



ANNUAL REPORT FOR  
**2025**



**NORLYS ENERGY TRADING**

**NORLYS ENERGY TRADING**

# Norlys Energy Trading A/S

**Gasværksvej 25, DK-9000 Aalborg**

## **Annual Report for 2025**

CVR No. 41 41 98 49

The Annual Report was presented and adopted at the  
Annual General Meeting of the company on

**Johannes Leipold**

Chairman of the general meeting

# NORLYS ENERGY TRADING

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## Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Norlys Energy Trading A/S for the financial year 1 January - 31 December 2025.

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 at 31 December 2025 of the Company and of the results of the Company operations for 2025.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Aalborg, 9 March 2026

### Executive Board

**Anders Bauditz**  
CEO

**Ole Ibsen**  
Manager

### Board of Directors

**Gert Vinther Jørgensen**  
Chairman

**Jens Rasmussen**  
Vice chairman

**Bo Lynge Rydahl**

**Søren Hvidberg**

**Anne Mette Aaby Aaes**

**Jesper Schaumburg-Düring**

## Independent Auditor's report

To the shareholders of Norlys Energy Trading A/S

### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2025 and of the results of the Company's operations for the financial year 1 January - 31 December 2025 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Norlys Energy Trading A/S for the financial year 1 January - 31 December 2025, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

### Basis for Opinion

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

### Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

### Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with 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.

## Independent Auditor's report

### **Auditor's responsibilities for the audit of the Financial Statements**

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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 disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the Financial Statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

## Independent Auditor's report

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 C, 9 March 2026

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

**Thyge Belter**

State Authorised Public Accountant

mne30222

**Frederik Kjeldgaard Weedfald**

State Authorised Public Accountant

mne51057

## Company information

### **The Company**

Norlys Energy Trading A/S  
Gasværksvej 25  
DK-9000 Aalborg  
CVR No: 41 41 98 49  
Financial period: 1 January - 31 December  
Incorporated: 9 June 2020  
Financial year: 6th financial year  
Municipality of reg. office: Aalborg

### **Board of Directors**

Gert Vinther Jørgensen, chairman  
Jens Rasmussen, vice chairman  
Bo Lynge Rydahl  
Søren Hvidberg  
Anne Mette Aaby Aaes  
Jesper Schaumburg-Düring

### **Executive Board**

Anders Bauditz  
Ole Ibsen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Jens Chr. Skous Vej 1  
DK-8000 Aarhus C

## Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

(TDKK)	2025	2024	2023	2022	2021
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	1,019,548	358,282	464,818	4,055,831	96,746
Gross profit/loss	274,936	-62,435	260,960	3,891,390	94,712
Profit/loss of primary operations	18,804	-277,701	76,810	3,538,887	28,753
Profit/loss of financial income and expenses	-15,136	-60,767	880	658,932	-4,638
Net profit/loss for the year	4,272	-289,875	102,201	3,383,644	18,809
<b>Balance sheet</b>					
Balance sheet total	2,630,603	2,944,779	4,295,523	6,607,832	368,720
Investment in property, plant and equipment	7,148	3,537	9,111	3,710	6,991
Equity	2,142,564	2,518,771	2,796,352	3,451,971	68,303
<b>Ratios</b>					
Solvency ratio	81.4%	85.5%	65.1%	52.2%	18.5%
Return on equity	0.2%	-10.9%	3.3%	192.2%	45.1%

For the accounting policies and an explanation of the calculation of main figures and key ratios, please refer to the section on accounting policies.

## Management's review

### Key activities

The company's objective is to conduct energy trading, including the purchase and sale of electricity, gas, and energy certificates, as well as risk management in connection with energy trading.

### Material changes in activities and finances

Energy markets have continued to be influenced by geopolitical tensions and a substantial international news flow, which has periodically led to significant price volatility and contributed to uncertainty and a more nervous market environment. In this context, it is essential for the Company to maintain a broadly composed and geographically diversified portfolio of trading activities, ensuring balanced risk exposure across products, markets and time horizons.

In 2025, the Company experienced positive developments across the vast majority of its trading activities. During the year, trading capabilities were expanded to include energy markets in the United States, while trading activity in European markets was also further expanded. At the same time, the Company's customer business continued to demonstrate growth, particularly within structured energy solutions.

As at year-end, the Company maintains a robust capital structure and a strong liquidity position. The overall portfolio is considered well-diversified with respect to market fluctuations, providing a solid foundation for long-term value creation.

The Company's employees and collective knowledge resources represent its most significant asset. Accordingly, competence development, talent attraction, and organizational learning are integral elements of the Company's strategy.

In June 2025, the Company relocated to a newly constructed headquarters in Aalborg, designed to support modern trading activities, innovation, and close cross-functional collaboration. These new facilities enhance both operational efficiency and the continued development of the organization.

### Development in the year

The company's income statement for 2025 shows a profit before tax of TDKK 3,668, and the company's balance sheet as of December 31, 2025, shows a positive equity of TDKK 2,142,564. The company's result in 2025 is below expectations and not satisfactory, however it represents a significant improvement compared to 2024.

### Targets and expectations for the year ahead

In 2026, we will continue to expand our global energy trading activities, both in terms of new products and entry into new markets. For 2026, an improved positive financial result is expected in the range of TDKK 100,000 –140,000.

### Financial instruments

Risk management is a key priority in Norlys Energy Trading.

Accordingly, we continuously work to further develop our processes and systems for managing the Company's risks, with a focus on market risk, credit risk, liquidity risk, operational risks, compliance risks, legal risks, and cyber risk.

The risk policy of Norlys Energy Trading has been approved by the Company's Board of Directors. The policy sets out the principles and rules for risk management within the Company, including the risk profile, risk limits, measurement, and reporting. In addition, the board has set up a Risk Committee, which processes all recommendations to the board regarding changes to the risk policy.

### Research and development

The company's research and development projects include both our research center and especially the software solutions developed to support the company's strategy, ambitious goals, and continued growth.

## Management's review

### **External environment**

The sustainability report for Norlys a.m.b.a includes Norlys Energy Trading in 2025, which is why reference is made here in relation to ESG policies, figures, and efforts.

### **Statement of corporate social responsibility**

As part of the Norlys Group, it is in our DNA to take responsibility for more than ourselves. For a description of the group's corporate social responsibility policies, please refer to the annual report for Norlys a.m.b.a., CVR no. 26 38 26 45 for 2025.

### **Statement on data ethics**

For a description of the Group's policies on data ethics, please refer to the annual report of Norlys a.m.b.a., CVR No. 26 38 26 45 for 2025.

### **Uncertainty relating to recognition and measurement**

It is our assessment that there is no significant uncertainty regarding recognition and measurement.

### **Unusual conditions**

The company's assets, liabilities, and financial position as of December 31, 2025, as well as the result of the company's activities and cash flows for 2025, are not affected by unusual conditions.

### **Events after the balance sheet date**

There are no events after the balance sheet date that have a significant impact on the assessment of the annual report.

## Income statement 1 January - 31 December

(TDKK)	Note	2025	2024
Revenue	1	1,019,548	358,282
Work on own account recognised in assets		19,611	3,066
Other operating income		8,719	11,580
Cost of goods sold		-662,567	-364,293
Other external expenses		-110,375	-71,070
<b>Gross profit/loss</b>		<b>274,936</b>	<b>-62,435</b>
Staff expenses	2	-240,598	-200,560
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-15,534	-14,706
<b>Profit/loss before financial income and expenses</b>		<b>18,804</b>	<b>-277,701</b>
Income from investments in subsidiaries		6,465	-49,562
Financial income	3	41,295	70,506
Financial expenses	4	-62,896	-81,711
<b>Profit/loss before tax</b>		<b>3,668</b>	<b>-338,468</b>
Tax on profit/loss for the year	5	604	48,593
<b>Net profit/loss for the year</b>	6	<b>4,272</b>	<b>-289,875</b>

## Balance sheet 31 December

### Assets

(TDKK)	Note	2025	2024
Completed development projects		21,885	9,787
Development projects in progress		20	20
<b>Intangible assets</b>	7	<b>21,905</b>	<b>9,807</b>
Other fixtures and fittings, tools and equipment		8,702	6,261
Leasehold improvements		302	2,204
<b>Property, plant and equipment</b>	8	<b>9,004</b>	<b>8,465</b>
Investments in subsidiaries	9	135,342	135,880
Deposits	10	262,649	120,651
<b>Fixed asset investments</b>		<b>397,991</b>	<b>256,531</b>
<b>Fixed assets</b>		<b>428,900</b>	<b>274,803</b>
Finished goods and goods for resale		300,366	351,650
<b>Inventories</b>		<b>300,366</b>	<b>351,650</b>
Trade receivables		56,975	64,465
Receivables from group enterprises		118,887	53,805
Other receivables	11,12	384,665	400,892
Deferred tax asset	13	26,518	27,747
Corporation tax receivable from group enterprises		10,322	33,527
Prepayments		7,978	7,042
<b>Receivables</b>		<b>605,345</b>	<b>587,478</b>
<b>Cash at bank and in hand</b>		<b>1,295,992</b>	<b>1,730,848</b>
<b>Current assets</b>		<b>2,201,703</b>	<b>2,669,976</b>
<b>Assets</b>		<b>2,630,603</b>	<b>2,944,779</b>

## Balance sheet 31 December

### Liabilities and equity

(TDKK)	Note	2025	2024
Share capital		34,000	34,000
Reserve for net revaluation under the equity method		118,366	118,904
Reserve for development costs		17,086	7,649
Retained earnings		1,973,112	2,358,218
<b>Equity</b>		<b>2,142,564</b>	<b>2,518,771</b>
Provisions relating to investments in group enterprises		14	28
Other provisions	14	22,825	0
<b>Provisions</b>		<b>22,839</b>	<b>28</b>
Credit institutions		377	253
Trade payables		38,190	46,213
Payables to group enterprises		164,658	144,159
Corporation tax		46	0
Other payables	12	261,929	235,355
<b>Short-term debt</b>		<b>465,200</b>	<b>425,980</b>
<b>Debt</b>		<b>465,200</b>	<b>425,980</b>
<b>Liabilities and equity</b>		<b>2,630,603</b>	<b>2,944,779</b>
Contingent assets, liabilities and other financial obligations	15		
Related parties	16		
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## Statement of changes in equity

(TDKK)	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Total
Equity at 1 January	34,000	118,904	7,649	2,358,218	2,518,771
Exchange adjustments	0	-6,989	0	0	-6,989
Extraordinary dividend paid	0	0	0	-373,490	-373,490
Development costs for the year	0	0	9,437	-9,437	0
Net profit/loss for the year	0	6,451	0	-2,179	4,272
<b>Equity at 31 December</b>	<b>34,000</b>	<b>118,366</b>	<b>17,086</b>	<b>1,973,112</b>	<b>2,142,564</b>

## Notes to the Financial Statements

### 1. Revenue

(TDKK)	2025	2024
<b>Business segments</b>		
Energy trading	305,829	-38,294
Sales of gas and electricity related services	713,719	396,576
	<b>1,019,548</b>	<b>358,282</b>

We see Europe as a single integrated market; therefore, a geographical breakdown of revenue is not relevant.

### 2. Staff expenses

(TDKK)	2025	2024
Wages and salaries	215,574	178,849
Pensions	17,888	14,843
Other social security expenses	2,216	1,716
Other staff expenses	4,920	5,152
	<b>240,598</b>	<b>200,560</b>

Including remuneration to the Executive Board and Board of Directors:

Executive board	5,138	5,049
Board of directors	96	106
	<b>5,234</b>	<b>5,155</b>

<b>Average number of employees</b>	<b>258</b>	<b>222</b>
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### 3. Financial income

(TDKK)	2025	2024
Interest from group enterprises	1,766	895
Other financial income	39,526	58,985
Exchange adjustments	3	10,626
	<b>41,295</b>	<b>70,506</b>

## Notes to the Financial Statements

### 4. Financial expenses

(TDKK)	2025	2024
Interest to group enterprises	2,038	13,724
Other financial expenses	51,697	55,407
Exchange adjustments, expenses	9,161	12,580
	<b>62,896</b>	<b>81,711</b>

### 5. Income tax expense

(TDKK)	2025	2024
Current tax for the year	0	-33,526
Deferred tax for the year	1,229	-30,031
Adjustment of tax concerning previous years	47	14,964
Adjustment of deferred tax concerning previous years	-1,880	0
	<b>-604</b>	<b>-48,593</b>

### 6. Profit allocation

(TDKK)	2025	2024
Extraordinary dividend paid	373,490	745,650
Reserve for net revaluation under the equity method	6,451	-49,583
Retained earnings	-375,669	-985,942
	<b>4,272</b>	<b>-289,875</b>

## Notes to the Financial Statements

### 7. Intangible fixed assets

(TDKK)	Completed development projects	Development projects in progress
Cost at 1 January	31,092	20
Additions for the year	1,412	19,611
Transfers for the year	19,611	-19,611
Cost at 31 December	52,115	20
Impairment losses and amortisation at 1 January	21,305	0
Amortisation for the year	8,925	0
Impairment losses and amortisation at 31 December	30,230	0
<b>Carrying amount at 31 December</b>	<b>21,885</b>	<b>20</b>

Development projects concern software solutions that are intended to support the company's ambitious objectives and continued growth. The projects are proceeding as planned using the resources allocated by management for their development.

### 8. Property, plant and equipment

(TDKK)	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January	17,289	6,665
Additions for the year	7,148	0
Disposals for the year	0	-6,363
Cost at 31 December	24,437	302
Impairment losses and depreciation at 1 January	11,028	4,461
Depreciation for the year	4,707	1,902
Reversal of impairment and depreciation of sold assets	0	-6,363
Impairment losses and depreciation at 31 December	15,735	0
<b>Carrying amount at 31 December</b>	<b>8,702</b>	<b>302</b>

## Notes to the Financial Statements

### 9. Investments in subsidiaries

(TDKK)	2025	2024
Cost at 1 January	16,976	948
Additions for the year	0	16,028
Cost at 31 December	16,976	16,976
Value adjustments at 1 January	118,876	673,604
Exchange adjustment	-6,989	12,294
Net profit/loss for the year	6,465	-49,562
Dividend to the Parent Company	0	-517,460
Value adjustments at 31 December	118,352	118,876
Equity investments with negative net asset value transferred to provisions	14	28
<b>Carrying amount at 31 December</b>	<b>135,342</b>	<b>135,880</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Norlys Energy Trading Americas Inc.	USA	tUSD 1	100%
- Norlys Energy Trading Americas LLC.	USA	tUSD 1.600	100%
Norlys Energy Trading Asia PTE Ltd.	Singapore	tSGD 150	100%
Norlys Energy Trading GmbH	Tyskland	tEUR 25	100%
PS Investment Consortium AG	Schweiz	tCHF 2100	100%

"-" is a subsidiary of the above-mentioned company.

### 10. Other fixed asset investments

(TDKK)	Deposits
Cost at 1 January	120,651
Additions for the year	141,998
Cost at 31 December	262,649
<b>Carrying amount at 31 December</b>	<b>262,649</b>

## Notes to the Financial Statements

### 11. Other receivables

(TDKK)	2025	2024
Other receivables	384,665	400,892
	<b>384,665</b>	<b>400,892</b>

Other receivables consist of collateral that is not readily convertible to cash, derivative financial instruments, prepayments, and VAT receivables.

### 12. Derivative financial instruments

Derivative financial instruments contracts in the form of options and futures have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

(TDKK)	2025	2024
Assets	156,087	138,149
Liabilities	48,739	92,293

All recognized contracts consist of financial options, forwards, and futures, and are valued based on publicly listed prices on exchanges. The company's trades are conducted with a number of professional counterparties, and no significant credit risk is considered to be associated with them.

	Value adjustment, income statement	Fair value at 31 December
Futures (power)	10,505	10,505
Futures (gas)	36,054	36,054
Capacities (power)	12,740	12,740
Capacities (gas)	27,732	27,732
Forwards (power)	22,798	22,798
Forwards (gas)	-2,481	-2,481

### 13. Deferred tax asset

(TDKK)	2025	2024
Deferred tax asset at 1 January	27,747	-2,284
Amounts recognised in the income statement for the year	-1,229	30,031
<b>Deferred tax asset at 31 December</b>	<b>26,518</b>	<b>27,747</b>

## Notes to the Financial Statements

### 13. Deferred tax asset (continued)

The Company's deferred tax asset as at year end 2025 amounts to TDKK 26,518 and relates to temporary differences between accounting and tax values. Based on budgets and forecasts, management has assessed the expected utilisation of the deferred tax asset. The value of the deferred tax asset is based on a number of assumptions, including that the Company will be able to realise the forecasts approved by management for future periods. The determination of expected future taxable income for the coming years involves a degree of judgement and estimation; consequently, there is inherent uncertainty associated with the measurement of the recognised deferred tax asset.

### 14. Other provisions

(TDKK)	2025	2024
Other provisions	22,825	0
	<b>22,825</b>	<b>0</b>

The provisions are expected to mature as follows:

Within 1 year	22,825	0
After 5 years	0	0
	<b>22,825</b>	<b>0</b>

### 15. Contingent assets, liabilities and other financial obligations

(TDKK)	2025	2024
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1,850	2,967
Between 1 and 5 years	2,374	3,297
	<b>4,224</b>	<b>6,264</b>

#### Other contingent liabilities

The company has entered into agreements to purchase electricity from producers for amounts between mDKK 185 and mDKK 335.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Norlys Group A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

## Notes to the Financial Statements

### 16. Related parties and disclosure of consolidated financial statements

	<b>Basis</b>
<b>Controlling interest</b>	
Norlys a.m.b.a	Ultimate parent company
Norlys Group A/S	Parent company

#### Other related parties

#### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(6) of the Danish Financial Statements Act.

#### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<b>Name</b>	<b>Place of registered office</b>
Norlys a.m.b.a, CVR nr. 26 38 26 45	Silkeborg

### 17. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Notes to the Financial Statements

### 18. Accounting policies

The Annual Report of Norlys Energy Trading A/S for 2025 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2025 are presented in TDKK.

#### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2025 of Norlys a.m.b.a, the Company has not prepared consolidated financial statements.

#### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Norlys a.m.b.a, the Company has not prepared a cash flow statement.

#### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

#### Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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; however, see the section on hedge accounting.

## Notes to the Financial Statements

### 18. Accounting policies (continued)

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

#### **Derivative financial instruments**

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

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

The value of gas contracts that have not yet entered into delivery is measured at fair value, with changes recognised in the income statement in accordance with the provisions on net settlement.

### **Income statement**

#### **Revenue**

Net revenue includes physical and financial contracts where delivery has taken place during the financial year, including associated trading costs. It also includes the fair value adjustments of derivative financial instruments, which are recognized on a net basis. Net revenue is measured at the consideration received and is recognized excluding VAT and with deductions for discounts related to the sale.

#### **Work performed for own account and recognized under assets**

Work performed for own account and recognized under assets includes personnel costs and other expenses incurred during the financial year, which are included in the cost price of self-developed intangible and tangible fixed assets.

#### **Cost of goods sold**

Cost of goods sold includes expenses related to the sale of electricity and gas-related services.

#### **Other external expenses**

Other external expenses include costs for premises, sales, administration, etc.

#### **Staff expenses**

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

## Notes to the Financial Statements

### 18. Accounting policies (continued)

#### **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

#### **Other operating income and expenses**

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

#### **Income from investments in subsidiaries**

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

#### **Financial income and expenses**

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

#### **Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for 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 Company is jointly taxed with Norlys Group A/S. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

### **Balance sheet**

#### **Intangible fixed assets**

##### *Development projects*

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

## Notes to the Financial Statements

### 18. Accounting policies (continued)

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3-5 year.

#### Property, plant and equipment

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

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

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

#### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

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

#### Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

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

## Notes to the Financial Statements

### 18. Accounting policies (continued)

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

#### **Other fixed asset investments**

Other fixed asset investments consist of deposit.

#### **Inventories**

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 and costs of completion. 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.

#### **Prepayments**

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

#### **Provisions**

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

#### **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. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

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.

## Notes to the Financial Statements

### 18. Accounting policies (continued)

**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. 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.

**Financial liabilities**

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

### Financial Highlights

**Explanation of financial ratios**

Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$