

nitor

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Financial Statements

(1. January 31. December)

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Management Review



Performance Highlights of 2021

(DKKb) of Revenue

31

(DKKkm) of Gross Profits

107

Actively traded markets
across Power and Gas

18

Talented and dedicated
people onboarded

23

TWh of traded volumes

184

(Percent) return on equity

109

(DKKkm) of EBT

87

Letter from the CEO

The journey has just begun!

Nitor Energy has just closed its first full year of trading, and what a year it has been! The main objective of 2021 was to establish a robust 24/7 gas trading team and to commence the establishment of a 24/7 intraday power trading team. We now have a very well-functioning gas trading team, and we are actively trading in all major power markets in CWE. In 2021 we have managed to develop a solid Power trading platform, both with regards to systems, strategies and geographical footprint.

“

Given our strong result, I dare to say that we have taken a significant step in transitioning from a software company to a full-scale energy trading business. But the journey has just begun!

Onboarded many talented colleagues

A combination of dedicated and hungry bright minded people combined with the deep market knowledge of the leadership group has proved a potent mix, ensuring both robust financial results and a vibrant working environment. We have onboarded 23 new colleagues in 2021 which significantly strengthened all parts of the organisation from trading to support functions. The journey has just begun and we are looking to expand even further in 2022.

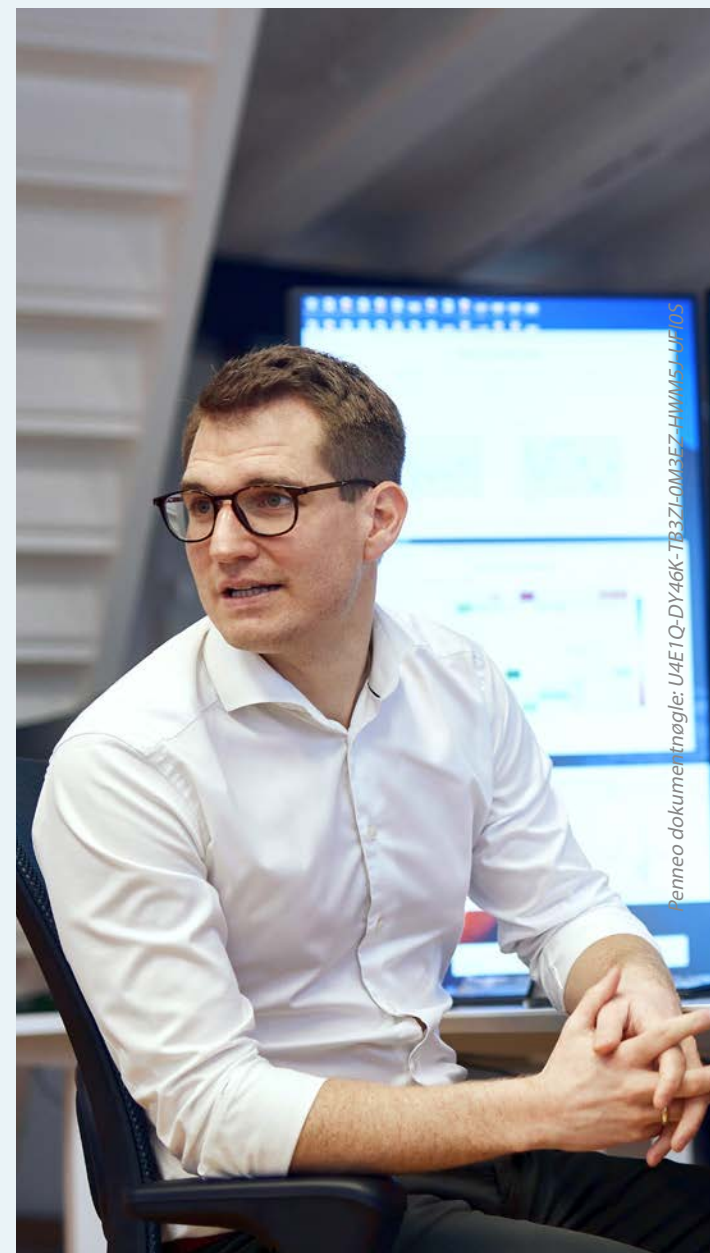
Strong liquidity management in period with high volatility

2021 was an extreme year in the energy markets. We saw volatility and prices that we had never experienced before in our 12 years as traders. Through extremely professional risk management and tight liquidity control we managed to benefit from the volatility. This conservative approach to hedging strategy meant that our liquidity reserves hadn't been maximized once. It also proved the robustness of our system and processes under the most severe of pressure. Therefore, we are convinced that the foundation to scale our energy trading business is extremely solid.

2022 will be a year of further expansion

We have now successfully established two robust and well-functioning trading teams for both Gas and Power. 2022 will be a year of growing both vertically and horizontally. We will further strengthen the organisation with talented people, expand our market footprint and apply the knowledge of asset optimization we gained in Gas trading to Power trading.

Simon Birch Hansen, CEO



People



Penneo dokumentnøgle: U4E1Q-DY46K-TB3ZL-0M3EZ-HWM5J-UF105

Leadership

Nitor's Leadership Group has extensive experience in trading, business development, IT, operations, and management gained through various positions across several companies in the industry over the years.

The Senior Leadership Group, which includes the three founders, is in charge of achieving the

company's overall strategic goals as well as overall responsibility for their respective areas.

The Team Leaders are in charge of streamlining day-to-day operations and laying the foundation for future success.



CEO
Simon Birch Hansen

Background: Gas Trader and Head of Gas at Danske Commodities and Energi Danmark.

Head of Finance & Accounting
Alexander Wittrup May

Background: Business Controller, Executive Assistant and Portfolio Manager at Danske Commodities.

Head of Gas Trading
Anders Boesen

Background: Head of Portfolio Management at Danske Commodities and Senior Portfolio Trader at Energi Danmark.

Senior Algo Developer
Dennis Hasselstrøm Li Pedersen

Background: Business Developer at Jyske Bank and Senior Algo Developer at Energi Danmark.

CFO
Martin Busekist Kjerkegaard

Background: Head of Portfolio Management at Danske Commodities and Senior Gas Trader at Energi Danmark

CBDO
Christian Harr

Background: Gas Trader and Business Developer at Danske Commodities and Energi Danmark.

Talent Development

“

At Nitor, we provide opportunities for talents to develop their skills. We take great pride in creating the best possible environment for personal and professional growth.



Intraday Trader

Mikolaj Plotecki

HR Supporter

Antonia Dobos

Junior Gas Trader

Christoffer
Christian Rask

Junior Trader

Jens Højris

Gas Trader

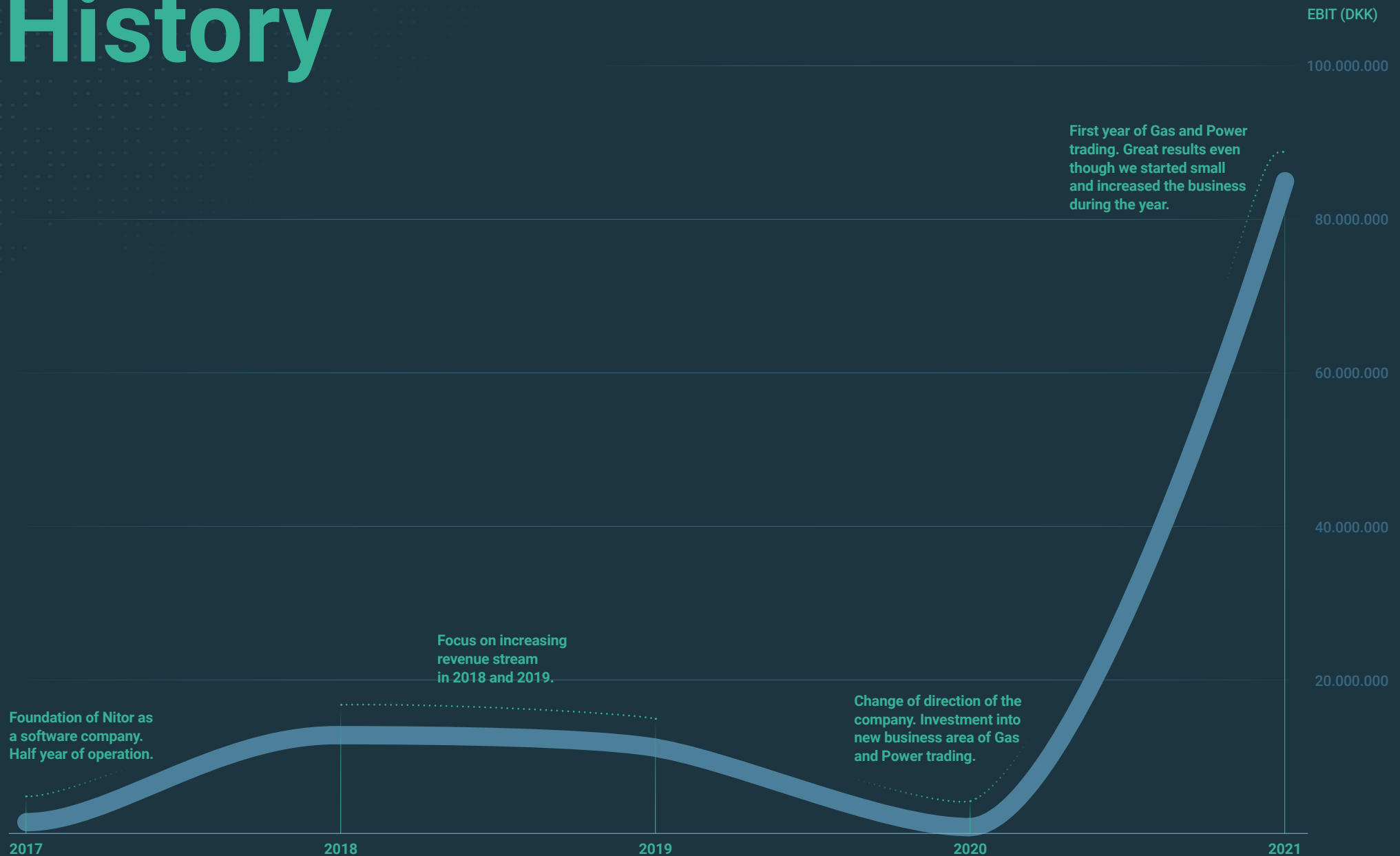
Nicolai Fuglede

Junior HR Partner

Karoline Stengaard
Bang Buhl

Trading

History



Current presence

- Power (P)
- Gas (G)
- Gas & Power
- Interconnectors

2020

September: Kick-off Nitor

October: EIC, Acer, DVGW, EAN, LEI

November: DK (G), TTF (G), PSV (G), CH (G), BE (G)

December: First Gas Trade OTC, First Asset Deals, SL (G), NCG (G), GSPL (G),

2021

January: First Gas Trade EEX

February: AT (G)

April: Start signing up for Power

May: EPEX (P), UK (P), ES (G)

June: DK (P)

August: AT (P), FR (P), DE (P), IFA1 (P), IFA2 (P)

September: BE (P), NL (P), NEMO (P), BritNed (P)

December: FR (G)



Power Trading

The power desk is set up and ready to grow

In 2021 we have managed to develop a solid power trading platform, both with regards to systems and geographical footprint.

We are currently

- Actively trading in UK, Germany, France, Belgium, Holland, Austria, Switzerland and Denmark
- Active on all interconnectors between UK and the Continent
- Trading 24/7 in all continuous markets, and Interconnector flow, both day-ahead and intraday as well as day-ahead to intraday

Through our in-house developed ETRM software we can easily handle dispatching, booking and auctioning. We quickly build a very sound software set up with Data Lakes, rabbitMQ, our own ETRM software and proprietary analysis tools.

“

Our philosophy is ensuring speed to market by fully integrating the software development into the trading team.

This means that traders can focus solely on the screen. We are first and foremost traders and love trading and discovering market imperfections.

Instead of agile development we do live development. Software developers must know trading and traders must understand software development. That means we have a highly integrated team with a deep understanding of best practice within each other's field. This leads to rapid market access and business development, sound analysis, and high-quality software development. We strive to handle all the different elements of a power trading desk within a lean team through a very high degree of automation.

The automatization helps us to focus on trading as we are traders first and foremost.

We are looking to expand the team and areas of business

We are still expanding the power team and will hire more Junior and Senior profiles to cover the growth in terms of both business- and geographic areas. We are in the final stages of signing up for Ireland and soon Poland adding these to our tradable portfolio.

Additionally, throughout 2022, we aim to add asset optimization as we have already a proven track record in optimizing gas assets. We have the right mindset, trading platform and technical expertise to integrate that part of the business seamlessly.

Overall, the stage is set for future growth.

Gas Trading

24/7 TRADING CWE

Nitor Energy has a strong knowledge and experience within all aspects of European Natural Gas Trading. Combined, our team has more than 50 years of experience in short term trading, portfolio management, origination, and algo development. We are trading 24/7 and have a focus on asset-backed trading strategies with interconnector capacities as well as storages.

Outstanding ETRM Software

Our own developed ETRM software is the backbone of our operation. It enables us to optimize our portfolio to maximum. In addition, we believe in in-team competence and integration of software development which ensures speed to market and that we get exactly the tools we need.

Portfolio Scaling & Asset Management

A central focus area in 2021 has been building the portfolio with the right mix of flexibility in the different markets. From the very beginning, we had access to storage and held long-term capacity, which has been scaled over the year and combined with several asset optimization agreements.

Young Talents and experienced Traders

We have a great mix of experience and young talents, making a great team. We have a passion for training and onboarding new skills. It always brings new ideas, and keeps people sharp. Our in-team approach means we have people with many different backgrounds, some more software-oriented and some more trading-oriented.

“

We have succeeded in establishing a very talented gas trading desk in the heart of Aarhus, and are ready to scale our activities even further in 2022



Business Development



Christian Harr, CBDO



Speed to Market

We have to turn 100 stones to find 10 good cases and one incredible one. To check under 100 stones, we must be extremely efficient and quick. When investigating a case, we always conduct parallel investigations and work on streamlining the process from the standpoint of the stakeholders. With this strategy we were able to set up all West European Gas and Power markets in less than a year.



Efficient, Effective, Complex

We try to avoid meetings, reduce complexity and avoid taking on complicated cases. Close communication with internal and external stakeholders allows us to work as efficiently and effectively as possible. Business Development can easily lead to pretending to work. We get things done. Quickly.



Kill or Grow

The majority of the cases we work on will be terminated. But we need to make sure we didn't overlook anything that could have turned it into a growth case. There are usually a lot of business cases worked on that should have been killed a long time ago. That's why we're concentrating on determining whether it's a kill or a grow situation as quickly as possible.



For all areas of the Business

This mindset applies to all aspects of the company. That means it is just as useful for identifying new business opportunities as it is for software development. It's ingrained in Nitor's DNA and everyone in the company practices it on a daily basis.

Risk Management

In 2021 our focus was to build the foundation for handling Gas and Power trading. Our risk management team has front-office experience, so we have a good understanding of the risks that the trading teams are taking.

Our core principle is that we know and accept that we are not able to fully forecast the markets. We believe that most models in the market did not foresee the significant price and volatility increase. Our approach in 2021 has been only to take on positions in the most liquid markets where we believe it should be possible to exit again, should it be required.

Risk Management in 2021

We started with Natural Gas Trading in January 2021, focusing on spot trading and tight risk control. We have increased allocated risk capital during the year, while still having the main focus on spot trading and day-to-day positions. A core element in our trading model is trading asset-backed, around storage (time-spread) or interconnector-capacity (locational-spread). We have succeeded in building a diversified portfolio which is the backbone of our gas-trading desk.

We have applied the same approach for Power Trading, where we are active on interconnectors and most West-European markets where we, over the year, had increased our risk capital. Ultimo 2021, we have narrowed the gap of comfort such that we have the same level of risk capital allocated to Power and Gas.

Risk Management in Practice

Everyone in Nitor Energy has the relevant mandates and risk parameters top of mind. The Finance Department monitors all mandates live and there is a day-to-day dialogue between the relevant stakeholders.

Main Risk Categories

Liquidity Risk

With an all-time high volatility, the management of liquidity risk proved to be the biggest task during 2021. However, with our live cash flow models we have been able to steer through all scenarios while staying within our buffer zone. During the year we've taken steps to reduce cash requirements from storage hedging, continuously being a few steps ahead of what was required giving us the means to act when opportunities arose.

Market Risk

At Nitor our focus is the short-term market where we take many uncorrelated bets every day. This model has proven to produce high rewards with low market risk. We continuously track our exposure and update mandates daily to fit the current market scenario. Our activity on the curve is primarily asset backed by either storage or transport capacity.

Operational Risk

We trade 24/7 and we need our systems to do so as well. All IT infrastructure is cloud based giving us unprecedented redundancy. To minimize the operational

risk, we use in-house build ETRM software tailor made for our specific needs. Our ETRM system gives us the ability to run dispatching without errors and with very limited human intervention. It's a core principle that we can trust our data. All data is stored in databases and we have one truth for all data. We have redundancy on all critical functions.

Credit Risk

Our exposure to credit risk is very limited as we trade through DMAs whereby, we only have exposure towards very few very creditworthy counterparties and we can easily manage the exposure. This setup proved valuable during this years high volatility giving us access to most counterparties without the associated credit risk.

Martin Busekist Kjerkegaard, CFO



Financial Statements

Penneco dokumentnøgle: U4E1Q-DY46K-TB3Z1-0M3EZ-HWM5J-UF105

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Nitor Energy A/S for the financial year 1 January - 31 December 2021.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Aarhus, Sunday 03/04/2022

Executive Board:

**Christian Friederich
Harr**

**Martin Busekist
Kjerkegaard**

Simon Birch Hansen

Board of Directors:

**Morten Mathiesen
Chair**

Kaj Ove Andersen

Dennis Reinholdt Birch

**Christian Friederich
Harr**

Independent auditor's report

To the shareholders of Nitor Energy A/S

Opinion

We have audited the financial statements of Nitor Energy A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We 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 Company in accordance with the International Ethics Standards Board for Accountants' 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.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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 the

additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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 form of 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 the work we have performed, 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 Statement Act. We did not identify any material misstatement of the Management's review.

Odense, Sunday 03/04/2022

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Søren Smedegaard Hvid

State Authorised Public Accountant
mne31450

Management's review

Company details

Name**Address, Postal code, City**

Nitor Energy A/S
Klosterport 4X, 4., 8000 Aarhus C

CVR no.

38 68 07 81

Established

1 June 2017

Registered office

Aarhus

Financial year

1 January - 31 December

Board of Directors

Morten Mathiesen, Chair

Kaj Ove Andersen

Dennis Reinholdt Birch

Christian Friederich Harr

Executive Board

Christian Friederich Harr

Martin Busekist Kjerkegaard

Simon Birch Hansen

Auditors

EY Godkendt
Revisionspartnerselskab

Cortex Park Vest 3, 5230
Odense M, Denmark

Business review

Nitor Energy A/S was founded in 2017 as a software house for energy related solutions. They have stopped licensing out their software and instead expanded into commodity trading using their own proprietary software. Nitor Energy A/S' initial focus is to trade 24/7 natural gas and power in all European markets.

Financial review

The income statement for 2021 shows a profit of DKK 67,590 thousand against a profit of DKK 45 thousand last year, and the balance sheet at 31 December 2021 shows equity of DKK 95,802 thousand. Management considers the Company's financial performance in the year satisfactory.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Income statement

DKK'000	Note	2021	2020	2019
Revenue		31,022,956	18,620	
Cost of sales		-30,911,543	-15,012	
Other external expenses		-4,151	-2,185	
Gross profit		107,262	1,423	13,366
Staff costs	2	-19,309	-711	0
Amortisation/depreciation and impairment of intangible assets and property, plant and equipment		- 522	-38	0
Profit before net financials		87,431	674	13,366
Financial income		2,475	0	
Financial expenses	3	-3,237	-142	-385
Profit before tax		86,669	532	12,981
Tax for the year	4	-19,079	-487	-2,938
Profit for the year		67,590	45	10,042
Recommended appropriation of profit				
Proposed dividend recognised under equity		1,555	0	10,374
Other statutory reserves		1,022	764	0
Other reserves		-28	0	
Retained earnings/accumulated loss		65,041	-719	-331
		67,590	45	10,043

Balance sheet

DKK'000	Note	2021	2020	2019
Assets				
Fixed assets				
Intangible assets	5			
Completed development projects		2,289	979	0
		2,289	979	0
Property, plant and equipment	6			
Fixtures and fittings, other plant and equipment		636	337	0
		636	337	0
Investments				
Deposits, investments		248	236	0
		248	236	0
Total fixed assets		3,173	1,552	0
Non fixed assets				
Inventories	7			
Gas storage		40,883	0	0
		40,883	0	0
Receivables				
Receivables from group enterprises		0	0	152
Trade receivables		31,967	3,451	9,977
Corporation tax receivable		0	132	0
Other receivables		282	665	0
Prepayments	8	369	53	0
		32,618	4,301	10,130
Cash		60,387	26,297	697
Total non fixed assets		133,888	30,598	10,827
Total assets		137,061	32,150	10,827

Balance sheet

DKK'000	Note	2021	2020	2019
Equity and Liabilities				
Equity				
Share capital		400	400	51
Reserve for development costs		1,786	764	0
Reserve for exchange rate adjustment		-28	0	0
Retained earnings		92,089	27,048	116
Dividend proposed		1,555	0	10,374
Total equity		95,802	28,212	10,541
Provisions				
Deferred tax		504	232	0
Total provisions		504	232	0
Liabilities other than provisions				
Non current liabilities other than provisions				
Payables to associates	9	0	3,021	0
Other payables		2,400	0	0
		2,400	3,021	0
Current liabilities other than provisions				
Lease liabilities		74	0	0
Trade payables		20,928	41	0
Corporation tax payable		8,801	0	280
Other payables		8,552	644	6
		38,355	685	285
Total liabilities other than provisions		40,755	3,706	285
Total equity and liabilities		137,061	32,150	10,827

- 1 Accounting policies
 11 Contractual obligations and contingencies, etc.
 12 Collateral

Statement of changes in equity

DKK'000	Share capital	Reserve for development costs	Reserve for exchange rate adjustment	Retained earnings	Dividend proposed	Total
Equity at 1 January 2021	400	764	0	27,048	0	28,212
Transfer through appropriation of profit	0	1,022	-28	65,041	1,555	67,590
Equity at 31 December 2021	400	1,786	-28	92,089	1,555	95,802

Notes to the financial statements

1 Accounting policies

The annual report of Nitor Energy A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability.

Hedge accounting:

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset are recognised in the income statement as are any changes in the fair value of the hedged asset related to the hedged risk. Fair value hedges comprise binding contracts concerning the delivery of power and gas at a fixed price. Hedged fixed price contracts are thus recognised at the accumulated change in the fair values of the contracts occurring since the time when the contracts were hedged. Positive and negative values of hedged fixed price contracts are classified as 'Other receivables' and 'Other payables', respectively.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in

the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Income statement

Revenue

Revenue from the sale of power, gas, certificates and related services is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Cost of sales

Cost of sales includes the purchase of power, gas and certificates for resale and transportation thereof incurred to achieve revenue for the year.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment. The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

- Completed development projects
3 years
- Fixtures and fittings, other plant and equipment
3 years

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance payment of tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight line basis over the estimated useful life. The amortisation period is usually 3 years and cannot exceed 5 years.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Investments

Fixed asset investments consist of deposits from leasehold.

Inventories

The cost of goods for resale equals the cost of acquisition. Inventories comprise gas inventory. Inventories are measured at the lower of cost based on weighted average prices and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses.

The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable,

and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in subsidiaries and associates in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set off against tax on future income or as a set off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases. Other liabilities are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs. All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non observable market information).

Notes to financial statements

DKK'000	2021	2020	2019
2 Staff costs			
Wages/salaries	20,390	1,655	0
Pensions	342	29	0
Other social security costs	44	7	0
Other staff costs	179	27	0
Staff costs transferred to non current assets	-1,646	-1,007	0
	19,309	711	0
Average number of full time employees	19	3	0
3 Financial expenses			
Loss on the sale of financial instruments	0	0	348
Interest expenses, associates	39	60	0
Other financial expenses	3,198	82	37
	3,237	142	385
4 Tax for the year			
Estimated tax charge for the year	18,807	255	2,938
Deferred tax adjustments in the year	272	232	0
	19,079	487	2,938

Notes to financial statements (continued)

DKK'000	Completed development projects
5 Intangible assets	
Cost at 1 January 2021	1,007
Additions	1,646
Cost at 31 December 2021	2,653
Impairment losses and amortisation at 1 January 2021	28
Amortisation for the year	336
Impairment losses and amortisation at 31 December 2021	364
Carrying amount at 31 December 2021	2,289
Amortised over	3 years

Completed development projects

Completed development projects include the Company's software system with a carrying amount of t.DKK 2,289. The recognition of the development projects has been made on the basis of sales forecast. Management expects significant growth and sales within few years.

DKK'000	Fixtures and fittings, other plant and equipment
6 Property, plant and equipment	
Cost at 1 January 2021	347
Additions	486
Cost at 31 December 2021	833
Impairment losses and depreciation at 1 January 2021	10
Depreciation	187
Impairment losses and depreciation at 31 December 2021	197
Carrying amount at 31 December 2021a	636
Depreciated over	3 years

Note 12 provides more details on security for loans, etc. as regards property, plant and equipment.

Notes to financial statements (continued)

7 Inventories

Storage of gas has been sold within a couple of days after year end.

8 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

9 Non current liabilities other than provisions

Of the long term liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.

10 Derivative financial instruments

Derivative financial instrument contracts in the form of options and futures have been concluded. At the balancesheet date, the fair value of derivative financial instruments does not differ significantly from the costs of the contracts.

The contracts consist of the transmission rights to transfer power and gas between two areas as well as futures on delivery of power and gas in a specific area. The contracts have a term of 1-12 months and are traded on regulated European markets. Under the contracts, a compensation from the facilitator is received either on a daily or monthly basis in order to settle the contracts. The Company expects no losses on the contracts. At the balance sheet date, the fair value of the impairments amounts to 0 t.DKK.

Notes to financial statements (continued)

DKK'000

11 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company has placed payment guarantees to bankers of 1,487 t.DKK and 2,659 t.DKK.

Other financial obligations

Staff costs transferred to non current assets

Rent liabilities vis-à-vis the parent company and its other subsidiaries:

DKK'000	2021	2020	2019
Rent liabilities	237	433	0

Rent and lease liabilities include rent liabilities vis-à-vis the parent company with a remaining contract period of 4-6 months.

Other financial expenses

12 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2021.

NITOR ENERGY A/S
2021 ANNUAL REPORT

Nitor Energy A/S
Klosterport 4X,4
8000 Aarhus C
Denmark

www.nitorenery.com

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Søren Smedegaard Hvid

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