,332**
Financial liabilities					
Trade payables	3,383,061	2,503,398	**879,663**	92,264	**787,399**
Derivative financial instruments	20,007,178	17,042,387	**2,964,791**	739,772	**2,225,019**
Deposits held for trading	3,151,887	1,917,413	**1,234,474**	0	**1,234,474**
Total	**26,542,126**	**21,463,198**	**5,078,928**	**832,036**	**4,246,892**

For 2021 gross amounts have been restated due to reassessment of certain exchange traded derivatives being derecognised, with no effect on net amounts presented.

ACCOUNTING POLICIES

Danske Commodities 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.

Danske Commodities 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 Danske Commodities and their 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.

5.7 CASH FLOW

CASH FLOW STATEMENT - NON-CASH ADJUSTMENTS

	Group		Parent	
EUR '000	2022	2021	2022	2021
Financial income	-9,733	-6,161	-9,550	-6,709
Financial expenses	87,508	13,083	87,455	13,121
Share of profit in subsidiaries after tax	0	0	-62,484	-9,353
Amortisation, depreciation and impairment losses	13,498	16,545	13,490	16,537
Tax on profit/loss for the year	410,399	84,296	396,071	82,190
Exchange rate adjustments	-1,814	-789	0	0
Total	**499,858**	**106,974**	**424,982**	**95,786**

CASH FLOW STATEMENT - CHANGE IN WORKING CAPITAL

	Group		Parent	
EUR '000	2022	2021	2022	2021
Change in inventories	-789,573	-852,648	-789,573	-852,648
Change in trade and other receivables	-1,293,754	-1,659,286	-1,299,810	-1,666,782
Change in fair value of derivatives	-2,152,629	-24,897	-2,154,719	-24,180
Change in trade and other payables	618,693	1,981,963	667,285	1,992,965
Total	**-3,617,263**	**-554,868**	**-3,576,817**	**-550,645**

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/loss 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 and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt, 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 on 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

2022

EUR '000	Group and Parent: 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**

2021

EUR '000	Group and Parent: Contractual rights	Software	Software development projects in progress
Cost at 1 January	109,759	23,918	1,299
Additions - internally developed	0	0	904
Additions	0	1,559	50
Disposals	-15,141	-887	0
Transfers	0	1,291	-1,291
Cost at 31 December	**94,618**	**25,881**	**962**
Amortisation and impairment losses at 1 January	22,981	16,258	0
Amortisation for the year	11,838	2,893	0
Reversal of amortisation of disposals for the year	-15,141	-887	0
Amortisation and impairment losses at 31 December	**19,678**	**18,264**	**0**
Carrying amount at 31 December	**74,940**	**7,617**	**962**

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 Danske Commodities. 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 Danske Commodities' 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

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

2021	Group			
EUR '000	Land and buildings	Other fixtures and fittings, tools and equipment	Right-of-use-assets	Leasehold improvements
Cost at 1 January	0	4,838	6,818	2,498
Additions	0	703	86	30
Disposals	0	-1,358	-15	-460
Exchange rate adjustments	0	-6	0	-28
Cost at 31 December	0	**4,177**	**6,889**	**2,040**
Depreciation and impairment losses at 1 January	0	3,563	1,907	2,349
Depreciation for the year	0	647	1,123	44
Exchange rate adjustments	0	-5	0	-13
Reversal of depreciation on disposals for the year	0	-1,358	-15	-460
Depreciation and impairment losses at 31 December	**0**	**2,847**	**3,015**	**1,920**
Carrying amount at 31 December	**0**	**1,330**	**3,874**	**120**

6.2 PROPERTY, PLANT AND EQUIPMENT – CONTINUED

2022

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

2021

EUR '000	Parent Land and buildings	Other fixtures and fittings, tools and equipment	Right-of-use-assets	Leasehold improvements
Cost at 1 January	0	4,765	6,818	2,426
Additions	0	703	86	30
Disposals	0	-1,326	-15	-460
Cost at 31 December	**0**	**4,142**	**6,889**	**1,996**
Depreciation and impairment losses at 1 January	0	3,494	1,907	2,320
Depreciation for the year	0	644	1,123	39
Reversal of depreciation on disposals for the year	0	-1,326	-15	-460
Depreciation and impairment losses at 31 December	**0**	**2,812**	**3,015**	**1,899**
Carrying amount at 31 December	**0**	**1,330**	**3,874**	**97**

Right-of-use assets with carrying amounts of EUR 2,835 thousand (2021: EUR 3,873 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 2,690 thousand at 31 December 2022 (2021: EUR 3,766 thousand). Right-of-use assets included in the category 'other fixtures and fittings, tools and equipment' amounted to EUR 145 thousand at 31 December 2022 (2021: EUR 107 thousand).

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: 3-15 years
Leasehold improvements: 3-5 years
Right-of-use assets: 2-7 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

Danske Commodities 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 seven 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 1,4 million and EUR 1,2 million in 2022 and 2021, respectively.

AMOUNTS RECOGNISED IN THE INCOME STATEMENT

	Group and Parent	
EUR '000	2022	2021
Depriciation of right-of-use-assets	1,174	1,123
Interest on lease liabilities	66	87
Expenses relating to low-value leases	34	56
Total	**1,274**	**1,266**

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 2-7-year period.

Short-term leases and leases of low value of EUR 5 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 2022.

6.4 INVESTMENTS IN SUBSIDIARIES

	Parent	
EUR '000	2022	2021
Cost at 1 January	3,824	2,432
Disposals	-10	-77
Additions	5,467	1,469
Cost at 31 December	**9,281**	**3,824**
Value adjustments at 1 January	11,910	3,355
Exchange rate adjustments	-1,820	-804
Net profit/loss for the year	62,484	9,353
Disposal for the year	34	6
Value adjustments at 31 December	**72,608**	**11,910**
Carrying amount at 31 December	**81,889**	**15,734**

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 14,000	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	tEUR 513	100%
Danske Commodities Comercializadora de Energia Ltda	Brazil	tBRL 13,000	100%
Danske Commodities Deutschland Gmbh	Germany	tEUR 25	100%
Danske Commodities Kosovo SH.P.K.	Kosovo	tEUR 11	100%
Danske Commodities DOOEL Skopje	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.

TAX

7.1 TAX ON PROFIT/LOSS FOR THE YEAR

	Group		Parent	
EUR '000	2022	2021	2022	2021
Current tax for the year	454,046	74,953	439,343	72,211
Deferred tax for the year	-43,784	9,619	-43,413	10,255
Adjustment of tax relating to prior years	1,764	619	1,769	619
Adjustment of deferred tax relating to prior years	-1,627	-895	-1,628	-895
Total tax for the year	**410,399**	**84,296**	**396,071**	**82,190**
The total contribution for the year is specified as follows:				
Profit for the year before tax	1,877,605	387,205	1,863,277	385,099
Adjustments (non-deductible)	-1,118	-840	-63,599	-10,256
Tax on profit/loss for the year	410,262	84,572	395,930	82,466
Effective tax rate	**21.9%**	**21.8%**	**21.2%**	**21.4%**
Tax on profit (loss) for the year can be explained as follows:				
Calculated tax (22 %)	413,073	85,185	409,921	84,722
Calculated tax in foreign subsidiaries in relation to 22 %	-2,565	-428	0	0
Non-deductible costs and non-taxable income	-246	-185	-13,991	-2,256
Effective tax for the year	**410,262**	**84,572**	**395,930**	**82,466**

ACCOUNTING POLICIES

Tax for the year consists of current tax for the year and deferred tax for the year. 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

	Group		Parent	
EUR '000	2022	2021	2022	2021
Deferred tax at 1 January	5,489	-3,235	6,129	-3,231
Deferred tax recognised in profit and loss for the year	-45,411	8,724	-45,041	9,360
Deferred tax 31 December	**-39,922**	**5,489**	**-38,912**	**6,129**
The items are recognised in the balance sheet as follows:				
Deferred tax asset	-39,922	-640	-38,912	0
Deferred tax liability	0	6,129	0	6,129
Total	**-39,922**	**5,489**	**-38,912**	**6,129**
Deferred tax relates to the following				
Property, plant and equipment	-485	-526	-485	-526
Intangible assets	1,839	1,676	1,839	1,676
Current liabilities	-3,241	-1,416	-3,241	-1,416
Derivative financial instruments	-37,722	5,925	-36,775	6,546
Losses available for offsetting against future taxable income	-63	-19	0	0
Other	-250	-151	-250	-151
Total	**-39,922**	**5,489**	**-38,912**	**6,129**

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	2022	2021	2022	2021
Statutory audit	173	139	173	139
Audit-related services	1,415	735	1,415	735
Total	**1,588**	**874**	**1,588**	**874**

Fees to statutory auditors comprise fees to auditors appointed by the Company at the Annual General Meeting. Audit-related services comprise services related to implementation and improvement of an integrated audit.

8.2 OTHER COMMITMENTS AND CONTINGENT LIABILITIES

GAS STORAGES

Danske Commodities 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 three years.

MATURITY OF GAS STORAGE AGREEMENTS

EUR '000	Group and Parent
2023	54,425
2024	7,202
2025	504

OTHER GUARANTEES AND COMMITMENTS TO RELATED PARTIES

The Parent Company has provided guarantees and securities for related parties to third parties with a carrying amount of EUR 10,290 thousand (2021: EUR 2,471 thousand).

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, 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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practices.

AMENDMENTS TO IAS 8: DEFINITION OF ACCOUNTING ESTIMATES

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

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 OF FINANCIAL RATIOS

$$\text{Scalability} = \frac{\text{EBIT x100}}{\text{Gross profit}}$$

$$\text{Return on capital employed} = \frac{\text{EBIT x100}}{\text{Average total equity plus net interest bearing debt}}$$

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

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

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