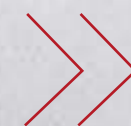


2019

annual report

Trust us to manage your risks

Energi Danmark®





CONTENTS

MANAGEMENT REVIEW

- 04 Board of Directors & Management review 2019
- 06 Financial highlights for the Group
- 07 The year in brief

08 TRENDS IN THE SUBSIDIARIES

- 09 Securities
- 10 Wind
- 11 Sweden
- 12 Finland
- 13 Norway
- 14 Germany

15 FLEXIBILITY

- 16 Consumption flexibility benefits the green transition
- 19 BlueKolding contributes to a sustainable energy system
- 21 Flexible Integration of Renewable Energy (Fire)
- 22 Better opportunities for our customers
- 24 Electricity trading contributes to a more flexible energy market
- 26 ED Business Support - A new company in the Energi Danmark Group

27 HIGHLIGHTS

- 28 Highlights

29 SUSTAINABILITY

- 30 Powering business. Responsibly
- 31 Our sustainability agenda
- 35 Energy & Society
- 39 Responsible Commerce
- 41 People & Culture
- 43 Diversity and gender distribution in the management team
- 45 Responsible Operations
- 49 Sustainability without additional cost
- 50 Energi Danmark is balance responsible party in an innovative agreement
- 53 KPI definitions

ANNUAL REPORT

- 56 Consolidated financial statements
- 61 Notes to the consolidated financial statements
- 93 Parent financial statements
- 97 Notes to the parent financial statements
- 116 Statement by the Board of Directors and the Executive Board
- 117 Independent auditor's report

ORGANISATION

- 120 Organisational chart
- 121 Corporate information
- 122 Ownership
- 123 Board of Directors and Management
- 124 Corporate information, subsidiaries



SUSTAINABILITY

Our sustainable initiatives take their starting point in UN Development Goal 7, which is where we can make a difference through our core business.

[Read more](#) →



FLEXIBILITY

Flexibility is one of the keys to the secure incorporation of renewable energy into the electricity system and contribute to a sustainable future.

[Read more](#) →



ANNUAL REPORT

Find the annual report and results from the Energi Danmark Group; both consolidated financial statements and parent financial statements.

[Read more](#) →



COVER

Our cover models are also employed in our subsidiaries. From the left Claus; ED Business Support, Lise; Energi Salg Norge, Natasha; Energi Försäljning Sverige, Sascha; Energie Vertrieh Deutschland, Lotta; Energia Myynti Suomi.



MANAGEMENT REVIEW

BOARD OF DIRECTORS & MANAGEMENT REVIEW 2019

2019 was a record setting year for the Energi Danmark Group as both sales, deliveries, revenue and profit was at an all time high. A high delivery to our customers combined with a solid performance by our Trading department lead to a record high revenue of 44.5 billion DKK and a group profit before tax of 222.0 million DKK. This corresponds to a return on equity before tax of 21.9% and demonstrates a well-proven business foundation benefiting both the Group and its shareholders.

In 2019 the Energi Danmark Group succeeded in meeting the customers’ demands and need for flexible and valuable energy solutions utilizing in strong sales and high profits despite the year being challenged by falling energy prices. The Group emphasized its considerable foundation on the Northern European markets by achieving a record high revenue of 44.5 billion DKK corresponding to a growth of 36.9% compared to last years revenue of 32.5 billion DKK. Our relatively newly established gas department have contributed well to both revenue and profit, and are off to an impressive start. The groups continuously raise in revenue resulted in a 2019 Gazelle award as

proof of our revenue last year more than doubling since 2015, where the revenue was DKK 14.5 billion.

Following the 2019 half-year result of 73.6 mio. DKK., the Group showed a very strong second half of the year resulting in a 2019 Group profit before tax of 222.0 million DKK. The profit before tax is 58.9% higher than the budget for the year of 140 million DKK due to the Group having more customers and improved performance.

Profit for the year before tax statement	mio. DKK
Continuing operations before tax	149.6
Discontinuing operations before tax *	72.4
Profit for the year before tax	222.0

* Includes profit from fixed-price contracts of DKK 46.4 mio.
Profit excluding fixed-price contracts is DKK 26 mio.

In the 4th quarter of 2019 an unusually warm winter and a record high Nordic Hydrobalance combined with falling prices on gas, coal, oil and CO₂ sent the electricity prices in a rapid fall. This lead to increased collateral claims from the exchanges, as shown in the 2019 cash flow statement.

The Energi Danmark Group delivered 35.9 TWh electricity to customers in the Northern European markets in 2019, 6% higher than in 2018 and more than the total annual Danish electricity consumption. The electricity was delivered to more than 217,000 different metering points, a 27.6% increase compared to last year, using our new efficient billing system BIO on all markets. To ensure we get the full benefit of the new BIO system the

Energi Danmark Group established a new subsidiary, ED Business Support, in July 2019. The establishment of ED Business Support is a unique stepping-stone to ensure we can offer our customers, and external partners, in the utility sector access to a high-end critical infrastructure system with focus on delivering a comprehensive package of utility solutions and invoicing services.

Despite intensive competition, the Energi Danmark Group managed to signed contracts worth of 49.1 TWh to customers in the Nordic and German markets for future delivery in the coming five years. 49.1 TWh is the highest sale in Group history and 5.4% above last year’s sale of 46.6 TWh. The Energi Danmark Group focus on customers with high profitability while bringing them added value through flexible and efficient solutions based on long term customers relations. This has resulted in Energi Salg Norge AS reaching a record high sale of 18.7 TWh, Energi Försäljning Sverige AB being among the electricity providers in Sweden selling the most guarantees of origin (GoO) with the Bra Miljöval label and Energi Danmark being the largest supplier of electricity to public institutions in Denmark.

Subsidiaries in 2019

The Group’s Swedish subsidiary, Energi Försäljning Sverige AB, had a strong year with sales reaching 10.8 TWh for future delivery, a 37.9% raise compared to last years sale. In 2019 Energi Försäljning Sverige AB delivered 7.4 TWh of electricity to its customers keeping its position as the third largest electricity supplier in the Swedish corporate market. This resulted in a 2019 revenue of 3,230.0 mio. SEK and a profit before tax of 30.4 mio. SEK demonstrating that earnings remain stable at a good level.

In its 10th year the Group’s Finnish subsidiary, Energia Myynti Suomi Oy, welcomed a new managing director and consolidated its position as a reliable electricity market operator in Finland and supplied more than 5.5 TWh of electricity to its customers in 2019. This resulted in a revenue of 235.8 mio. EUR and an unsatisfying

profit before tax of -0.2 mio. EUR. In terms of sales Energia Myynti Suomi Oy faced though competition on the Finnish market and sold 2.4 TWh in 2019 for future delivery to customers.

The Group’s Norwegian subsidiary, Energi Salg Norge AS, continues to strengthen last year’s turnaround and set a Group sales record with new contracts signed for a total of 18.7 TWh for future delivery equaling 38.1% of the entire Group sales in 2019. The total delivery to customers in 2019 was 4.5 TWh resulting in a revenue of 1,879.1 mio. NOK and an unsatisfying profit before tax of 2.2 mio. NOK.

The Group’s German subsidiary, Energie Vertrieb Deutschland EVD GmbH, signed contracts for future delivery worth a total volume of 2.8 GWh in a market characterised by heavy competition. In July 2019 Energie Vertrieb Deutschland EVD GmbH welcomed a new managing director and the focus onwards will be on profitable industrial customers and PM products. Based on a delivery of 3.8 TWh the Energie Vertrieb Deutschland EVD GmbH achieved a 2019 revenue of 154.8 mio. EUR and an unsatisfying profit before tax of -1.1 mio. EUR.

Energi Danmark Securities A/S realised a profit before tax of 25.6 mio. DKK which exceeded expectations and was significantly better than the previous two financial years. The green transition have made the energy markets increasingly unpredictable, raising the interest in Energi Danmark Securities’ PM products, with price stability and budget security once again being high on the customers’ agendas. Performance-based fees also contributed to the 2019 result generating value for both customers and Energi Danmark Securities A/S.

In a world with increasing demands for energy solutions across national borders the Energi Danmark Groups unique Northern European concept - One Stop Shop - provides the Group substantial scaling potential across Northern Europe allowing companies with branches in more than one country to centralise their energy

purchases. One-Stop-Shop is a vital part of archiving the Groups long-term strategic goals and we look forward to an increased cooperation with more of the large Northern European customers in the coming years.

Energi Danmark Vind A/S contributed with a profit before tax of 26.0 mio. DKK in 2019. In December 2019 the subsidiary was sold to the German power producer and investment company Encavis AG. The deal was signed on December 20th 2019, and is subject to certain contract terms and not recognised in 2019. The sale is in line with Energi Danmarks overall strategy and allows the Group to focus more on its core business by providing additional financial strength and liquidity, while also releasing resources for further growth and expansion on the European energy markets.

Legal Case against Ørsted A/S

The proposed preliminary ruling for the European Court of Justice by the Maritime and Commercial High Court scheduled in 2019 was postponed to early 2020.

Sustainability is key to success

At the Energi Danmark Group, we see a great importance in continuously developing our sustainable way of conducting business. We wish to keep making a profit while also meeting the expectations of our stakeholders; namely customers, employees and shareholders.

We focus our sustainable initiatives on the UN Sustainable Development goal 7: Affordable and clean energy, which is where we can make a difference through our core business. Using UN goal 7 as the guideline as well as supporting goal 9, 11, 12 and 13, we base our CSR strategy on the following four strategy points: Energy & Society, Responsible Commerce, People & Culture and Responsible Operations. Our four focus areas are all integral parts of the way in which we think and trade in the Energi Danmark Group.

In 2019, we have been analysing our results and actions and working on different initiatives and goals

for 2020. In relation to this, we have among other things implemented a whistleblower scheme and developed a Supplier Code of Conduct, which we will start implementing in 2020. Working with our sustainability agenda, actions and goals is an ongoing process as it is important that we can adjust and adapt to current and future expectations from society, customers, employees and shareholders.

Events after the balance sheet date

2020 has been off to a challenging start. The continuing rapid fall in energy prices combined with the COVID-19 virus affecting the society and economy in all countries have put the energy prices in a downward spiral. This has caused a significantly higher collateral claim from the exchanges, putting a strain on the Groups financial resources and raising the Groups need for capital. The Group has a substantial amount of liquidity bound to the exchanges due to this, but has the full support from the shareholders regarding the collateral level.

Allocation of dividends for 2019

With respect to the Energi Danmark Groups long term strategic goals the Board recommends that a dividend is not paid for the 2019 financial year.

2020 expectations

Provided that market conditions are satisfactory, 2020 is expected to be a satisfactory year for the Group. A profit before tax in the region of 152 mio. DKK is expected from continuing operations. At the moment the Group do not expect that the present situation with the COVID-19 virus will affect the expected profit before tax of 152 mio. DKK in 2020.

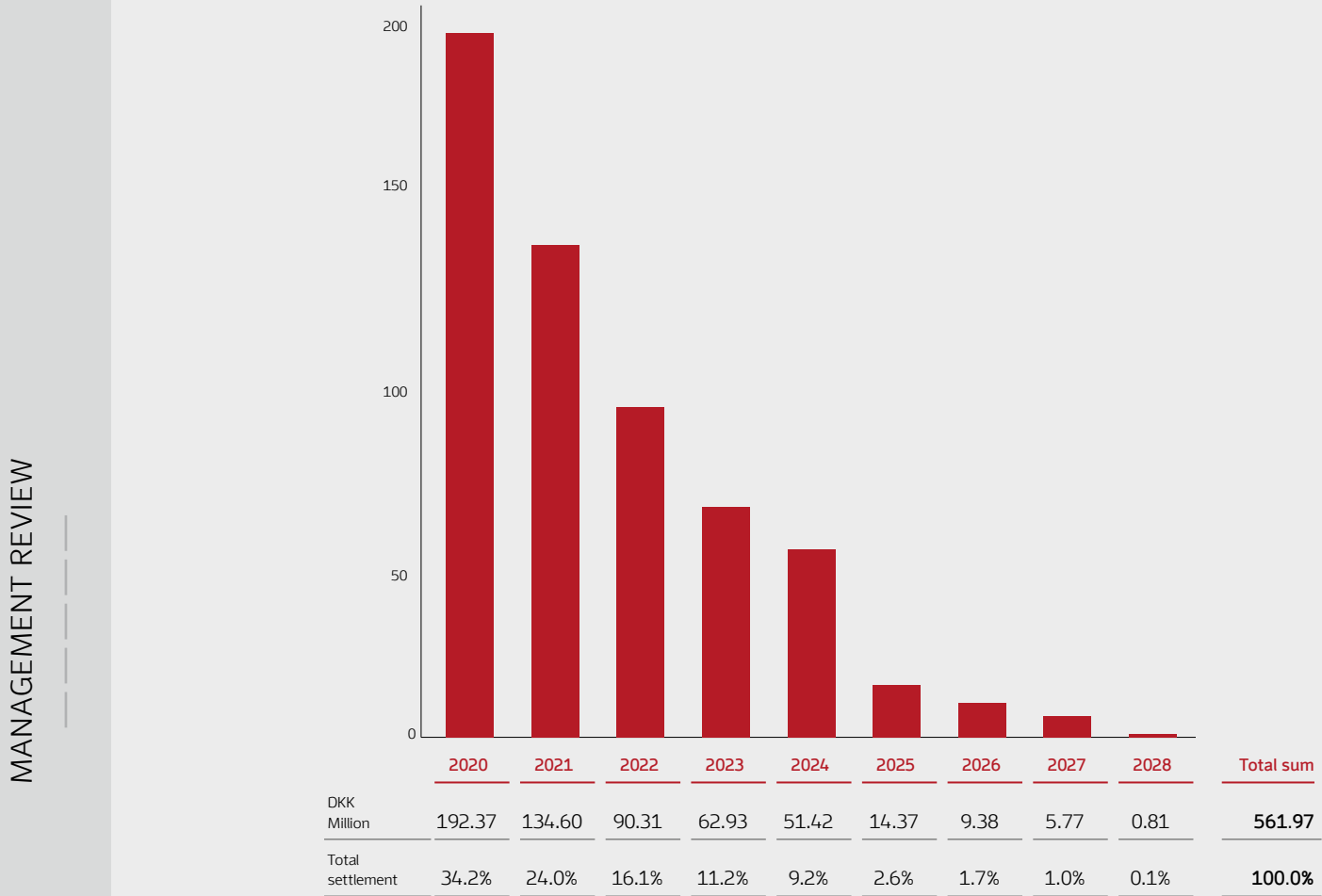
Aarhus, 30 March 2020

Jesper Hjulmand
Chairman of the board

Jørgen Holm Westergaard
CEO

» IN 2019 WE ESTABLISHED ED BUSINESS SUPPORT IN ORDER TO OFFER OUR CUSTOMERS, AND EXTERNAL PARTNERS, IN THE UTILITY SECTOR ACCESS TO A HIGH-END CRITICAL INFRASTRUCTURE SYSTEM WITH FOCUS ON DELIVERING A COMPREHENSIVE PACKAGE OF UTILITY SOLUTIONS AND INVOICING SERVICES.

JØRGEN HOLM WESTERGAARD
CEO



561.97 DKK MILLION IN DEFERRED INCOME AS OF 31 DECEMBER 2019

Deferred income is profit margins and other deferred income related to signed physical sales contracts (before the balance sheet day), where income recognition is postponed until the delivery period (after the balance sheet day).

The graph shows all deferred income included in signed contracts at the balance sheet day divided on future delivery year.

FINANCIAL HIGHLIGHTS FOR THE GROUP

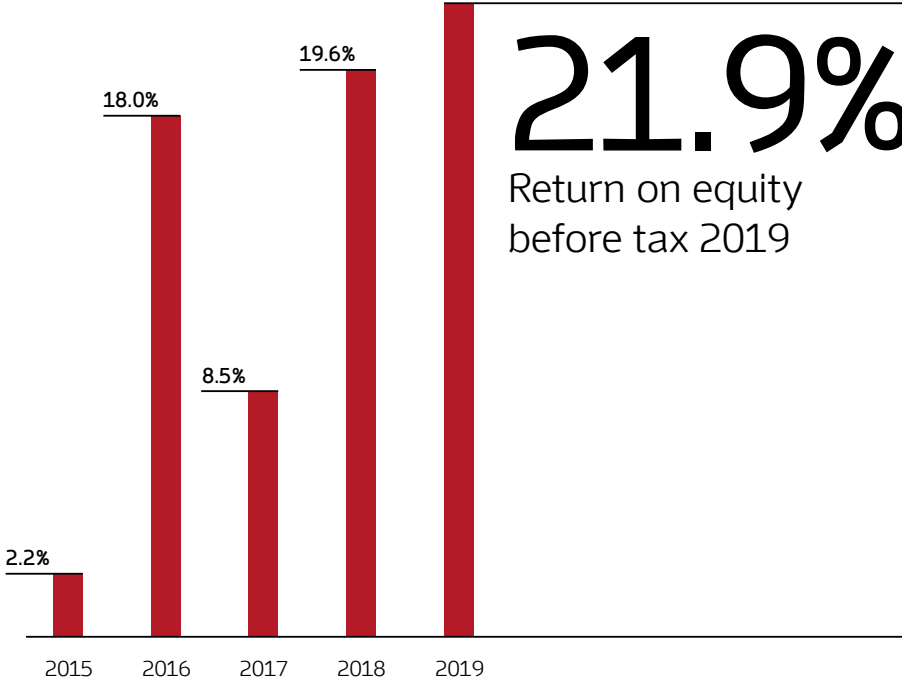
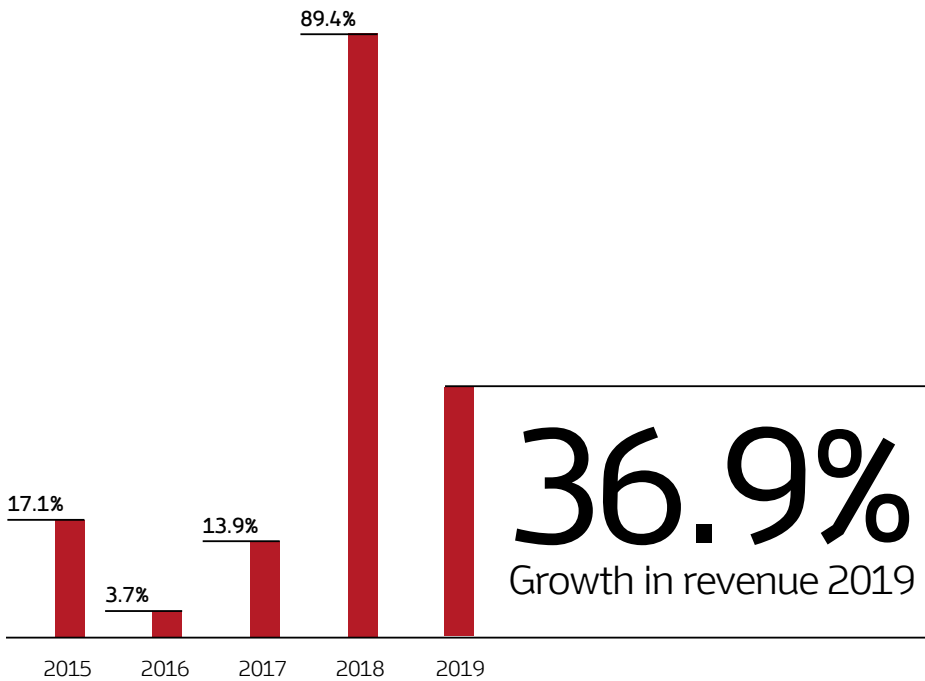
DKK million	2019	2018	2017	2016	2015
Key figures, Group					
Revenue	44,541.7	32,498,2	17,178.7	15,082.8	14,538.3
Gross profit	599.7	552,5	410.8	472.2	339.6
Operating profit	192.6	239.7	112.4	184.7	50.9
Profit from financial items	-43.0	-38.1	-41.0	-39.3	-34.1
Profit before tax, continued operations	149.6	201.6			
Profit before tax, discontinued operations	72.40	-31.6			
Profit before tax	222.0	170.0	71.4	145.4	16.8
Tax, continued and discontinued operations	-54.6	-38.9	-14.2	-31.3	-5.1
Profit for the year	167.4	131.1	57.2	114.1	11.7
Balance sheet total	8,050.7	9,482.9	6,133.9	5,737.0	5,344.3
Of this, investment in non-current assets	-26.2	-50.7	-367.8	-39.1	-272.7
Equity *	1,114.4	917.7	816.3	863.9	754.0
Cash flow from operating activities	-1,588.7	307.0	554.4	-191.2	79.7
Cash flow for investing activities	399.5	-50.2	-366.1	-8.5	-272.7
Cash flow from financing activities	-4.0	-98.4	497.5	0.0	-40.0
Total cash flow	-1,193.3	158.5	685.9	-199.6	-233.0
Key ratios, Group					
Gross margin ratio	1.3%	1.7%	2.4%	3.1%	2.3%
Profit ratio (EBIT)	0.4%	0.7%	0.7%	1.2%	0.4%
Equity ratio (solvency)	13.9%	9.7%	13.3%	15.1%	14.1%
Return on equity before tax	21.9%	19.6%	8.5%	18.0%	2.2%
Return on equity after tax	16.5%	15.1%	6.8%	14.1%	1.5%
Average number of full-time employees	211	209	204	180	177

The key ratios were calculated according to the recommendations published by the Danish Society of Financial Analysts. Please refer to definitions and concepts under "Accounting Policies".

* As of 1 January 2018 the equity has been changed. The change has not affected the income statement in 2017-2019 and will be reversed in subsequent periods. The equity correction is not included in 2014-2016.

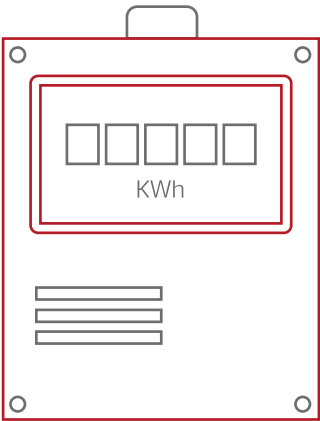
THE YEAR IN BRIEF

A brief look at the year that has passed. In all an exciting and profitable year for the Energi Danmark Group.



27.6%
increase in the average number of metering points in the Energi Danmark Group from 2018-2019.

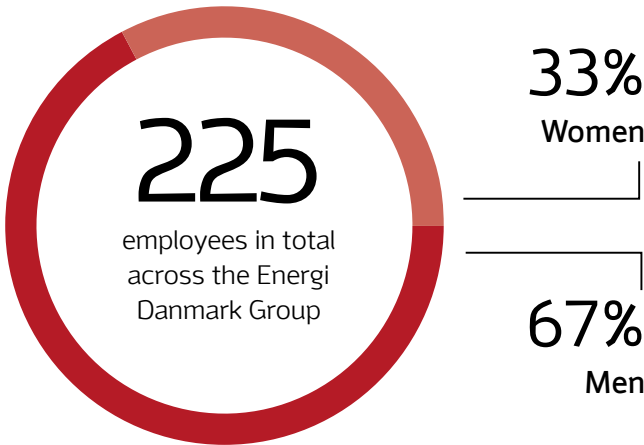
The average number of metering points in 2019 was 217,010 compared to 170,056 in 2018.



TWh delivered in 2019
35.9
TWh sold in 2019 for future delivery
49.1



The number of employees in the Energi Danmark Group is doubled since 2011 where we had approximately 100 full-time employees. Today we have 225 employees across the Group.



TRENDS IN THE SUBSIDIARIES

On the following pages, you can find key figures from the subsidiaries Securities and Wind as well as the subsidiaries in Sweden, Finland, Norway and Germany.



SECURITIES



2019 was a satisfactory year for Energi Danmark Securities A/S. The company achieved a profit before tax of more than DKK 25 million, which exceeded expectations and was significantly better than the previous two financial years. It actually ended up being the second-best result in the company’s history.

Energi Danmark Securities A/S predominantly offers portfolio management in the Nordic and German energy markets, which, as a result of the recent green

transition, have become increasingly unpredictable. The unpredictability is generating increased customer interest in PM products, with price stability and budget security once again high on the customers’ agendas. In line with the increasing customer interest and influx compared with the market’s growing daily price variation, the company has also changed its internal and external risk management approach. Furthermore, increasing competition in the market has resulted in a shift from static customer fees to a primarily

performance-based fee, in which the company is measured on its value creation in relation to customer strategy and agreed benchmarks. In 2019, this contributed to the company’s improved performance, as value creation for customers also generates value for Energi Danmark Securities A/S.

In 2020, the company is expected to further develop the concept that was initiated in 2019 and the ambition is still to remain the preferred company within portfolio

management, where individual advice that matches the customer’s risk and requirement profile, as well as commission, will generate value for customers and Energi Danmark Securities A/S alike.

As in 2019, profit before tax in 2020 is expected to exceed DKK 20 million. Nevertheless, much rests on the company’s development of security products and associated performance-related activities.

Amounts in DKK million	2019	2018	2017	2016	2015
Key figures, Energi Danmark Securities					
Revenue – Sales of power etc.	19.2	17.6	29.8	29.3	31.3
Gross profit	45.4	23.1	16.0	46.9	30.7
Operating profit	25.4	6.2	1.4	29.6	15.7
Profit from financial items	0.2	0.4	0.8	1.2	2.0
Profit before tax	25.6	6.6	2.2	30.8	17.7
Tax	5.6	-1.4	-0.5	-6.8	-4.2
Profit for the year	20.0	5.2	1.7	24.0	13.5
Balance sheet total	945.4	1,277.2	751.3	378.0	861.4
Of this, investment in non-current assets	0.1	0	0.0	0.0	0.0
Equity	205.8	185.9	180.7	179.0	163.5
Key ratios, Energi Danmark Securities					
Gross margin ratio	11.7%	131.3%	53.7%	159.9%	98.1%
Profit ratio (EBIT)	6.6%	35.2%	4.7%	101.0%	50.2%
Solvency ratio	21.8%	14.6%	24.1%	47.4%	19.0%
Return on equity before tax	13.1%	3.6%	1.2%	18.0%	10.9%
Return on equity after tax	10.2%	2.8%	0.9%	14.1%	8.3%
Average number of full-time employees	9	11	12	12	11



WIND — ENCAVIS NORDBRISE A/S

2019 has been a satisfactory year for Energi Danmark Vind A/S (EDV), with a total profit of DKK 26.0 million before tax. The hedging of the sales price during the year, an average wind yield of 96% and the portfolio of wind turbines fully contributing to the market for special regulation are the main factors for the result.

The portfolio of wind turbines is fully contributing to the market for special regulation.

In terms of operating activities, 2019 was satisfactory and the availability of the company’s wind turbines was satisfying during the course of the year.

In December 2019 EDV was sold to the German power producer and investment company, Encavis AG. The deal was closed on December 20, but due to certain contract details the sale will not be recognised in the income statement before 2020.

Amounts in DKK million	2019	2018	2017	2016	2015
Key figures, Energi Danmark Vind					
Revenue – Sales of power etc.	87.5	87.0	93.0	59.7	72.2
Gross profit	70.1	71.1	80.4	35.8	76.6
Operating profit	31.3	31.3	45.6	10.2	51.6
Profit from financial items	-5.3	-6.2	-7.0	-8.0	-11.1
Profit before tax	26.0	25.1	38.6	2.2	40.5
Tax	-5.7	-5.3	-8.2	0	-8.3
Profit for the year	20.3	19.8	30.4	2.2	32.2
Balance sheet total	746.6	789.5	838.8	559.5	607.5
Of this, investment in non-current assets	0.0	0.0	-323.3	-0.3	-220.8
Equity	307.1	286.8	267.0	236.3	234.1
Key ratios, Energi Danmark Vind					
Gross margin ratio	80.1%	81.7%	86.5%	60.1%	106.1%
Profit ratio (EBIT)	35.8%	36.0%	49.0%	17.0%	71.5%
Solvency ratio	41.1%	36.3%	31.8%	42.2%	38.5%
Return on equity before tax	8.8%	9.1%	15.3%	0.9%	18.6%
Return on equity after tax	6.8%	7.2%	12.1%	0.9%	14.8%
Average number of full-time employees	0	1	1	1	1



26.0
DKK mio.
(profit before tax)

SWEDEN



2019 was yet another successful year for Energi Försäljning Sverige AB. Over the year, we have enjoyed stable growth and supplied approx. 7.4TWh, an increase on the previous year of 0.5 TWh.

As we head into the new decade Mia Hansson will have the role of CEO. After nine years as Head of Administration she will lead Energi Sverige into the future. With a stable platform to stand on, strong commitment and focus on creating and managing

long-term customer relations we face a strong future on the common European electricity market.

We have continued our work on developing and rationalising the business. We started the year by implementing the Energi Danmark Group’s new billing system BIO.

Our sales of electricity with the Bra Miljöval (Good Environmental Choice) label continued to be successful in 2019. Sales were up compared to 2018, and we are

profiling ourselves as the electricity provider which sells the most guarantees of origin (GoO) with the Bra Miljöval label. During the year, our total volume supplied with the Bra Miljöval label was approx. 2 TWh.

Another way for us to contribute to a better world is that we continued to make donations to a number of organisations working with important social initiatives. In 2019, we chose to support Charity Öresund and the Childhood Cancer Fund, whose major and important initiatives for children are something close to our heart.

In the coming year, we will take our company to new heights, as, on 1 April, we are moving the Swedish head office from Stortorget in central Malmö to floor 26 in the newly-built Point Hyllie. Our move to one of Malmö’s highest and most modern office buildings will lift our company further and will help us move forward stronger from an already high position to face the challenges that await us in the future energy market.

Amounts in SEK million	2019	2018	2017	2016	2015
Key figures, Energi Försäljning Sverige					
Revenue – Sales of power etc.	3,230.0	2,988.4	2,129.7	2,183.3	1,829.0
Gross profit	71.4	77.9	119.0	72.1	72.3
Operating profit	26.7	34.2	80.4	31.5	29.6
Profit from financial items	3.7	3.8	2.9	1.4	0.4
Profit before tax	30.4	38.0	83.3	32.9	30.0
Tax	-6.3	-7.9	-17.4	-7.2	-6.6
Profit for the year	24.1	30.1	65.9	25.7	23.4
Balance sheet					
Balance sheet total	852.4	876.2	733.3	1,061.9	957.3
Of this, investment in non-current assets	-0.2	-0.2	-0.1	-0.6	-0.3
Equity	342.0	317.9	287.8	221.9	196.2
Key ratios, Energi Försäljning Sverige					
Gross margin ratio	2.2%	2.6%	5.6%	2.2%	2.6%
Profit ratio (EBIT)	0.8%	1.1%	3.8%	1.0%	1.0%
Solvency ratio	40.1%	36.3%	39.2%	20.9%	20.5%
Return on equity before tax	9.2%	12.5%	32.7%	15.7%	16.3%
Return on equity after tax	7.3%	9.9%	25.9%	9.6%	9.7%
Average number of full-time employees	16	19	18	18	21





FINLAND



Energia Myynti Suomi has consolidated its position as a reliable electricity market operator in Finland. We supplied more than 5 TWh of electricity to our customers in 2019. Our company celebrated its ten year anniversary at the end of 2019 and thanks to our professional staff, we are able to look forward to the next ten years with confidence.

Our customer retention rate is high, which shows that our customers are satisfied with our services

and expertise. We are skilled at helping our customers and generate added value to their business. We have been successful in creating real partnerships in our customer relationships, with mutual trust as a key factor in successful cooperation.

In terms of sale, we did not meet our targets in 2019 and we encountered very stiff competition. In particular, delivery margins were extremely low in competitive

tenders for the supply of electricity to compensate for electricity distribution losses.

Preparations are underway for the Datahub information exchange system for the electricity retail market due to come on stream in Finland. Future changes in the Nordic markets have been taken into consideration on the product development side in order to future-proof our competitiveness and enable us to offer more diverse services to new sectors.

We are very optimistic as we head into 2020. We have reorganised the responsibilities of our staff and will be investing in our customer services in the coming year. The structure of the Energi Danmark Group, including its subsidiaries, gives us a unique competitive advantage as we are able to serve our customers across a wide sector.

Amounts in EUR thousand	2019	2018	2017	2016	2015
Key figures, Energia Myynti Suomi					
Revenue – Sales of power etc.	235,802.0	205,480.1	179,748.9	176,966.4	171,814.6
Gross profit	1,496.0	1,832.0	1,528.0	1,384.1	1,540.8
Operating profit	-356.0	20.8	60.8	53.1	-374.8
Profit from financial items	160.0	103.6	99.9	27.0	-262.0
Profit before tax	-196.0	124.4	160.7	80.1	-636.8
Tax	39.0	-26.5	-31.0	-16.0	121.1
Profit for the year	-157.0	97.9	129.7	64.1	-515.7
Balance sheet total					
Of this, investment in non-current assets	0.0	-32.7	107.5	-8.5	-50.7
Equity	5,746.2	5,903.2	5,805.3	5,675.6	5,611.5
Key ratios, Energia Myynti Suomi					
Gross margin ratio	0.6%	0.8%	0.9%	0.8%	0.9%
Profit ratio (EBIT)	-0.2	0.0%	0.0%	0.0%	-0.2%
Solvency ratio	11.6%	14.0%	18.4%	14.2%	14.2%
Return on equity before tax	-3.4%	2.1%	2.8%	1.3%	-10.4%
Return on equity after tax	-2.7%	1.7%	2.3%	1.1%	-8.5%
Average number of full-time employees	8	7	7	6	6





NORWAY

Energi Salg Norge has completed another year of positive growth. The company experienced strong growth in revenue and number of customers. The company entered into a number of long-term contracts with durations of up to five years. This provides a strong indication that customers are intending to stay with us for a long time.

Several of our new customers are traditional trading companies within the energy market. These are

companies that, due to changed framework conditions, are seeking better and more future-oriented sourcing alternatives. During the course of 2019, the company entered into delivery agreements with several new traders – all of which have clear ambitions for growth. We can see that many of the solutions we supply help realise growth on the part of this customer segment.

The industrial sector has been assuming a much greater role in our customer portfolio. 2019 was no exception

in this regard. With one of the most experienced portfolio management environments in the Nordic region as part of our group, we are able to offer outstanding management models to industrial customers while also maintaining the need for risk management, as well as providing this customer segment with competitive energy prices.

Energi Salg Norge AS has continuing growth ambitions. We will always deliver the best service and provide the

best advice to our customers. Our goal is to be a stable and long-term energy supplier. Together with the rest of the Energi Danmark Group, we will ensure that we manage our customers’ energy requirements in the best possible way.

Amounts in NOK million	2019	2018	2017	2016	2015
Key figures, Energi Salg Norge					
Revenue – Sales of power etc.	1,879.1	1,320.4	748.5	422.2	347.0
Gross profit	26.6	42.4	15.0	8.5	20.4
Operating profit	1.0	19.7	-3.8	-7.7	6.9
Profit from financial items	1.1	0.1	0.2	0.3	0.4
Profit before tax	2.2	19.6	-3.6	-7.4	7.3
Tax	-0.2	-4.5	0.7	1.8	-2.0
Profit for the year	2.0	15.1	-2.9	-5.6	5.3
Balance sheet					
Balance sheet total	591.2	481.4	260.9	258.0	109.2
Of this, investment in non-current assets	-0.7	-0.4	-0.6	-0.5	-0.5
Equity	53.0	59.6	44.5	47.4	53.0
Key ratios, Energi Salg Norge					
Gross margin ratio	1.4%	3.2%	2.0%	2.0%	5.9%
Profit ratio (EBIT)	0.1%	1.5%	-0.5%	-1.8%	2.0%
Solvency ratio	9.0%	12.4%	17.1%	30.0%	48.5%
Return on equity before tax	4.2%	37.7%	-7.8%	-14.7%	14.5%
Return on equity after tax	3.8%	29.0%	-6.3%	-11.1%	10.5%
Average number of full-time employees	11	9	8	8	9



GERMANY



During 2019, Energie Vertrieb Deutschland GmbH signed delivery contracts worth a total volume of 3.0 TWh, which is below budget due not only to the continuing heavy competition in the market, but also because the organisational changes started in 2018 continued to have an effect in 2019 as well. We were unable to 100% replace two sales managers who resigned in 2018 and therefore decided to close our sales offices in Osnabrück and Leipzig in the first quarter of 2019. From July 1, 2019, there was a change of managing director at Energie

Vertrieb Deutschland GmbH which has also brought about organisational change.

We have been able to extend the contracts for Bundesagentur für Arbeit and Land Baden-Württemberg for the coming years. We have also concluded contracts with major industrial customers, e. g. Eisenwerk Brühl with a consumption of 390 GWh for the next 3 years.

The volatility of energy prices was still high in 2019 and therefore customers were very interested in professional

PM as a solution to managing these risks. We signed contracts with some customers and will focus on PM, as we are still experiencing highly volatile energy prices.

In January 2019, we started EEG direct marketing and flexibility management at 2 biomass plants and, in May 2019, we entered the balancing market by delivering FCR with 10 MW battery storage for Versorgungswerke Bordsesholm VBB. We still see a high potential and good chances for flexibility management

in the market, as volatile energy production is still on the rise in Europe.

For the next year we plan to increase our sales activities and establish more contacts with industrial customers and for our PM product in particular. Therefore, we hired three new sales managers to cover the western and southern parts of Germany. We also hired one new employee in customer service to keep our service at an excellent level.

Amounts in EUR thousand	2019	2018	2017	2016	2015
Key figures, Energie Vertrieb Deutschland EVD GmbH					
Revenue – Sales of power etc.	154,813.0	144,434.4	102,353.5	60,144.3	29,212.7
Gross profit	1,429.0	1,448.2	1,461.4	761.4	-30.4
Operating profit	-809.4	-763.7	-342.0	-538.9	-889.0
Profit from financial items	-305.8	25.0	94.9	130.2	500.0
Profit before tax	-1,115.2	-738.7	-247.1	-408.7	-389.0
Tax	0.0	0.0	79.7	131.8	125.5
Profit for the year	-1,115.2	-738.7	-167.4	-276.9	-263.5
Balance sheet total	116,235.8	59,031.5	46,918.2	36,597.5	31,822.8
Of this, investment in non-current assets	-84.5	-78.4	-57.0	-114.4	-146.0
Equity	8,024.4	8,219.2	8,957.9	9,125.3	9,402.2
Key ratios, Energie Vertrieb Deutschland EVD GmbH					
Gross margin ratio	0.9%	1.0%	1.4%	1.3%	-0.1%
Profit ratio (EBIT)	-0.5%	-0.5%	-0.3%	-0.9%	-3.0%
Solvency ratio	6.9%	13.9%	19.1%	24.9%	29.5%
Return on equity before tax	-13.7%	-8.6%	-2.7%	-4.4%	-3.9%
Return on equity after tax	-13.7%	-8.6%	-1.9%	-3.0%	-2.7%
Average number of full-time employees	6	6	9	5	3



FLEXIBILITY

Flexibility is one of the keys to the secure incorporation of renewable energy into the electricity system. The Energi Danmark Group aims to contribute to a sustainable future, while also providing its customers with the opportunity to actively take part in the green transition. With new products and a focus on innovation, flexibility has therefore been the focal point of several of the Group's activities during 2019.

CONSUMPTION FLEXIBILITY BENEFITS THE GREEN TRANSITION

In 2019, the Energi Danmark Group has improved its expertise within Demand Response, also referred to as consumption flexibility, allowing companies to automatically adjust their electricity consumption in accordance with production. Demand Response provides completely new opportunities for the benefit of the climate and the bottom line of the company.

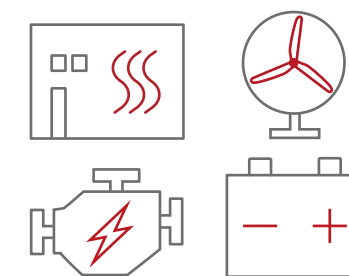
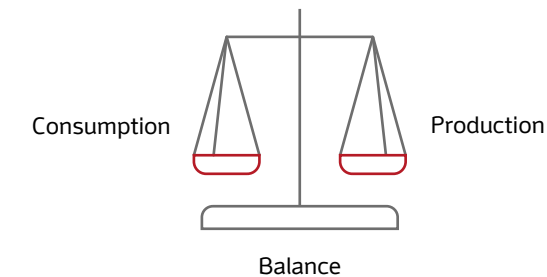


The energy market is undergoing change and more and more power is being produced using renewable sources of energy such as solar and wind power. This is a positive for the green transition, but it requires a change in the way we use and think about energy. The climate ambitions are high and politicians would like 50-100% of future energy consumption to come from renewable sources of energy. The use of fossil fuels and carbon emissions must therefore be reduced. Nevertheless, challenges arise when it comes to balancing consumption and production when the sun is not shining or when there is no wind. Demand Response can be the solution to balance the electricity grid and ensure more flexible electricity consumption.

In the energy market, Demand Response is a concept which is about adjusting electricity consumption during periods with peak load in the electricity grid.

» The Danish TSO, Energinet, currently pays fossil production units for being available. Instead, this payment could go to flexible electricity consumers, who make themselves available to balance the electricity system while also contributing to the green transition.

VIGGO AAVANG JENSEN
Head of Sales Denmark
at Energi Danmark



Electricity
customers own
flexible units



Energi Danmark®

Energi Danmark is the customer's entry point to the market and ensures that the customer gets the highest possible value from its flexibility.



Your company's
flexibility generates
earnings



**VIGGO AAVANG
JENSEN**

Head of Sales
Denmark at Energi
Danmark

» **NATURALLY, PRODUCTION COMPANIES REQUIRE A COMPLETELY STABLE ELECTRICITY SUPPLY, BUT THE COMPANIES' CONSUMPTION FLUCTUATES OR CAN BE MOVED TO TIMES WHERE ELECTRICITY IS BOTH GREENER AND CHEAPER. OUR SYSTEM CAN HELP WITH THIS, THEREBY ENABLING THE COMPANIES TO SUPPORT THE GOAL OF A GREENER WORLD.**

For example, when wind turbines produce more power than we are able to consume or there is an outage in the electricity grid that means it is necessary to use less power for a period of time. Consequently, companies with an electricity consumption that can be periodically adjusted can receive payment in exchange for readily available flexibility. In this way, the company contributes to a secure incorporation of renewable energy while also ensuring that their focus on sustainability benefits the bottom line.

Energi Danmark can easily and efficiently manage customers’ flexible units, i.e. non-critical units such as ventilation systems, compressors or heat pumps. As the balance responsible party, Energi Danmark can make the customer’s flexibility available as a balance reserve in the energy market. Through innovative technology and advanced hardware and software supplied by the British company KiWi Power, we help customers create additional earnings and green benefits for society.

Opportunity for additional earnings

Energi Danmark collaborates with Britain’s leading Demand Response aggregator, KiWi Power, which specialises in the supply of software and hardware within the sector. From a purely technical point of view, a small box is installed at the customer’s premises and connected to the customer’s own management system. This ensures that flexible units can be activated automatically and Energi Danmark can offer them to the market, after which the customer receives payment. In this way, we help our customers contribute to balance in the system. In exchange, our customers are paid for being available and offering flexibility. ■



VIDEO

Watch our video on Demand Response here (in Danish)

FLEXLINK:
EFFECTIVE FLEXIBILITY
MANAGEMENT

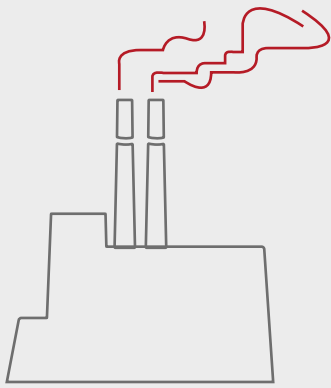
During the year, Energi Danmark has developed FlexLink. The software connects our own PBA software, which ensures access to the market, with KiWi’s software that activates the customer’s flexible units. FlexLink allows Energi Danmark to manage all of the customer’s flexibility, ensuring that offers from customers reach the relevant markets.

FlexLink is currently operational with Demand Response customers in Denmark and ensures market access for both system services and intraday. Scalability has been key during development and FlexLink will therefore, in time, also be available in the other Nordic countries. ■

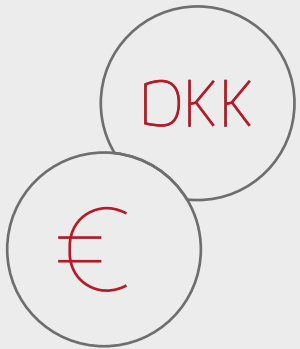
THREE REASONS TO PARTICIPATE
IN DEMAND RESPONSE



Actively contribute to the green transition



Reduce carbon emissions



Opportunity for additional earnings

Case:

BLUEKOLDING CONTRIBUTES TO A SUSTAINABLE ENERGY SYSTEM

BlueKolding’s desire to contribute to the green transition and reduce carbon emissions in society was realised through consumption flexibility, also known as Demand Response. Energi Danmark manages the wastewater treatment plant’s flexible units and this creates value both for society and for the company’s bottom line.

BlueKolding’s electricity consumption can be postponed and adjusted in periods during which the electricity grid is experiencing peak loads. This means that The Danish TSO, Energinet, can avoid carbon emitting electricity production. The wastewater treatment plant therefore reduces overall carbon emissions and contributes to a sustainable energy system. As a balance responsible, Energi Danmark can help BlueKolding adjust its



»» **ELECTRICITY CONSUMERS
RECEIVE PAYMENT IN EXCHANGE
FOR OFFERING FLEXIBILITY
AND DEMAND RESPONSE
THEREBY CONTRIBUTES TO
ENSURING A COST-EFFECTIVE
AND SECURE INCORPORATION
OF RENEWABLE ENERGY IN
THE ELECTRICITY SYSTEM.**

MIKKEL HAUGE JENSEN

Senior Energy Risk Advisor
at Energi Danmark

consumption during certain periods and offer the flexibility to the electricity grid.

“Offering our flexibility generates value for us and we are proud to be able to contribute to a more sustainable energy system. Energi Danmark helps us to contribute to balancing the electricity system and they are able to easily and effectively control our flexible units, so we can make our flexibility available in the energy market,” says Per Holm, CEO of BlueKolding.

In addition to focusing on the green transition, the consumption flexibility also provides BlueKolding with the possibility of increased earnings. Energinet pays for the wastewater treatment plant to be available and Energi Danmark ensures that the flexibility is offered to Energinet and adjusts the electricity consumption of BlueKolding. This takes place through Energi Danmark’s role as the balance responsible party. BlueKolding is therefore benefitting both the environment and its own bottom line through the use of Demand Response.

From demonstration to inspiration

The collaboration between BlueKolding and Energi Danmark on consumption flexibility started off as part of a demonstration project that was publicly funded by the EU DP.

Energi Danmark’s expertise in managing consumption units and BlueKolding’s practical experience of adjusting electricity consumption is now being used to inspire others. Both parties jointly participate in forums and talk about the initiatives that are being launched in this area to inspire others to contribute towards the green transition as well.

“Electricity consumers receive payment in exchange for offering flexibility and Demand Response thereby contributes to ensuring a cost-effective and secure incorporation of renewable energy in the electricity system,” explains Mikkel Hauge Jensen, Senior Energy Risk Advisor at Energi Danmark. ■



» THROUGH ENERGI DANMARK’S CORE EXPERTISE OF MARKET KNOWLEDGE, WE WILL AIM AT DEVELOPING AN ALGORITHM WHICH WILL AGGREGATE AND INTEGRATE FLEXIBILITY IN THE MOST EFFICIENT MARKETS.

PETER STENSIG KRISTENSEN
Strategic Business Developer
at Energi Danmark

FLEXIBLE INTEGRATION OF RENEWABLE ENERGY (FIRE)

At the end of 2019, Energi Danmark became part of the DKK 3 million "FIRE" project from Energy Innovation Cluster and The European Regional Development Fund. The purpose of the project, called FIRE (Flexible Integration of Renewable Energy), is to investigate new ways to integrate the growing volume of energy from renewable energy sources.

The idea behind FIRE is to develop algorithms that, through machine learning and decision optimisation,

will optimise flexibility across assets and time periods and hereby bring flexibility to the market. This means that Energi Danmark, as part of the project, is investigating possibilities for better ways to balance the electricity grid through flexibility from different assets. Thereby ensuring continued security of supply in spite of major fluctuations from solar and wind power production hours.

The balancing market will change rapidly over the coming years and Energi Danmark wants to ensure that flexibility is integrated in the balancing market in a secure and cost-effective manner. Running until December 2020, the project will, among other things, investigate the scope associated with flexible energy production, energy storage, sector matching and flexible consumption. The objective within this project is to establish the foundations for an even larger project in 2021.

"Through Energi Danmark's core expertise of market knowledge, we will aim at developing an algorithm which will aggregate and integrate flexibility in the most efficient markets," explains Peter Stensig Kristensen, Strategic Business Developer at Energi Danmark. ■

THE PROJECT GROUP

The FIRE project is initiated by Energinet. They are searching for solutions that can help them integrate more renewable energy into the grid. To solve this problem, a project group of different competences is needed. Energi Danmark will contribute with their expertise within the energy market, as well as renewable energy in the balancing market. DTU is responsible for the market analysis of potential sources of flexibility, while Qampo will develop the specific software algorithm. Center Danmark will deliver an IT platform for testing and simulation, while Hydrogen Valley will contribute with knowledge about Power-to-X, which is a method for converting excess electrical energy into other energy sources.



VIDEO

Watch a video from the kick-off meeting in December (in Danish)

Balance responsible party:

BETTER OPPORTUNITIES FOR OUR CUSTOMERS

Energi Danmark's role as the balance responsible party means that we can offer our customers a more differentiated product range compared to ordinary electricity suppliers.



Energi Danmark is one of few balance responsible parties in Denmark. As the balance responsible party, we assume responsibility for ensuring that there is adequate power supply available. In addition to buying electricity from producers and selling electricity to consumers, as well as providing a price to our customers, we also ensure that consumption and production add up. This is necessary in order to maintain safe and reliable operation of the electricity system. This provides us with specialist insight into the market and a unique network allowing us to help our customers create additional value in their business.

"As the balance responsible party, we offer our customers more opportunities for earnings than an ordinary electricity supplier. One example is Demand Response, which, besides benefitting the customer's bottom line, also benefits the environment," says Viggo Aavang Jensen, Head of Sales at Energi Danmark.

Certification of production and sale of certificates

In addition to offering Demand Response, as a balance responsible party, we can also assist our customers with the certification of energy production and sale of certificates.

» Through our collaboration with Energi Danmark, we are able to realise our strategy of 'Less damage, more benefit'. Energi Danmark sells the kWh produced and helps us contribute to the green transition while also increasing our earnings.

PER HOLM
BlueKolding CEO

In 2019, when BlueKolding established the world's first wastewater turbine, Energi Danmark was able to register the production in the electricity system and sell the produced kWh in the electricity grid. At the same time, Energi Danmark ensures that the production certificates can be purchased by interested consumers wanting to support the green transition. The collaboration results in climate-neutral energy for 150 households per year.

"Through our collaboration with Energi Danmark, we are able to realise our strategy of 'Less damage, more benefit'. Energi Danmark sells the kWh produced and helps us contribute to the green transition while also increasing our earnings," says BlueKolding CEO Per Holm.

The certification of energy production can be expensive and the sale of certificates requires a large network, as the trading does not take place in an exchange but through direct contact with counterparts. Here, BlueKolding benefits greatly from Energi Danmark's market knowledge and access to a large network.

"Energi Danmark assists with both the certification of the production and the sale of certificates. A valuable collaboration is about insight in regards to the challenges we face and our business requirements, and here we feel that Energi Danmark helps increase the value of our business," Per Holm concludes. ■



Denmark's, and probably the world's first, wastewater turbine located in the woods of Sdr. Stenderup. The turbine is established at the outlet from the central sewage treatment plant to Lillebælt in Agtrup. Here, 11 billion liters of water run annually, with a fall of 35 meters. This creates such a pressure that the turbine can produce 100% climate neutral electricity every year to cover the consumption of approximately 150 households.



» IN 2019 WE STARTED TRADING IN THREE NEW POWER MARKETS IN ORDER TO OPEN MORE OPTIONS AND FURTHER CONTRIBUTE TO COMPETITION AND EFFECTIVE PRICING ACROSS EVEN MORE BORDERS AND MARKETS.

THOMAS BJØRN HOULIND

Director, Markets at Energi Danmark

ELECTRICITY TRADING CONTRIBUTES TO A MORE FLEXIBLE ENERGY MARKET

The Energi Danmark Group's Trading department has a constant focus on balancing the European energy market. By supplying liquidity to several markets, the traders help create a more flexible energy market with more efficient pricing.





The shift towards a decarbonised society is accompanied by a number of basic issues associated with the electricity system. Inadequate infrastructure means that it is not always possible to ensure an efficient transportation of green energy from the production site to the consumption site. The system operators are forced to move energy by adjusting the production and consumption units up and down, and to use counteractive mechanisms to transport electricity from the production site to the consumption site, while avoiding interruptions in the consumers’ power supply.

As a balance responsible party, the Energi Danmark Group plays an influential role, as we help restore balance in the energy market. We do this by moving energy from areas with oversupply to areas with under-supply, where the price is higher.

“In 2019 we started trading in three new power markets in order to open more options and further contribute to competition and effective pricing across even more borders and markets,” Thomas Bjørn Houllind, Director, Markets at Energi Danmark explains.

Our Trading department is ready to act 24/7 to help ensure balance between consumption and production, but also to utilise the competitive advantages that exist when you are able to react in an agile, precise and effective manner in a volatile market.

Over a long period of time, our Trading department has developed and optimised algorithms to utilise the particular market situations that can occur in markets with high volatility even better. At the same time, we strive to be able to act in all situations and to not be bound by our systems when certain situations arise.

in June 2019, we experienced one of the most extreme scenarios in the day-ahead market, when the EPEXspot exchange was unable to calculate the spot price in the ordinary manner due to an order from one party causing the Euphemia algorithm to fail. This meant that all EPEX

markets moved to local price calculations and capacity was allocated through so-called shadow auctions, in which market players could buy cross border capacity and optimise the energy balance across Europe by transporting power to the areas where the local auctions were expected to clear at the highest price. This particular scenario took place on a day where the infrastructure was already under extreme pressure.

We were one of very few European market participants able to participate in optimising European power flows to mitigate risk of inefficient market prices for consumers across Europe due to our agile approach and flexible systems platform. ■

FACTS



Trade in
3
new countries
in 2019
Montenegro,
Kroatien & Ireland



Number of
countries in which
we are now active
26

News 2019

ED BUSINESS SUPPORT

A new company in the Energi Danmark Group

In July 2019, the Energi Danmark Group established the subsidiary, ED Business Support. The subsidiary delivers a number of value added services to the Group related to IT operations and support, IT development, IT projects and Billing Services including debtor management.

With the formation of the new company, clear production plans and Service Level Agreements have been designed to give employees and partners clear tasks, roles and responsibilities.

The establishment of ED Business Support is a unique stepping stone in the sense that we are able to offer our customers in the utility sector access to high-end critical infrastructure systems.

“I am proud of the transition that has happened since we established ED Business Support. Customers have noticed substantial improvements in the service they receive from us. Employees have taken on new responsibility and a great sense of community was established once we had a shared purpose to work towards,” says Thomas Bech Pedersen, COO of ED Business Support.

The formation of ED Business Support places additional focus on commercialising and further developing the BIO platform, which is one of the Energi Danmark Group’s largest and most important investments.

Becoming a full service partner in utility billing

BIO is a next generation billing system designed for utility services. BIO is designed as a stand-alone module, with a number of integrations where the full integration into MS Dynamics is the most important one. The BIO-platform

has a service-oriented architecture based on microservices and the development uses continuous development principles. It offers more flexible contract configuration, build in validation, automation of the invoicing processes, data history and market communication. Therefore, the customer receives a better service but also a broader range of products to choose from, as it becomes easier to manage and adjust customised billing.

“The unique advantage of BIO is that control and validation have been built into the system, ensuring that our total billing process is even more accurate. Over time, it will also become possible to automate some of our processes which means that the entire process from onboarding costumers, handling market communication to final invoicing and debtor management can be performed at an even faster rate,” explains Helle Jensen, Head of Section - Billing.

Since 2018, BIO has been running in full-scale operation in the Energi Danmark Group’s subsidiaries in Finland, Denmark and Sweden. Our Norwegian subsidiary, Energi Salg Norge AS, has been using the platform since February 2019 and we ended the year by implementing BIO in our German subsidiary, Energie Vertrieb Deutschland GmbH in December. This means that the total billing process for all Energi Danmark Group customers is now handled via BIO. ■

» THROUGH THE ESTABLISHMENT OF ED BUSINESS SUPPORT, THE GROUP IS SHARPENING ITS FOCUS ON DELIVERING A COMPREHENSIVE PACKAGE OF UTILITY SOLUTIONS AND INVOICING SERVICES TO THE REST OF THE ENERGI DANMARK GROUP AND EXTERNAL PARTNERS.

JESPER NYBO STENAGER
CEO of ED Business Support

HIGHLIGHTS

We have gathered some of the highlights from 2019 in the Energi Danmark Group while also looking forward with an analysis of the expectations for the Northern European economy in 2020.

HIGHLIGHTS

ENERGI DANMARK RECEIVES THE GAZELLE AWARD 2019

Each year, the Danish business newspaper Børsen appoints the Danish companies that have had the greatest growth in revenue and profit in the past four years, based on figures from the Danish Business Authority. This is the third time Energi Danmark receives a Gazelle Award. The title as a 2019 Gazelle is proof of our growth since 2015, where the turnover was DKK 14.5 billion. Nevertheless, we have succeeded in doubling our turnover during the four years to more than DKK 32.5 billion in 2018.

OUR GROWTH IS PRIMARILY A RESULT OF THE SUCCESS WITH OUR NORTHERN EUROPEAN ONE STOP SHOP SALES, COMBINED WITH A HIGH LEVEL OF ACTIVITY IN OUR GAS DIVISION.

[Read more →](#)

ENERGI SALG NORGE TAKES PART IN STATNETT’S IFLEKS PROJECT

iFleks is a socially beneficial research project that aims to quantify future price sensitivity for households and commercial buildings in urban areas. Energi Salg Norge’s contribution to the project is to manage communication with some of our customers by sending them price information. The project will give us knowledge about how end users react to different hourly rates for electricity. This is a key contribution for better consumption forecasts, good decision making for network investment and future market design.

[Read more →](#)

STRONG SALES RESULTS IN SWEDEN AND NORWAY

In 2019 Energi Försäljning Sverige broke a new sales record in the history of the Swedish subsidiary with a total sales volume of 10.77 TWh for the year. Our Norwegian subsidiary, Energi Salg Norge can also look back at yet another year with record high sales. In 2019 Energi Salg Norge booked contracts summing up to 18.7 TWh which is 8 TWh more than they sold in 2018.

THE MORE OR LESS SIDEWAYS TRADING ON THE MARKET THROUGHOUT 2019 HAS BEEN REPLACED BY AN EXTRAORDINARY START TO 2020.

EXPECTATIONS TO THE NORTHERN EUROPEAN ECONOMY IN 2020

The European Commission will downscale its expectations to the European economy in the coming years. The US-China trade war affected Europe in 2019, and both the German and the British economy came on the brink of recession due to disappointing export to China. Growth expectations to the EU in 2020 are low and with concerns rising due to the corona virus, insecurity remains high.

[Read more →](#)

NEW DIRECTOR IN FINLAND AND GERMANY

In July 2019 we welcomed Andreas Lindhorst as new CEO of Energie Vertrieb Deutschland. Andreas has worked in the energy market for more than 20 years. He worked as Head of Sales in our German subsidiary from 2014-2018. In our Finnish subsidiary, Energia Myynti Suomi we welcomed Jesse Ruotsalainen as new CEO in September. Jesse has worked in the energy sector for more than a decade. Jesse started just in time to celebrate Energia Myynti Suomi’s 10 years anniversary in the Finnish market.

THE ENERGY MARKETS IN 2019

Following some years with rising prices on the Nordic power market, we saw falling prices on both the short and the forward markets in 2019. The average system price was 12% lower than in 2018, primarily because of new records in the Nordic wind power production and a much milder winter than what we had experienced the year before.

[Read more →](#)

SUSTAINABILITY

Using UN goal 7 as a guideline as well as supporting goal 9, 11, 12 and 13, we base our CSR strategy on the following four strategy points: Energy & Society, Responsible Commerce, People & Culture and Responsible Operations.

POWERING BUSINESS. RESPONSIBLY.

Energy is crucial to a well-functioning society characterised by progress and quality of life. A vital global commodity that is only really noticed when it is not available. In the Energi Danmark Group, we notice everything that relates to energy. We have a thorough understanding of the energy markets across all of Europe. With our broad and specialised range of expertise we cover all current energy markets. Our comprehensive understanding of the markets allows us to offer advice and risk management within

consumption and production. Our mission is to safeguard our customer's energy investments while also providing the best possibilities for sustainable trading. We aim to be a competent and trustworthy partner, providing valuable service, now and in the long term. With an organisation that never sleeps, specialised employees and high-tech tools, we predict energy prices minute by minute. We monitor all relevant changes and analyse enormous data volumes that have a major impact on the energy bill. We are awake and alert. Always.

SUSTAINABILITY REPORT

This 2019 Sustainability Report is a statutory report on the Energi Danmark Group's Corporate Social Responsibility in accordance with Section 99a of the Danish Financial Statements Act. The sustainability report covers both the Danish parent company as well

as all the Group's subsidiaries, thus providing insight into our international activities, what our sustainability targets are, and how we aim to reach them. The sustainability reports from previous years can also be found on www.energidanmark.com.

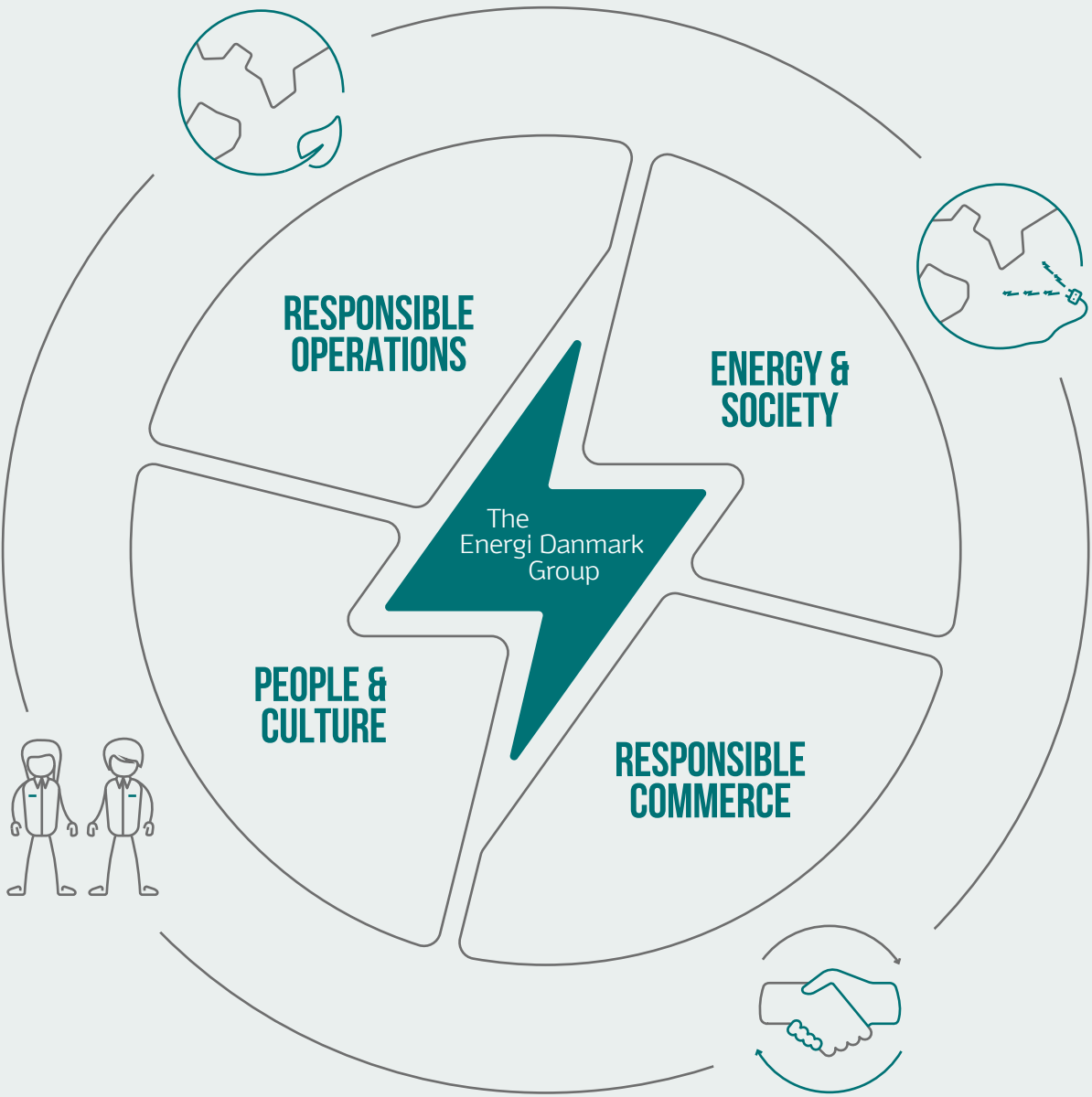


OUR SUSTAINABILITY AGENDA

The Energi Danmark Group welcomes the 17 Sustainable Development Goals from the UN as an essential and relevant framework with regard to the use of the Earth's resources. We have chosen to focus our sustainable initiatives on goal 7: Affordable & Clean Energy, which is where we can make a difference through our core business. The objective of this UN goal is to ensure access to financially accessible, reliable, sustainable and modern energy for everyone. The Energi Danmark Group is secondarily also supporting goal 9: Industry, Innovation & Infrastructure, goal 11: Sustainable Cities & Communities, goal 12: Responsible Consumption & Production and finally goal 13: Climate Action. We believe that these supporting goals are highly relevant to our business area and therefore important for us to acknowledge and support.

Using UN goal 7 as the guideline as well as supporting goal 9, 11, 12 and 13, we base our CSR strategy on the following four strategy points: Energy & Society, Responsible Commerce, People & Culture and Responsible Operations.

The CSR strategy has been developed through a dynamic process with research and discussions in Energi Danmark's CSR group – sponsored by our CFO – with subsequent adjustment and approval in the management and board of directors of Energi Danmark A/S. The CSR strategy and the underlying analyses and priorities will be reviewed and updated annually. ■



ENERGI DANMARK GROUP'S SUSTAINABLE DEVELOPMENT GOALS

Main goal

7 AFFORDABLE AND CLEAN ENERGY

Secondary goals

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

SUSTAINABLE DEVELOPMENT GOALS

1 NO POVERTY

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

14 LIFE BELOW WATER

15 LIFE ON LAND

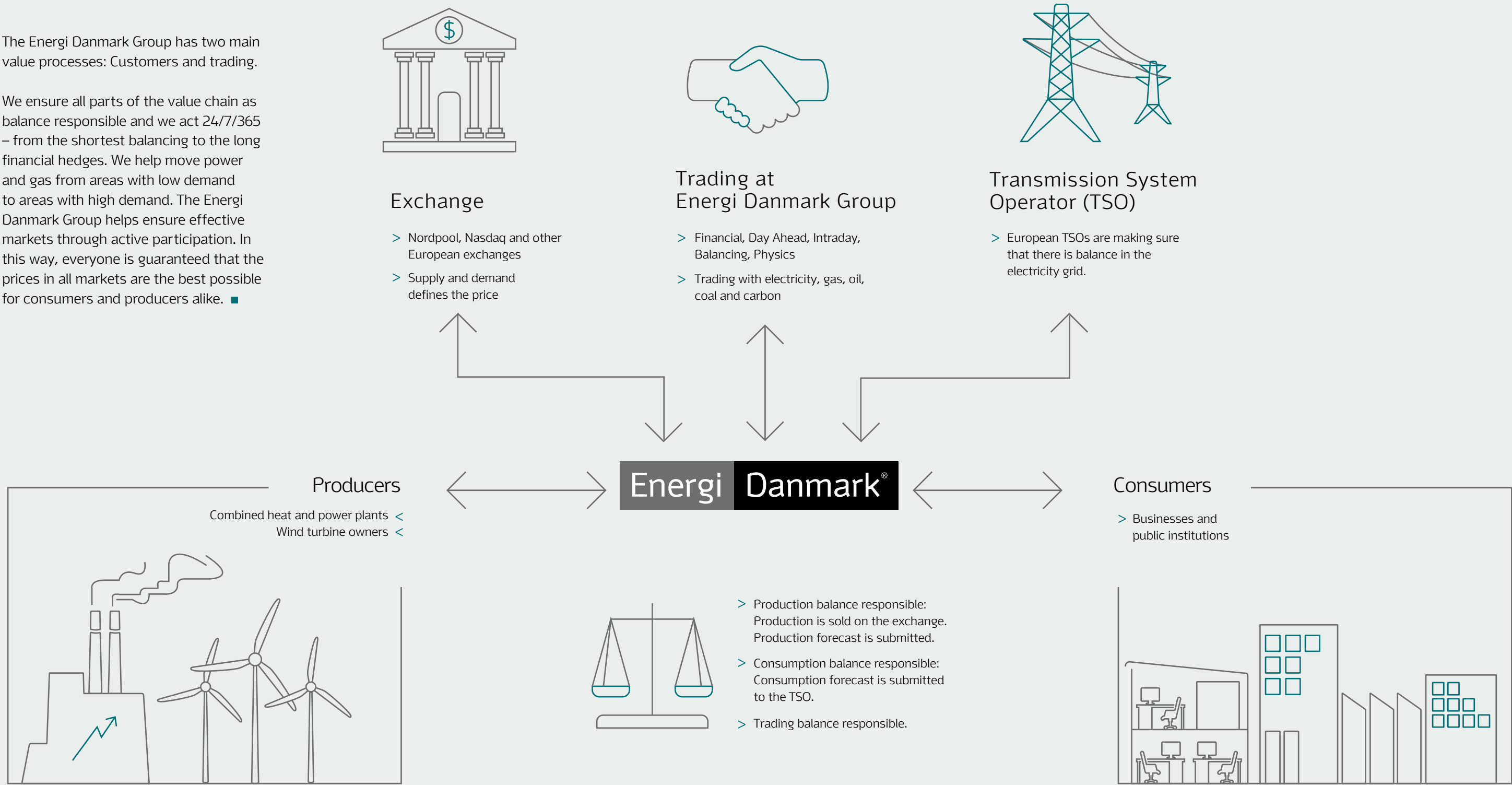
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

VALUE CHAIN

The Energi Danmark Group has two main value processes: Customers and trading.

We ensure all parts of the value chain as balance responsible and we act 24/7/365 – from the shortest balancing to the long financial hedges. We help move power and gas from areas with low demand to areas with high demand. The Energi Danmark Group helps ensure effective markets through active participation. In this way, everyone is guaranteed that the prices in all markets are the best possible for consumers and producers alike. ■



RISKS IN THE VALUE CHAIN

As a basis for our annual update of the CSR strategy, we conduct a series of analyses, including a risk analysis of the possible negative consequences that our business and our entire value chain can have for the world. It is our responsibility to minimise this risk as much as

possible; therefore, we follow up regularly on changes in risks (due diligence) and adjust our actions accordingly. The responsibility for this follow-up lies with the relevant departments.

Our operating activities impact a number of groups of people – our stakeholders. Part of the stakeholders are represented in the below value chain. ■

RISKS	PRODUCTION OF INFRASTRUCTURE	ENERGY PRODUCTION	TRANSPORT	ENERGI DANMARK	CUSTOMERS & CONSUMERS
ENVIRONMENT/CLIMATE	Chemicals Water consumption Waste Carbon dioxide	Chemicals Water consumption Waste Carbon dioxide	Particles Carbon dioxide Biodiversity	Waste Carbon dioxide	
HUMAN RIGHTS	Child labour Forced labour Remuneration	Child labour Forced labour Remuneration	Remuneration		
EMPLOYEE RIGHTS	Working conditions Health	Working conditions Health	Working conditions Health	Working conditions Health	
ANTI-CORRUPTION	Bribery Facilitation payment	Bribery Facilitation payment	Bribery Facilitation payment	Bribery Facilitation payment	Bribery Facilitation payment

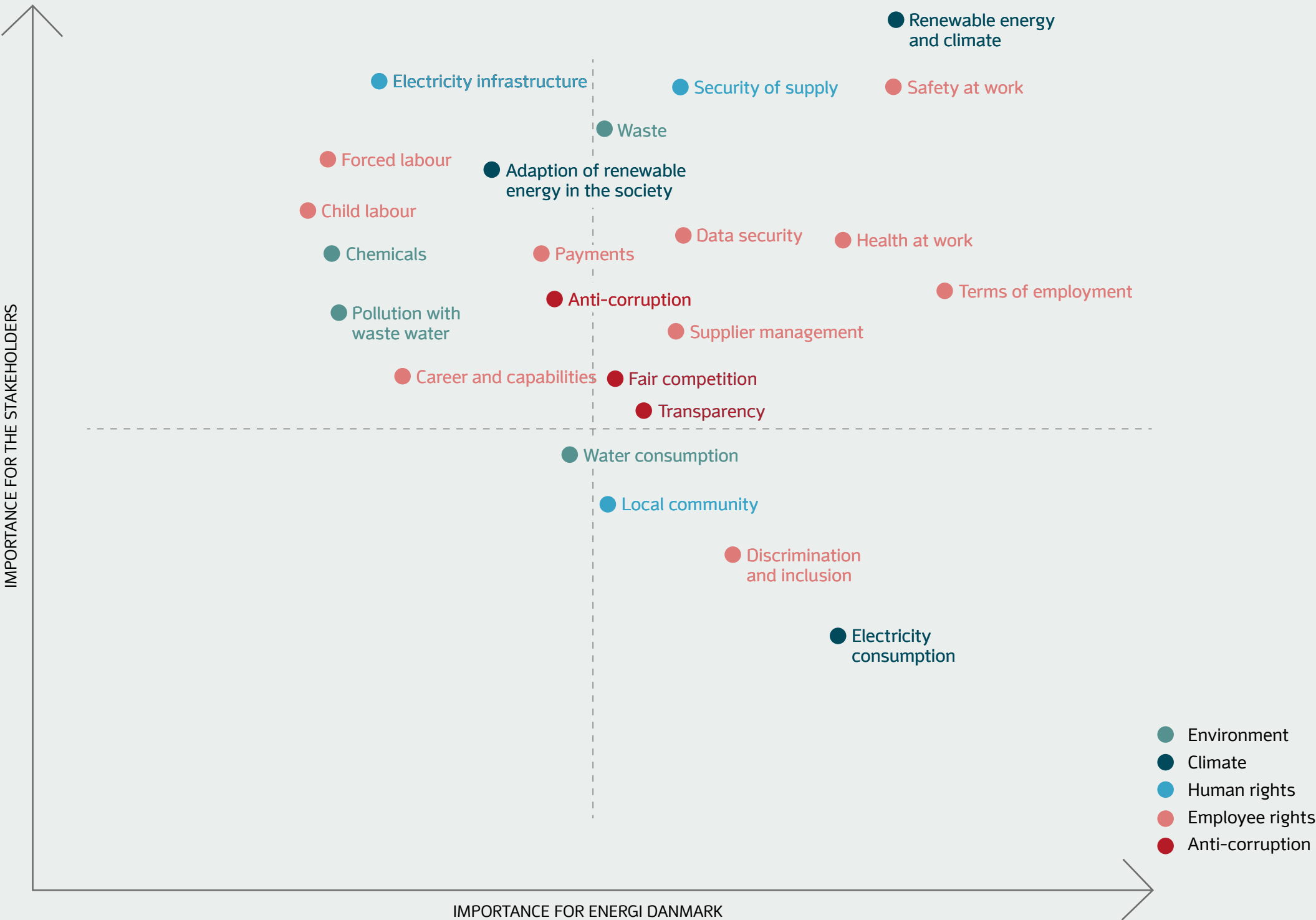
MATERIALITY ANALYSIS

Stakeholders

Following is a list of all the stakeholders that we affect positively or negatively via our activities.

- > Owners
- > Management and employees
- > Customers and consumers
- > Suppliers and partners
- > Authorities and legislators
- > NGOs and society

Through thorough analysis and workshops, we have identified a long series of factors that are part of our responsibility towards society. We have prioritised these based on the effect on our own business and on the environment. The following analysis shows the key factors for the Energi Danmark Group and our surroundings – and thus the factors that we have chosen as elements in our CSR strategy. ■



ENERGY & SOCIETY

The Energi Danmark Group is conscious of its social responsibility. Our business is based on healthy and responsible business activities. We want to contribute to society through our role in the value chain of the energy eco-system. The Energi Danmark Group works continuously to develop products and services that we identify a need for, now and in the future. With a focus on the future, we will contribute to sustainable societal growth, which can also provide additional business value for our customers and stakeholders. Within Energy & Society we focus on system data security, delivery reliability and electricity infrastructure, local society and adoption of renewable energy in society.

SYSTEM DATA SECURITY

As part of our security, we have extensive IT policies in place, as employees’ attentiveness with regard to safe use of email and internet facilities is crucial for avoiding the majority of potential virus and hacker attacks. To the Energi Danmark Group and as a balance responsible party IT security is essential. This is why we constantly keep our knowledge and processes updated. All IT and system data security across the Group is managed centrally from Denmark at Energi Danmark.

During 2019, Energi Danmark has been fully compliant with the legal requirements laid out in the L68 Law as well as the current BEK 820 Act “IT Readiness in the electricity and natural gas sector”, as of August 14, 2019. In relation to our role in the electricity and natural gas sector, Energi Danmark is a company on the highest level, which means the law sets specific requirements for our IT Security.

Our work to be compliant with GDPR (General Data Protection Regulation) is a continuous process. Energi Danmark has established a GDPR steering committee. The steering committee has adopted an annual cycle of work to ensure that we continually update our employees with regard to key GDPR information through the use of awareness campaigns and ongoing training. Among other things, this is done using a system acquired especially for this purpose. We have established internal and external processes and guidelines so we can continue to document and manage any incidents such as data leaks or requests for access to personal data, etc.

DELIVERY RELIABILITY AND ELECTRICITY INFRASTRUCTURE

Without electricity, most of the world as we know it would shut down. At the Energi Danmark Group, we consider our contribution to both supply and delivery reliability to be our most important task and we are involved in the delivery and trading of energy across borders. As a balance responsible party within consumption, production and trade, the Energi Danmark Group helps ensure a balance between consumption and production, as well as supply and demand. We work continuously to become even better at predicting needs and trends, thereby creating stability and security in relation to delivery and supply; securing the entire electricity infrastructure.



LOCAL COMMUNITY

Energi Danmark Group is committed to the local community we are part of and we want to influence social development in a more sustainable direction.

Our subsidiary, Energi Salg Norge, has entered into a climate pact with the City of Oslo and has committed to help achieve the city’s ambition to reduce the emission of greenhouse gases by 95% by 2030. In 2019, Energi Salg Norge started supplying the City of Oslo, our most complex customer in the Norwegian market so far. By becoming a signatory, Energi Salg Norge became a member of the Enterprises for Climate Network. The pact is a recognition of intent, but also a forum for collaboration, exchange of experience and an opportunity to demonstrate the results that have been achieved by certain companies. At the same time, the pact should also be viewed as a desire to reduce our own emissions, while also influencing other companies and customers to do the same.

At Energi Danmark, we are also aware that our activities can disturb the local communities around us. We always try to minimise any disturbances and engage in dialogue with the relevant stakeholders.

ACCOMMODATION OF RENEWABLE ENERGY IN SOCIETY

The Energi Danmark Group takes responsibility for climate issues. We have a general Environment & Climate policy of contributing to the development of renewable energy and we are encouraging our customers to do the same. By offering climate friendly options and products, we want to play an active role in solving the global climate challenges of today.

All of the marketing activities that the Energi Danmark Group initiated in 2019 focused on the branding of our sustainable products. We have, among other things, created four new videos explaining the advantages of our climate-friendly solutions.

One of the products we have had success with in 2019 is the Power Purchase Agreement in which Energi Danmark facilitates a solar or wind turbine park between the customer and the producer. This ensures that the customer’s energy consumption is covered using renewable energy while also securing attractive and stable electricity prices by buying electricity directly from the producer and outside of the energy exchange. The agreement means that the customer’s environmentally friendly electricity originates from a plant developed exclusively on the basis of the agreement, contributing to the customer’s carbon neutrality and helping to improve their CSR report.

In 2019, Energi Danmark continued to work on its most flexible product, Demand Response. Demand Response concerns consumption flexibility, i.e. being able to reduce electricity consumption in periods of power shortage in the electricity grid or increase it in periods when there is a surplus of electricity. As an example, the customer may have the possibility of powering down a cooling system during periods in which operation is not affected and the same cooling system can store the energy if there is a surplus. In the past, the electricity supply would simply have remained constant but, by shutting off power, other consumers can benefit from the energy instead. When there is a shortage of electricity in the grid and Demand Response is activated, Energinet.dk, for instance, is not forced to activate an emergency generator, which potentially gets energy from non-renewable sources. The flexibility in Demand Response thus benefits supply stability and the climate

because the electricity is utilised optimally. Meanwhile, commercial consumers of electricity receive payment for offering such flexibility, which helps motivate them to take part in a cost-effective and safe accommodation of renewable energy in the electricity system.

[Read more about Demand Response here](#) →

[Read more about BlueKolding’s experience with Demand Response here](#) →

CLIMATE FRIENDLY ENERGY

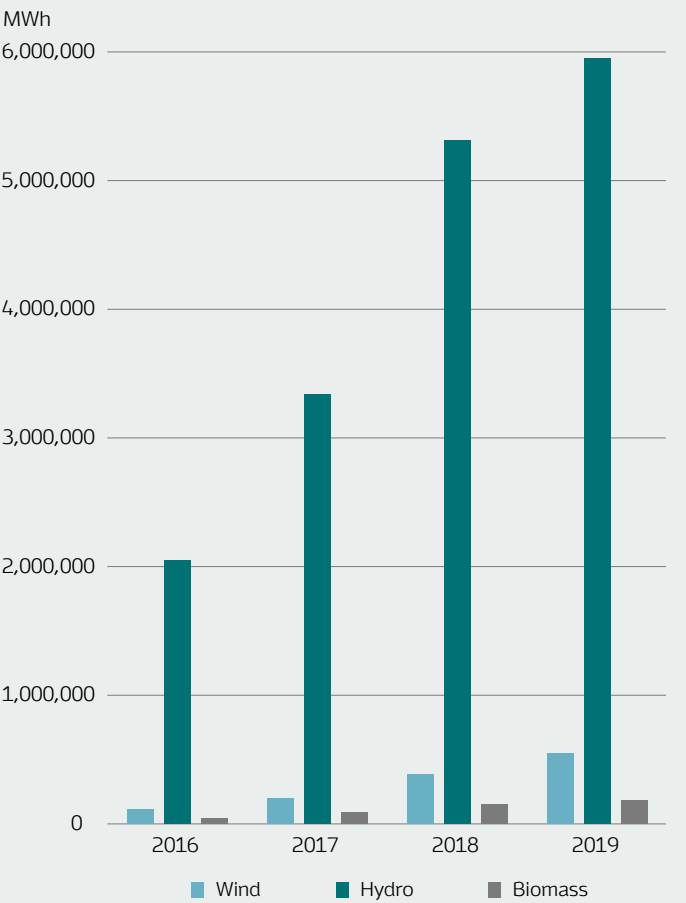
The Energi Danmark Group’s customers can buy climate friendly energy, also referred to as Guarantees of Origin, produced from wind power, hydropower and biomass. The Energi Danmark Group and the customer thereby help shine a light on the need for renewable energy, while making it attractive to produce more renewable energy. A customer can choose to cover its needs partly or entirely through wind turbines, either from a specific or non-specific turbine. By selecting a specific wind turbine that is less than two years old, the customer actively supports brand new wind turbines and the expansion of renewable energy. It is also possible to cover energy consumption in whole or in part through the purchase of energy from hydropower. The Energi Danmark Group has fixed agreements in place with hydropower plants in Sweden, Norway and Finland to purchase climate friendly electricity. The purchase is documented through certificates.

Interest in covering electricity through wind power, hydropower and biomass has been increasing since 2016. The Energi Danmark Group considers this to be a very positive trend and we therefore also attempt to promote the choice of climate friendly energy among our customers.

Group	Wind power	Hydropower	Biomass
2016	109,066 MWh	2,047,781 MWh	42,452 MWh
2017	200,099 MWh	3,336,496 MWh	91,839 MWh
2018	384,229 MWh	5,309,701 MWh	147,924 MWh
2019*	544,166 MWh	5,947,183 MWh	183,058 MWh

*The result for 2019 is an expected estimate as we do not have the final result at the publication date.

Below is an overview of sold MWh across the Group from 2016 to 2019 wind power hydropower and biomass. The numbers from 2016 to 2018 are realised numbers, whereas the result for 2019 is estimated, because we do not have the final numbers.



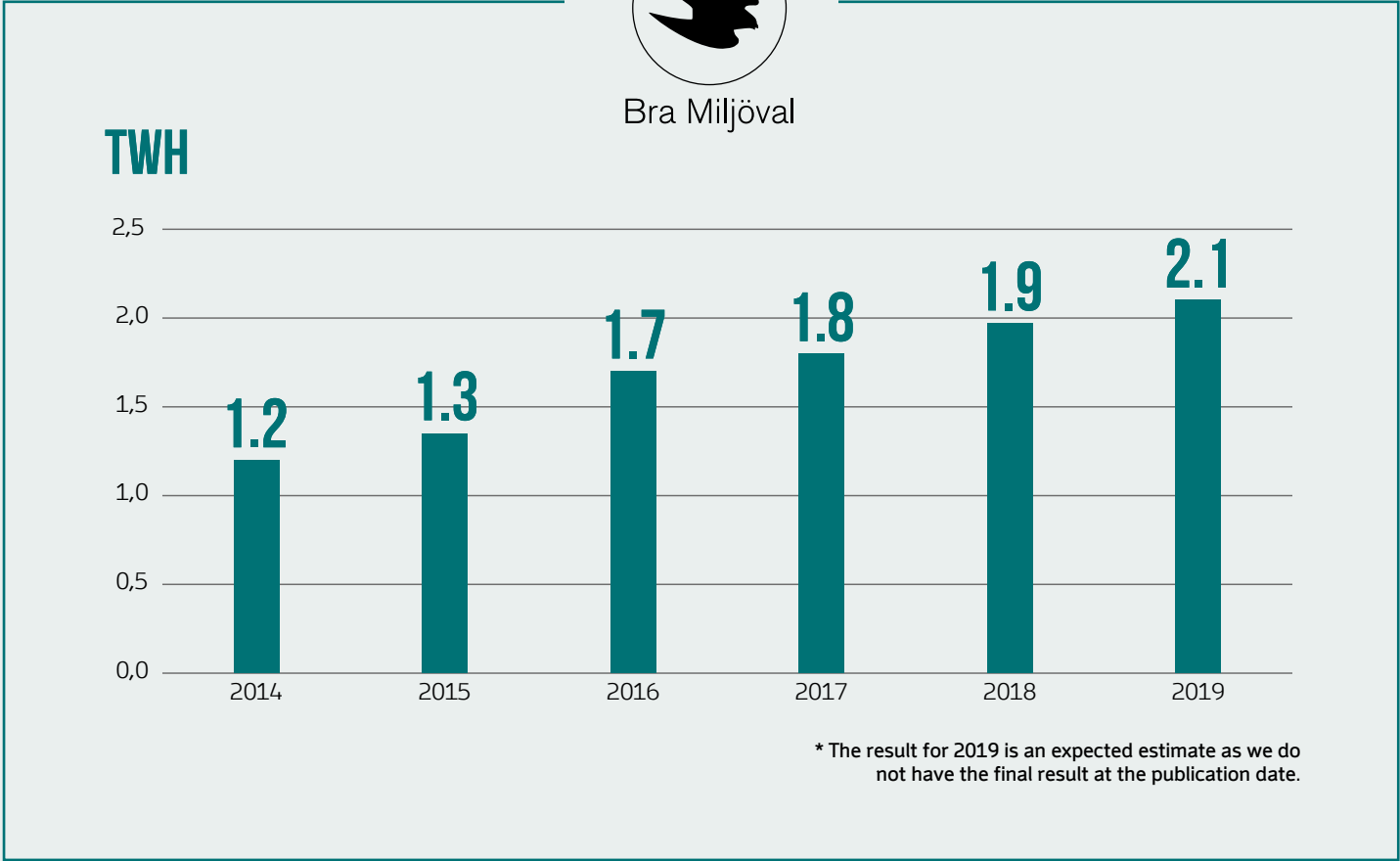
BRA MILJÖVAL EL

In our subsidiary Energi Försäljning Sverige, customers are given the opportunity to purchase the product Bra Miljöval El, which guarantees that electricity comes from wind power, hydropower or biomass. Bra Miljöval is a Swedish electricity label from the Swedish Society for Nature Conservation. From 2014 to 2018, Energi Försäljning Sverige has been the electricity supplier that has sold most Bra Miljöval El in Sweden and the figure has increased rapidly over the years. The statement showing the most TWh sold is published one year in arrears and we therefore do not yet know our position for 2019.

Besides the energy being climate friendly, much thought also goes into the use of the energy with Bra Miljöval El. For instance, care must be taken not to disrupt the natural course of rivers, just as wind turbines must not be situated in particularly sensitive nature areas. For every kWh of Bra Miljöval electricity sold, Energi Försäljning Sverige is obligated to donate a sum for environment improvement projects and energy-effective solutions via the Environmental Fund, the Energy Efficiency Fund and the Investment Fund. For instance, Energi Försäljning Sverige’s sales in 2018 raised SEK 24.0 million for environmental projects.



Bra Miljöval



CANCELLATION OF CARBON EMISSION ALLOWANCES

At Energi Danmark, it is possible to buy and subsequently cancel carbon emission allowances. This allows the customer to help reduce the total number of carbon emission allowances available in Denmark and the rest of Europe. By cancelling carbon emission allowances, the customer also helps push the price of the allowances up, thereby making it less attractive for the part of industry that creates the most pollution to release large quantities of carbon emissions.

ADVISORY SERVICES

Energi Danmark offers advisory services to all its customers so we can help to establish a climate-friendly strategy. This can include, for instance, consultancy and information on the management and regulation of consumption, so the energy is used optimally, to the benefit of both customers and the environment. ■

» WE ARE VERY HAPPY AND SATISFIED THAT OUR CUSTOMERS SHOW GREAT WILL TO DO WHAT IS BEST FOR THE ENVIRONMENT AND THAT OUR ENVIRONMENTAL FOCUS ONCE AGAIN PLACED US AS TOP SELLERS OF BRA MILJÖVAL EL.

MIA HANSSON
CEO Energi Försäljning Sverige

RESULTS FOR THE YEAR 2019

RISKS	FOCUS AREAS	GOALS	ACTION	RESULTS
<div>➤ Data safety</div>	<div>SYSTEM DATA SECURITY</div> <div>Policy</div> <div>➤ Human rights policy</div>	<div>➤ Energi Danmark is compliant with all legal requirements regarding data security</div>	<div>➤ Law L68 and BEK 820 “IT Readiness in the electricity and natural gas sector” has been implemented</div> <div>➤ GDPR (General Data Protection Regulation) implemented</div>	<div>➤ Energi Danmark is compliant with L68 and BEK 820</div> <div>➤ Energi Danmark is compliant with GDPR</div>
<div>➤ Electricity infrastructure</div> <div>➤ Delivery reliability</div>	<div>ELECTRICITY INFRASTRUCTURE & DELIVERY RELIABILITY</div> <div>Policy</div> <div>➤ Climate policy</div>	<div>➤ Optimisation of delivery reliability</div>	<div>➤ Continuous improvements on delivery reliability</div>	<div>➤ Delivery reliability improved</div>
<div>➤ Local community</div>	<div>LOCAL COMMUNITY</div> <div>Policy</div> <div>➤ Human rights policy</div>	<div>➤ Participate in a socially beneficial research project</div> <div>➤ Helping marginalised children in the local community</div>	<div>➤ Energi Salg Norge participates in Statnett’s research project iFleks</div> <div>➤ Energi Försäljning Sverige AB donates money and manpower to Charity Öresund</div>	<div>➤ Identify price sensitivity for the benefit of the energy industry and society</div> <div>➤ Help marginalised children break the impact of social inheritance</div>
<div>➤ Renewable energy and climate</div> <div>➤ Accommodating renewable energy (RE) in society</div>	<div>RENEWABLE ENERGY AND CLIMATE & ACCOMMODATION OF RE IN SOCIETY</div> <div>Policy</div> <div>➤ Climate policy</div>	<div>➤ Demand Response concept further developed</div> <div>➤ New climate-friendly products ready for market</div> <div>➤ Ambition to increase the amount of RE sold</div>	<div>➤ Cooperation with KiWi on Demand Response concept</div> <div>➤ Limitation on day-ahead bid developed</div> <div>➤ Nudge customers to buy more RE and offer a wide selection of RE products</div>	<div>➤ Demand Response concept moved to next development phase</div> <div>➤ Limitation on day-ahead bid developed</div> <div>➤ 14% increased amount of RE sold compared to the previous year</div>

GOALS 2020

RISKS	FOCUS AREAS	GOALS	PLANNED ACTIONS
<div>➤ Data safety</div>	<div>SYSTEM DATA SECURITY</div> <div>Policy</div> <div>➤ Human rights policy</div>	<div>➤ Energi Danmark is compliant with all legal requirements regarding data security</div>	<div>➤ Regular implementation of new requirements</div>
<div>➤ Electricity infrastructure</div> <div>➤ Delivery reliability</div>	<div>ELECTRICITY INFRASTRUCTURE & DELIVERY RELIABILITY</div> <div>Policy</div> <div>➤ Climate policy</div>	<div>➤ Optimisation of delivery reliability</div>	<div>➤ Regular optimisation measures</div>
<div>➤ Local community</div>	<div>LOCAL COMMUNITY</div> <div>Policy</div> <div>➤ Human rights policy</div>	<div>➤ Support for relevant NGOs and projects</div>	<div>➤ Screening for relevant NGOs and projects</div>
<div>➤ Renewable energy and climate</div> <div>➤ Accommodating renewable energy (RE) in society</div>	<div>RENEWABLE ENERGY AND CLIMATE & ACCOMMODATION OF RE IN SOCIETY</div> <div>Policy</div> <div>➤ Climate policy</div>	<div>➤ Demand Response concept further developed</div> <div>➤ New climate-friendly products ready for market</div> <div>➤ Ambition to increase the amount of RE sold</div>	<div>➤ Continued cooperation with KiWi on Demand Response concept</div> <div>➤ Development of new climate-friendly products</div> <div>➤ Nudge customers to buy more RE</div>

RESPONSIBLE COMMERCE

In energy trading groups such as the Energi Danmark Group, the primary task is to ensure optimal management of customers' risks within energy purchases. We help energy consumers and energy producers to exercise active and financially advantageous trading strategies rather than being passive players in the energy market. In this context, we focus on responsible trade with suppliers and partners with emphasis on forced labor, child labor, anti-corruption, responsible procurement, and pollution from the production of power.



SUPPLIER MANAGEMENT

Trade with suppliers depends upon mutual trust and respect for good business ethics. The great majority of our purchases are made through energy exchanges in the financial energy market and thus without any direct trade contracts with suppliers. The energy exchange is highly regulated, however, and there are strict requirements for registering with the exchanges.

In 2019, the Energi Danmark Group developed a Supplier Code of Conduct with a specific focus on human rights, labour rights and anti-corruption, as well as the climate and environment. The guidelines set down in our Code of Conduct are based on the UN Global Compact's ten principles for business.

In 2020, we will initiate our work to map all suppliers to ensure that our largest and most critical suppliers are the first to sign our Supplier Code of Conduct.

FORCED LABOUR AND CHILD LABOUR

We do not accept any kind of child labour or forced labour, including slave labour or human trafficking. At the Energi Danmark Group, we have a Human Rights Policy covering forced labour and child labour.

ANTI-CORRUPTION

The Energi Danmark Group wishes to work actively to help fight all forms of corruption. Corruption contradicts the group's core values and is therefore unacceptable. We expect all employees to use their common sense with respect to the Group's and society's interests and that all employees act in accordance with the law,

regulations and standards. Likewise, we also wish to work with our suppliers to fight corruption.

In 2018, we developed an anti-corruption policy and committed to incorporating the anti-corruption policy into all relevant business areas. During 2019, this policy was formalised and implemented in all business areas.

In 2019, we established a whistleblower scheme so that employees who experience any unacceptable or illegal conduct in the Group can anonymously report this directly to the Group's auditor, who will impartially investigate the matter in more detail. The whistleblower scheme is accessible via the Intranet with our whistleblower policy and whistleblower investigation procedure, which explains the steps that will be taken when a report is submitted.

The Energi Danmark Group has a policy in place concerning the prevention of market abuse. The policy is compliant with the current EU legislation on insider trading, illegal disclosure of insider information and market manipulation, 'MAR', and on integrity and transparency in wholesale energy markets, 'REMIT'. During 2019, this policy was implemented further via an update and formalisation of the Energi Danmark Group's regulations on the prevention of market abuse.

POLLUTION WITH WASTE WATER AND CHEMICALS

The Energi Danmark Group wishes to reduce pollution in order to protect biodiversity and prevent the destruction of natural ecosystems. In connection with our own operating activities, neither waste water nor chemicals are discharged into the environment, so it is mainly in our cooperation with suppliers in which energy is produced and transported that we will try to minimise the negative impact on the environment. ■



RESULTS FOR THE YEAR 2019

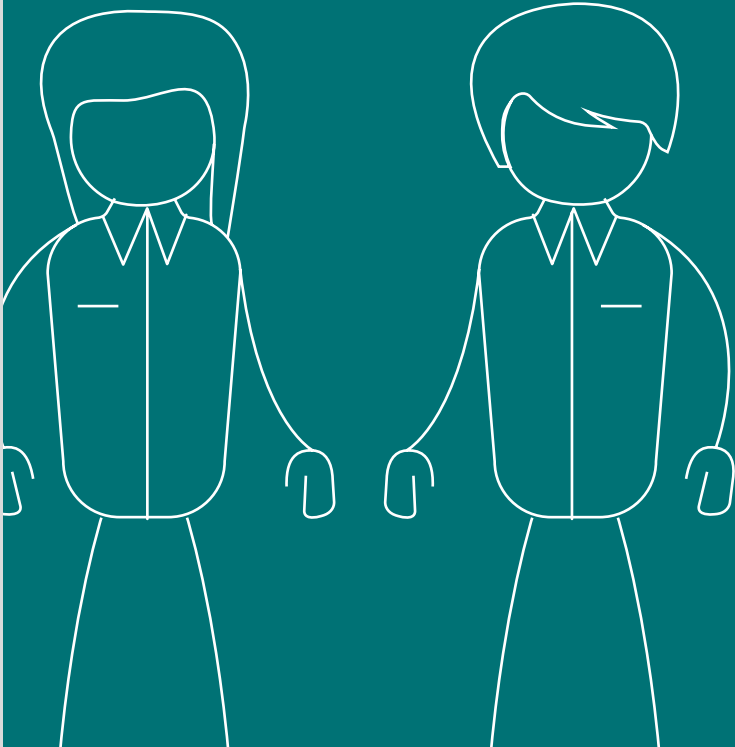
RISKS	FOCUS AREAS	GOALS	ACTION	RESULTS
› Supplier management	SUPPLIER MANAGEMENT Policy › Human rights policy › Environmental policy › Climate policy › Employee rights policy › Diversity policy › Anti-corruption policy	› All suppliers mapped	› Process of developing a new Supplier Code of Conduct	› Supplier Code of Conduct developed
› Forced labour › Child labour	FORCED LABOUR AND CHILD LABOUR Policy › Human rights policy	› See “Supplier management”	› See “Supplier management”	› See “Supplier management”
› Anti-corruption › Fair competition	ANTI-CORRUPTION & FAIR COMPETITION Policy › Anti-corruption policy › Policy on the prevention of market abuse	› Anti-corruption policy implemented in all business areas › Policy on The prevention of market abuse implemented in all business areas › Whistleblower scheme for all employees › See “Supplier management”	› Information and training for all employees on anti-corruption policy › Update and formalise Policy on prevention of market abuse › Implementation of whistleblower scheme › See “Supplier management”	› 90% of employees trained in anti-corruption policy › Policy on prevention of market abuse implemented › Whistleblower scheme accessible on intranet along with Whistleblower policy and whistleblower investigation procedure › See “Supplier management”
› Pollution from wastewater › Pollution with chemicals	POLLUTION FROM WASTEWATER AND CHEMICALS Policy › Environmental policy	› See “Supplier management”	› See “Supplier management”	› See “Supplier management”

GOALS 2020

RISKS	FOCUS AREAS	GOALS	PLANNED ACTIONS
› Supplier management	SUPPLIER MANAGEMENT Policy › Human rights policy › Environmental policy › Climate policy › Employee rights policy › Diversity policy › Anti-corruption policy	› All suppliers risk assessed › Supplier Code of Conduct signed by first suppliers	› Mapping and risk assessment of suppliers › Collecting signatures on Supplier Code of Conduct
› Forced labour › Child labour	FORCED LABOUR AND CHILD LABOUR Policy › Human rights policy	› See “Supplier management”	› See “Supplier management”
› Anti-corruption › Fair competition	ANTI-CORRUPTION & FAIR COMPETITION Policy › Anti-corruption policy › Policy on the prevention of market abuse	› See “Supplier management”	› See “Supplier management” › Whistleblower scheme presented to new employees
› Pollution with waste water › Pollution with chemicals	POLLUTION FROM WASTEWATER AND CHEMICALS Policy › Environmental policy	› See “Supplier management”	› See “Supplier management”

PEOPLE & CULTURE

At the Energi Danmark Group, our employees are our most important resource and instrumental in implementation of our business strategies. We therefore focus on strategic competences and capability building. We want to provide a working environment, where our employees can develop their professional and personal skills. We continuously focus on diversity and inclusion, employee engagement, data security, work health and safety.



CAREERS AND CAPABILITIES

At the Energi Danmark Group, our holistic leadership approach is based on trust and respect for the individual employee. It is therefore essential that employees have working conditions that encourage and enable them to reach their full potential. We create a positive working environment based on our three core values: Teamwork, timing and trust.

As part of its human resource policy, Energi Danmark offers appropriate supplementary training in relation to each employee's areas of work. As a knowledge-heavy company, it is crucial that we constantly keep our finger on the pulse and follow the latest developments in the energy market.

We have implemented a policy for employment rights in the Energi Danmark Group. All countries in which we have offices are compliant with legislation concerning employment issues and rights.

HEALTH AND SAFETY AT WORK

The Energi Danmark Group prioritises health and safety at work. It is essential that we have a workplace which focuses on such parameters as healthy food, exercise and work environment, all of which contribute to a high level of employee satisfaction and well-being. We prioritise work safety because we wish to minimise work-related accidents and injuries.

In 2019, we conducted an Engagement Survey for the entire Group, as well as a workplace assessment for Danish employees. An impressive 95% of employees in the Group completed the Engagement Survey in 2019.

In 2019, our focus has been on employee development and engagement, in order to see an increase in the number of employees who would recommend the Energi Danmark Group as a place to work. Unfortunately, only 75% of employees across the entire Energi Danmark Group would recommend the Group as a place to work and 76% of employees in the Danish company. This is a significant decline since our 2017 survey, when 80% on group level would recommend us as a place to work.

As a consequence we will have an increased focus on job engagement and individual work/life balance, talent and leadership development in 2020. We will work to support a healthy workplace and create great conditions for our employees, in order to see an increase in the number of employees who would recommend the Energi Danmark Group as a place to work.

At the Energi Danmark Group, we would like to promote physical health among our employees. Each year, Energi Danmark participates in the DHL relay race, in which all employees have the opportunity to run or walk five kilometres together with their colleagues. Multiple employees participate in daily resistance training, as part of which a physiotherapist has given them exercises for preventing and relieving office-related injuries. At our headquarters in Aarhus, employees have the opportunity to buy a healthy lunch from the cafeteria, which has been awarded bronze certification for its organic food.

Work-life balance is something we have had a huge focus on during 2019. Through a number of workshops, management has learned about what stress actually is and how to identify the first signs of stress in their employees and in themselves. This is a subject we intend to continue working on in 2020.

At the Energi Danmark Group, our employees’ safety and well-being is key to everything we do. Energi Danmark’s internal work environment organisation ensures that we carry out the mandatory physical WPA measurements (in Denmark only) while we work to achieve long-term results in employee well-being and lower sick leave and ensure that work does not lead to injuries or illness. In addition, the work environment organisation helps with sparring and questions.

All employees in the Group have a general ongoing obligation to identify and reduce the risk of work-related accidents. Safety and improved processes will always be one of our key focus areas.

EMPLOYEE DATA SECURITY

The Energi Danmark Group works continuously with the EU’s GDPR (General Data Protection Regulation), which became effective in May 2018.

It is our goal to implement a single HR system across the entire Group in 2020. By being GDPR compliant and introducing a common Group-wide HR system, we ensure uniform processing and storage of personal data, to the benefit of both current and potential employees.

DIVERSITY AND INCLUSION

Energi Danmark Group has a diversity policy. We do not tolerate any form of discrimination on the grounds of e.g. race, skin colour, gender, language, ethnicity, political or other views, cast, national or social origin, wealth, birthplace, union affiliation, sexual orientation, health, age, disability or other characteristics. We offer the same opportunities for our employees, regardless of the above characteristics.

At Energi Danmark, we want to help our senior employees to remain with the company for as long as possible if it aligns with the needs of the company. We therefore created a Senior Policy in 2019 which will be implemented in 2020.

The main purpose of the Senior Policy is to create a framework the senior employee’s working life, allowing the senior employee to remain with Energi Danmark on more flexible terms and working hours. The purpose is to retain senior expertise while offering the senior employee a smooth transition from working life to retirement. ■

INTERFORCE

Energi Danmark has signed a support declaration with InterForce. InterForce is a collaboration between the Armed Forces and companies that aims to improve conditions for people with both a

military and a civil obligation. As a part of signing the declaration we have declared that we are willing to offer an employment to veterans who have been wounded during service.



DIVERSITY AND GENDER DISTRIBUTION IN THE MANAGEMENT TEAM

Report for the under-represented gender

This is the Energi Danmark Group's statutory report for gender composition in accordance with section 99b of the Danish Financial Statements Act. The aim is to create focus on the under-represented gender, which is currently female due to the distribution within the Energi Danmark Group. Men are in the majority within the whole energy industry, and in the Energi Danmark Group most of the employees are also men.

As of 31 December 2019, 66% of employees were men. The Energi Danmark Group would very much like the gender distribution among employees of the Group to reflect the distribution of women and men in society. As Energi Danmark is an international energy trading group, diversity within its work force is seen as an asset. The Group is thus aware of the advantages of having a diversified organisation, which also includes a versatile management team composition. The Energi Danmark Group recruits its employees solely based on talent and personality, and offers the same opportunities to all employees, regardless of e.g. nationality, religion, political convictions, gender and age. We encourage all employees to achieve their full potential in line with their personal ambitions and goals.

Target figures for the under-represented gender on the Board and at other management levels

The Energi Danmark Group appoints and promotes managers based on the approach that the most suitable person is always appointed regardless of gender. All employees can aspire to be part of the management and the Group's aim is for women and men to take equal advantages of the opportunity. We offer our employees the opportunities to develop professional competencies through participation in relevant courses etc. when it complements the Group's strategic goals.

As of 31 December 2019, Energi Danmark's Board of Directors was made up of five people, of whom all were men. At management level, there were 18 people, of whom 4 were women (22%). This is an increase since last year where there were 17% women in the management level. With regard to women in management, Energi Danmark currently has an under representation on its Board and management level. The aim is to increase the number of women in Management by ensuring the representation of qualified female candidates for upcoming management positions.

Goals for gender distribution on the Board and at management level

In 2014, Energi Danmark's Board adopted a target figure for the proportion of the under-represented gender on the Board, and a policy to increase the proportion of the under-represented gender at the Group's other levels of management. The goal and vision for 2021 is:

- > An 85/15 distribution on the Board of Energi Danmark, requiring at least one woman to be elected into the Board before 2021.
- > 28% of Energi Danmark's management to be comprised of women in 2021. We will continue to strive to reach the goal of a 72/28 gender distribution at the management level in 2021. ■

RESULTS FOR THE YEAR 2019

RISKS	FOCUS AREAS	GOALS	ACTION	RESULTS
<div>➤ Career and challenges</div> <div>➤ Employment terms</div> <div>➤ Remuneration</div>	<div>CAREERS AND CAPABILITIES</div> <div>Policy</div> <div>➤ Employee rights policy</div>	<div>➤ Implement New Leadership Agenda</div>	<div>➤ Initial implementation in some parts of the organisation</div>	<div>➤ Not implemented due to shift on HR director position</div>
<div>➤ Work health</div> <div>➤ Work safety</div>	<div>WORK HEALTH & SAFETY</div> <div>(diet, exercise, working environment, stress)</div> <div>Policy</div> <div>➤ Employee rights policy</div>	<div>➤ 85% of employees would recommend the Energi Danmark Group as a workplace</div> <div>➤ 80% of employees experience a good working relationship with other units</div>	<div>➤ Implement workplace initiatives and Engagement Survey throughout the Group</div> <div>➤ Increased focus on stress</div>	<div>➤ 75% of employees would recommend Energi Danmark as a workplace</div> <div>➤ 84% of employees experience a good working relationship with other units</div> <div>➤ Stress workshops for managers</div>
<div>➤ Data safety</div>	<div>EMPLOYEE DATA SECURITY</div> <div>Policy</div> <div>➤ Employee rights policy</div>	<div>➤ All employee data gathered in one HR system for the entire Group</div>	<div>➤ Implementation of single system throughout the Group</div>	<div>➤ HR system implemented only in Denmark</div>
<div>➤ Discrimination and inclusion</div>	<div>DIVERSITY</div> <div>Policy</div> <div>➤ Employee rights policy</div> <div>➤ Diversity policy</div>	<div>➤ Prepare for gender distribution of 85/15 on board of directors by close of 2021</div> <div>➤ Gender distribution of 72/28 in top management by close of 2021</div>	<div>➤ Drafted section on Discrimination and inclusion</div> <div>➤ Discussion and identification at board level</div> <div>➤ Development and implementation of Senior policy</div>	<div>➤ Section on Discrimination and inclusion in new employee rights policy approved</div> <div>➤ Gender distribution of 100/0 (5 men) on board of directors</div> <div>➤ Gender distribution of 78/22 (18 men and 4 women) in management</div> <div>➤ Senior policy developed and implemented</div>

GOALS 2020

RISKS	FOCUS AREAS	GOALS	PLANNED ACTIONS
<div>➤ Career and challenges</div> <div>➤ Employment terms</div> <div>➤ Remuneration</div>	<div>CAREERS AND CAPABILITIES</div> <div>Policy</div> <div>➤ Employee rights policy</div>	<div>➤ Define and implement annual HR core processes</div> <div>➤ Define and implement approach for talent and leadership development</div> <div>➤ Support implementation of new group structure at all levels</div> <div>➤ Define and implement new career paths and job structure</div>	<div>➤ Graphic design of HR annual processes and update ongoing onboarding process</div> <div>➤ Update framework for individual development plans</div> <div>➤ Implement framework for people reviews and succession planning</div> <div>➤ Update on employee handbook and onboarding programme</div>
<div>➤ Work health</div> <div>➤ Work safety</div>	<div>WORK HEALTH & SAFETY</div> <div>(diet, exercise, working environment, stress)</div> <div>Policy</div> <div>➤ Employee rights policy</div>	<div>➤ 76% of employees would recommend Energi Danmark as a workplace</div> <div>➤ 85% of employees experience a good working relationship with other units</div> <div>➤ Sick leave below 2%</div> <div>➤ Attrition below 15%</div>	<div>➤ Follow up and follow through on targets in Engagement Survey</div> <div>➤ Follow through on Energi Danmark values</div> <div>➤ Implement workplace initiatives and Engagement Survey throughout the Group</div> <div>➤ Implement 1:1 performance and feedback dialogue</div> <div>➤ Implement exit interviews with all resigning employees</div>
<div>➤ Data safety</div>	<div>EMPLOYEE DATA SECURITY</div> <div>Policy</div> <div>➤ Employee rights policy</div>	<div>➤ All employee data gathered in one system for the entire Group</div>	<div>➤ Implementation of a single system throughout the Group</div>
<div>➤ Discrimination and inclusion</div>	<div>DIVERSITY</div> <div>Policy</div> <div>➤ Employee rights policy</div> <div>➤ Diversity policy</div>	<div>➤ Define baseline in diversity subjects</div> <div>➤ Prepare for gender distribution of 85/15 on board of directors by close of 2021</div> <div>➤ Prepare for gender distribution of 72/28 in executive group by close of 2021</div>	<div>➤ Discussion and identification at board level</div>

RESPONSIBLE OPERATIONS

The Energi Danmark Group has an overriding Environment and Climate Policy with a specific focus on energy and water consumption, and waste handling. We work to reduce the energy consumption in our own operations and we handle our waste in a sound way with respect for the environment.

Since 2014, we have been certified in accordance with ISO 14001 and have implemented quality and environmental policies in order to identify all environmental impacts, including ensuring the proper handling of significant environmental aspects and to ensure on-going identification of new aspects.

TRANSPARENCY

In general, the energy business is much regulated, and there are high demands on transparency. We are meeting the demands as part of our corporate social responsibility.

Transparency is key in maintaining fair competition and good business ethics. Each year, we publish the most important events in our annual report, both positive and negative. Similarly, we inform on an ongoing basis about current events on websites and in newsletters. Due to our issuance of corporate bonds, we are also obliged to publish all relevant news on the First North exchange.

ELECTRICITY CONSUMPTION

Our headquarters in Aarhus is located in a sustainable building from 2011. The building was awarded a gold medal in the EU standard for sustainable buildings DGNB, and the distinction ‘Very Good’ under the British standard BREEAM.

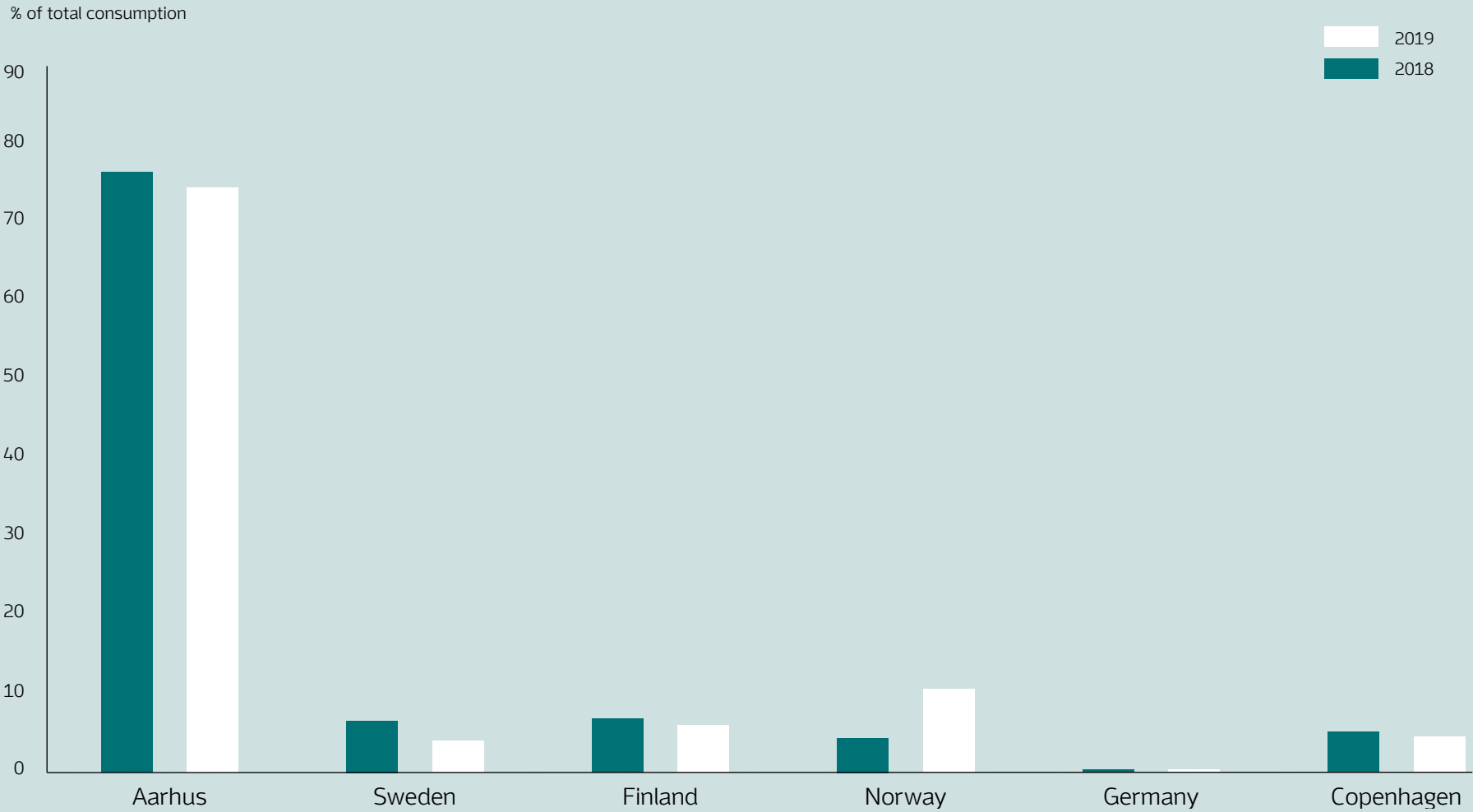
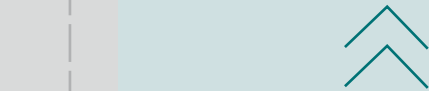
All of our offices are sub-leases of larger offices. Therefore, we do not have so many opportunities to minimise our energy consumption. We have, of course, chosen new and energy-efficient buildings that do not use so much energy. Instead, we focus on all our energy coming from renewable energy. In 2019, renewable

energy accounted for 84.5% of our total electricity consumption. For 2020, we will have a goal of ensuring that 90% of our electricity consumption is renewable.

In 2019, we have set up a smart meter in the Norwegian office in Oslo to measure the exact use. This has led to a more accurate and much higher result than previously, but the result remains uncertain as the proportion of common areas, such as the cafeteria, are estimates.

During spring 2020, the construction of our new headquarters in Denmark will begin. The new buildings are scheduled for completion in 2021. The new buildings, developed in accordance with the most recent energy rating requirements, will provide us with a much greater overview of our energy consumption.

Our new headquarters have incorporated climate friendly solutions such as low energy consumption, solar panels on the roof, natural materials, a good indoor climate and it will be possible to charge your electric car from any parking space.



The offices in Denmark, Sweden, Finland, Norway and Germany are all part of bigger service offices and it has not been possible to get the exact consumption for those offices. However, this is an estimate based on total kWh for the building divided with their part of total m². In Norway, charging of electric and hybrid cars is also included as part of the consumption. Our electricity consumption in Aarhus, Sweden and Finland come from renewable energy. It has not been possible to report on the consumption from Energi Danmark Securities based in Copenhagen, nor our small office in Gothenburg. We have estimated

the consumption in Copenhagen to be approximately the same as in 2018, since they have been the same number of employees as the year before. The amount of electricity from those two offices are not in a size that would dramatically change the outcome of the total consumption. For our Norwegian offices the 2019 estimate also includes the office in Tromdheim, as well as a share of common areas such as the canteen. Therefore, the figure is significantly higher, but also more accurate than last year.

ISO CERTIFICATION

Since 2014, we have been certified in accordance with ISO 14001. ISO 14001 is the most renowned international standard in environmental management systems and is used worldwide.

The certification applies to both Energi Danmark and all subsidiaries in Denmark, Sweden, Finland, Norway and Germany within advisory services and trade with energy products as well as derivative electricity products. The certification ensures that customers always receive the expected service regardless of which country they are trading in.

Internal audits are carried out every autumn and the most recent one was completed in December 2019. The aim is for our ISO certification to be renewed for a three-year period in January 2020.

» The ISO certification has internal value for us as a group, because continuous audits and quality assurance help us to always do our best.

JØRGEN HOLM WESTERGAARD
CEO Energi Danmark Group

WATER CONSUMPTION

Being certified with BREEAM, our office in Aarhus has been built with a focus on identifying means of reducing potable water consumption (internal and external) over the lifetime of the building and minimising losses through leakage.

For 2019, it was not possible to get data on water consumption for all locations. Many of our other subsidiaries are part of bigger buildings and the cost is part of the total rent. For 2020, we will look into the possibility of locating the consumption for all offices in the Group.

For our headquarters as well as our Finnish offices, we can report the water consumption to be respectively 512 m³ and 44.5 m³. Water consumption at our German office was estimated at 26.4 m³ in 2019 for the six employees who work there.

We have looked into the historic data for our water consumption and here we see a decrease from

2015–2019 when measured per employee. However, the trend is not obvious considering an increase in 2016.

WASTE

All of our offices share offices with other companies and therefore follow the guidelines recommended in the buildings concerned. It is extremely difficult to provide an accurate idea of our waste generation as our waste is managed jointly with other companies. As a minimum, we sort paper, cardboard, plastic and glass, while some offices also sort biological waste and metal. In 2019, the cafeteria at our head office started to sort biological waste separately and significant efforts have been made to reduce food waste.

We also apply due diligence and look to minimise the negative effects on the environment when purchasing. ■

DENMARK
PLANTS TREES

In 2019 Energi Danmark supported the national climate campaign ‘Denmark plants trees’ organised by The Danish society for Nature Conservation. We supported the project with 2,500 new trees in Denmark in collaboration with Growing Trees Network Foundation, which has extensive experience in establishing forests. The new trees will have the opportunity to grow big and strong. In

that way, the support helps to secure more Danish forest that can absorb and retain carbon dioxide from the atmosphere and become valuable habitats for animals and plants. According to the UN Climate Panel, planting forest is a central part of the climate solution. Forests are the most effective means of extracting CO₂ from the air.

LOCATED IN
SUSTAINABLE
BUILDINGS

The Energi Danmark headquarter is located in a building that received a sustainability certification upon construction. The building in Aarhus received a gold medal in EU standard for sustainable buildings DGNB.

In order to obtain a DGNB certification, a building is evaluated based on a number of criteria within the five main areas of DGNB; environmental quality, economic quality, social quality, technical quality and process quality. Based on this evaluation, the Company House in Aarhus was awarded a gold certification meaning that the building obtained minimum 50% in each category and 65% in total.

Our headquarters also received the distinction ‘Very Good’ under the British standard BREEAM. BREEAM is the world’s leading sustainability assessment method for building. Building are assessed in 10 categories and specifically in terms of energy, the certification support the sustainable use of energy in the building and sustainable

management of the building’s operations. Focus is to improve the inherent energy efficiency of the building and encourage the reduction of carbon emissions.

Our Swedish office in Malmö is located in a building that was certified LEED Gold in 2017; Leadership in Energy and Environmental Design. LEED is an American green building certification program used worldwide and the system is categorised in five basic areas: Sustainable Sites, Water Efficiency, Energy and Atmosphere, Materials and Resources, and Indoor Environmental Quality.



RESULTS FOR THE YEAR- 2019

RISKS	FOCUS AREAS	GOALS	ACTION	RESULTS
➤ Transparency	TRANSPARENCY Policy ➤ Human rights policy ➤ Environmental policy ➤ Climate policy ➤ Employee rights policy ➤ Diversity policy ➤ Anti-corruption policy	➤ Reporting on policies	➤ Inclusion of new KPIs in CSR annual report	➤ New KPIs included in CSR annual report
➤ Electricity consumption	ELECTRICITY CONSUMPTION Policy ➤ Environmental policy	➤ Internal ISO 14001 audit programme implemented ➤ External ISO 14001 audit programme implemented in all locations ➤ Overview of electricity consumption ➤ Electricity consumption can be read for office in Norway	➤ Internal audits of ISO 14001 to be implemented ➤ External audits of ISO 14001 to be implemented in all locations ➤ Data for electricity consumption to be collected for all locations ➤ Smart meters to be installed in office in Norway	➤ Internal audit of ISO 14001 implemented ➤ External ISO 14001 audit programme implemented in all locations ➤ Data for electricity consumption collected for all locations ➤ Smart meters installed in office in Norway
➤ Water consumption	WATER CONSUMPTION Policy ➤ Environmental policy	➤ Internal ISO 14001 audit programme implemented ➤ External ISO 14001 audit programme implemented in all locations ➤ Overview of water consumption	➤ Internal audit of ISO 14001 implemented ➤ External audit of ISO 14001 to be implemented in all locations? ➤ Data for water consumption collected for all locations possible	➤ Internal audit of ISO 14001 implemented ➤ External ISO 14001 audit programme implemented in all locations ➤ Data for water consumption collected for all locations (where possible)
➤ Waste	WASTE Policy ➤ Environmental policy	➤ Internal ISO 14001 audit programme implemented ➤ External ISO 14001 audit programme implemented in all locations	➤ Internal audit of ISO 14001 implemented ➤ External audit of ISO 14001 to be implemented in all locations	➤ Internal audit of ISO 14001 implemented ➤ External ISO 14001 audit programme implemented in all locations

GOALS 2020

RISKS	FOCUS AREAS	GOALS	PLANNED ACTIONS
➤ Transparency	TRANSPARENCY Policy ➤ Human rights policy ➤ Environmental policy ➤ Climate policy ➤ Employee rights policy ➤ Diversity policy ➤ Anti-corruption policy	➤ Reporting on policies	➤ Inclusion of new KPIs in CSR annual report
➤ Electricity consumption	ELECTRICITY CONSUMPTION Policy ➤ Environmental policy	➤ Internal ISO 14001 audit programme implemented ➤ External ISO 14001 audit programme implemented in all locations ➤ Overview of electricity consumption	➤ Internal audits of ISO 14001 to be implemented ➤ External audits of ISO 14001 to be implemented in all locations ➤ Data for electricity consumption to be collected for all locations
➤ Water consumption	WATER CONSUMPTION Policy ➤ Environmental policy	➤ Internal ISO 14001 audit programme implemented ➤ External ISO 14001 audit programme implemented in all locations ➤ Overview of water consumption	➤ Internal audit of ISO 14001 implemented ➤ External audit of ISO 14001 to be implemented in all locations ➤ Data for water consumption collected for all locations
➤ Waste	WASTE Policy ➤ Environmental policy	➤ Internal ISO 14001 audit programme implemented ➤ External ISO 14001 audit programme implemented in all locations	➤ Internal audit of ISO 14001 implemented ➤ External audit of ISO 14001 to be implemented in all locations

SUSTAINABILITY WITHOUT ADDITIONAL COST

- We help customers add new green energy to the electricity system

Until now, buying green electricity has been a question of reserving some of the energy that was already there. But, at the Energi Danmark Group, we aim to contribute more actively to the green transition while also providing our customers with the opportunity to take part in the green transition as well. For the first time, in 2019, we were able to offer a PPA agreement in which the customer's renewable energy originates from completely new solar parks or wind turbines that have been erected exclusively on the basis of the agreement.

The customer gets a fixed, attractive price and contributes new, renewable energy to society. This ensures sustainability without additional costs and this is something we are proud of at the Energi Danmark Group.

Energi Danmark collaborates with companies that exclusively erect solar panels or wind turbines, e.g. Better Energy and European Energy. Companies can enter into direct agreements with these producers but, with Energi Danmark as the middle man, the company's risk is reduced and the green balance is secured.

Energi Danmark guarantees the green balance
With a traditional PPA agreement, the customer is exposed to price risks when production and consumption do not match. This typically happens during the winter months when production at solar parks, for example, is low or during summer when more energy than is required by the customer is produced at the solar park. Energi Danmark can manage the difference between consumption and production and bills the company only for the exact consumption. Additionally, on an annual basis, we can also match the company's actual consumption to certificates ensuring that the company is always guaranteed renewable energy even during times when the sun is not shining or there is no wind. ■



VIDEO

Watch our video explaining how a Power Purchase Agreement works (in Danish).

THE SUSTAINABLE ADVANTAGES OF THE PPA

1 Establishment of new renewable energy (solar or wind power)



2 Customer becomes carbon neutral



3 Green balance between consumption and production



Case:

ENERGI DANMARK IS BALANCE RESPONSIBLE PARTY IN AN INNOVATIVE AGREEMENT

Chr. Hansen and Better Energy are taking responsibility for adding completely new renewable energy to the Danish electricity system through a PPA agreement. The role of Energi Danmark is to balance consumption and production while also managing the price risk, as well as Chr. Hansen's desire to achieve a green balance in its consumption.



Until now, buying green electricity has been a question of reserving some of the already existing energy in advance. But every party in this agreement had a desire to do even better – a desire to find a new solution to bring new renewable energy to the market at a competitive price.

No price risk and a goal of 100% green energy

Simply put, Energi Danmark solves two challenges associated with traditional PPA agreements; the elimination of price risk and the management of the difference between consumption and production.

"Through this PPA agreement we, as the balance responsible party, remove the price risk experienced by the customer through traditional PPA agreements. Price risk arises for both the consumer and the producer when consumption and production do not match, e.g. when the sun is not shining. We ensure that this risk is eliminated while also creating clarity and transparency when it comes to billing," explains Viggo Aavang Jensen, Head of Sales at Energi Danmark and adds: "We are extremely proud of this agreement. It shows that it is not only the major data centres that can create PPA agreements, but that all types of companies and public sector customers can now contribute to adding more green energy to the system," he says.

» Through this PPA agreement we, as the balance responsible party, remove the price risk experienced by the customer through traditional PPA agreements.

VIGGO AAVANG JENSEN

Head of Sales at Energi Danmark



**JESPER
DEELA NIELSEN**

Senior Category
Manager,
Global Sourcing
at Chr. Hansen

» FOR CHR. HANSEN, IT HAS BEEN ESSENTIAL TO ENSURE THAT WE CAN CONTINUE TO ACHIEVE BUDGET SECURITY WHEN IT COMES TO OUR ELECTRICITY COSTS, IN ADDITION TO ADDING GREEN ENERGY IN DENMARK. IT COULD BE SAID THAT ENERGI DANMARK ENSURES PRICE HEDGING OF BETTER ENERGY RATHER THAN BUYING ELECTRICITY FOR US AT THE ENERGY EXCHANGE.

Sustainability combined with budget security

The PPA agreement means that Chr. Hansen remains the world leader when it comes to sustainability and it also ensures budget security.

”For Chr. Hansen, it has been essential to ensure that we can continue to achieve budget security when it comes to our electricity costs, in addition to adding green energy in Denmark. It could be said that Energi Danmark ensures price hedging of Better Energy rather than buying electricity for us at the energy exchange,” explains Jesper Deela Nielsen, Senior Category Manager, Global Sourcing at Chr. Hansen, and continues:

”In addition to this agreement, we have asked Energi Danmark to create a green balance 24/7/365 based on the ordinary certificate market. Accordingly, at Chr. Hansen, we take responsibility not only for adding new renewable energy but also for ensuring that the future energy market consists of a mixture of renewable energy,” concludes Jesper Deela Nielsen, Senior Category Manager, Global Sourcing at Chr. Hansen.

Going forward, as the balance responsible party for both consumption and production, Energi Danmark will work constructively on flexible electricity consumption

and optimise the supply and demand in the market to benefit society as a whole.

”Creating more renewable energy is the pivot of the shift to a green energy supply. The PPA agreement puts Chr. Hansen at the very front of the transition to green energy in Denmark and paves the way for establishing similar innovative solutions for small and medium-sized companies wanting to make a positive contribution to Denmark’s overall energy balance,” explains Peter Munck Sørensen, Head of Power Production & Asset Management at Better Energy. ■

➤ In addition to this agreement, we have asked Energi Danmark to create a green balance 24/7/365 based on the ordinary certificate market.

PETER MUNCK SØE-JENSEN

Head of Power Production & Asset Management at Better Energy





KPI DEFINITIONS

ENERGY & SOCIETY

- Total wind portfolio**
Amount of MW (megawatts) installed capacity in own wind farms.
- Wind power**
Amount of sold MWh (megawatt hours) of electricity produced by wind turbines.
- Hydropower**
Amount of sold MWh (megawatt hours) of electricity produced by hydropower plants.
- Biomass**
Amount of sold MWh (megawatt hours) of electricity produced by the combustion of biomass, for example straw, wood and biodegradable waste.
- Bra Miljöval El**
Amount of sold MWh (megawatt hours) of electricity produced by renewable sources, for example wind turbines, hydropower plants and the combustion of biomass with Bra Miljöval certification.

RESPONSIBLE TRADE

- Informing of all employees**
Number of employees in Energi Danmark who have been informed of our policy on anti-corruption and fair competition.
- Training of all employees**
Number of employees in Energi Danmark who have actively taken part in training in our policy on anti-corruption and fair competition.

PEOPLE & CULTURE

- Women in senior management**
A count has been taken of how many women are on the board of directors for Energi Danmark A/S. This is calculated as a share of all board members.

The number of women in Top Management in Energi Danmark has also been calculated. This group consists of EMC and staff.
- Recommend Energi Danmark as a workplace**
Number of employees in Energi Danmark who would recommend Energi Danmark as a workplace to others.
- Working relationship with other units**
Number of employees in Energi Danmark who have a good working relationship with other units in the organisation.
- Sick leave**
Average percentage of sick leave per employee in the Energi Danmark Group during the year.
- Attrition**
Percentage of employees that have left the Energi Danmark Group for any reason during the year.

RESPONSIBLE OPERATIONS

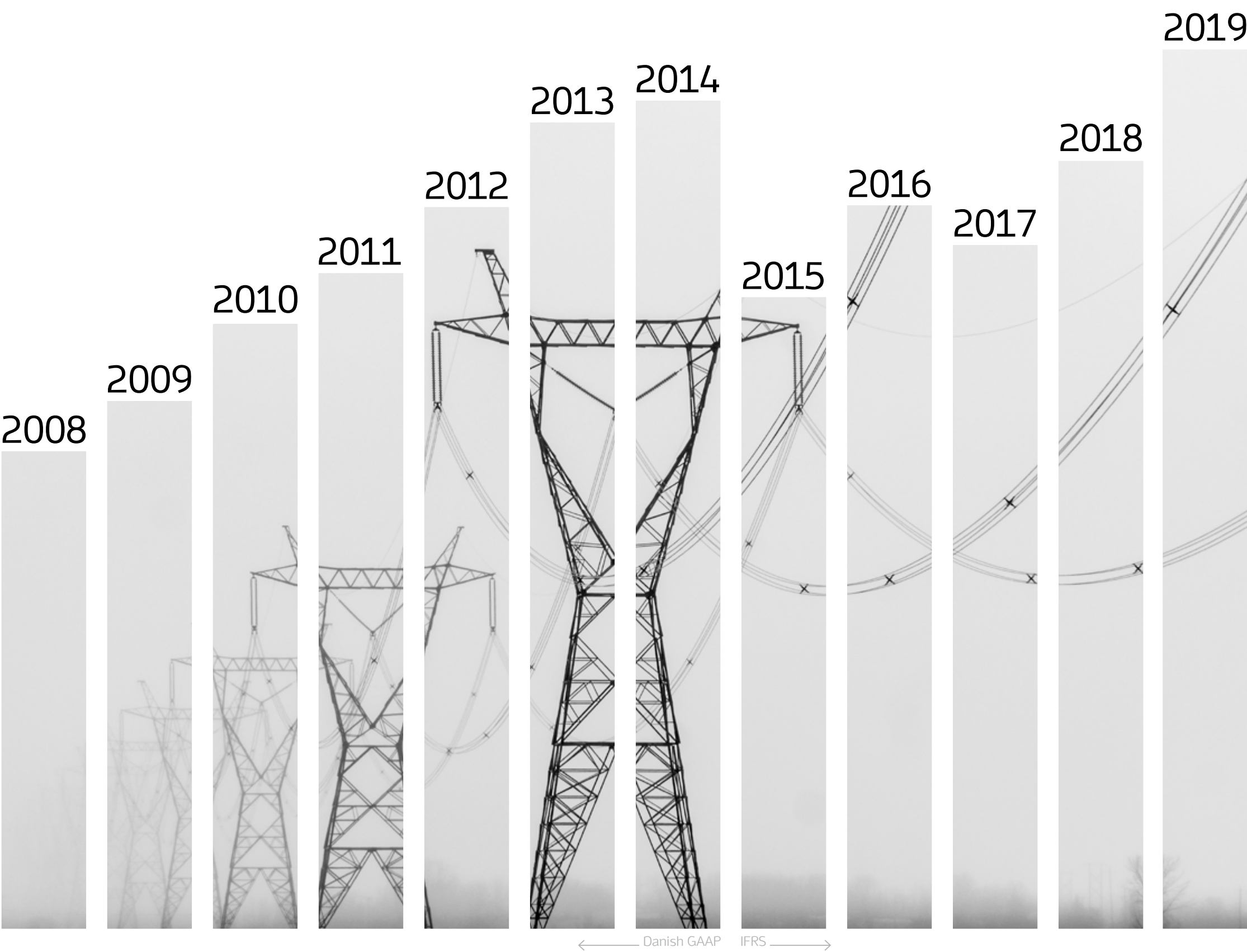
- ISO 14001 certified departments**
Number of departments that have valid ISO 14001 Environmental certification.
- ISO 14001 - Internal audits**
Number of audits performed on own sites via personnel in Energi Danmark, who do not work on this site on a daily basis, i.e. first party audits.
- ISO 14001 - External audits**
Number of audits performed on own sites via persons who do not work for Energi Danmark, i.e. third party audits. We use auditors from DNV GL.
- Electricity consumption**
The amount of fossil fuel and renewable energy respectively is listed for each site. It is not always possible to obtain these figures from the owners of office buildings for some sites.
- Water consumption**
The amount of consumed water in cubic metres is listed for each site. It is not always possible to obtain these figures from the owners of office buildings for some sites.



2019

annual report

Equity trend
2008-2014: Danish GAAP.
2015-2019: IFRS.



CONTENTS

ANNUAL REPORT

56 CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

61 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital

- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

93 PARENT FINANCIAL STATEMENTS

- 93 Income statement
- 94 Balance sheet – assets
- 95 Balance sheet – liabilities
- 96 Statement of changes in equity

97 NOTES TO THE PARENT FINANCIAL STATEMENTS

- 97 Note 1 - Accounting policies
- 98 Note 2 - Significant accounting judgements, estimates and assumptions
- 99 Note 3 - Revenue
- 99 Note 4 - Staff costs
- 99 Note 5 - Depreciation and amortisation
- 100 Note 6 - Finance income
- 100 Note 7 - Finance costs
- 100 Note 8 - Tax
- 101 Note 9 - Intangible assets

- 102 Note 10 - Tangible assets
- 103 Note 11 - Investments in subsidiaries
- 104 Note 12 - Income tax receivable/payable
- 104 Note 13 - Share capital
- 104 Note 14 - Deferred tax
- 105 Note 15 - Borrowings
- 106 Note 16 - Pledges, collateral and contingent liabilities
- 107 Note 17 - Risks, financial instruments and recognised transactions
- 111 Note 18 - Information about financial instruments
- 115 Note 19 - Subsequent events
- 115 Note 20 - Related party transactions

116 STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

117 INDEPENDENT AUDITOR'S REPORT

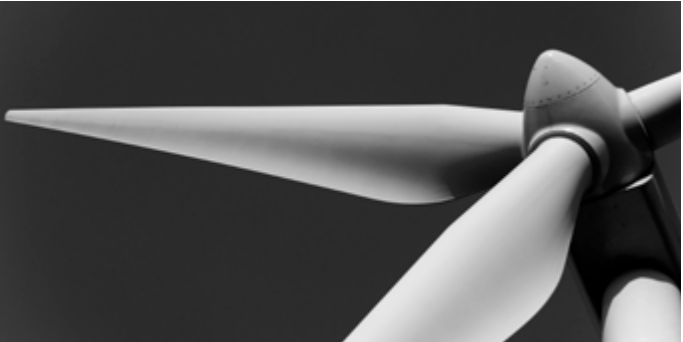
119 ORGANISATION

- 120 Organisational chart
- 121 Corporate information
- 122 Ownership
- 123 Board of Directors and Management
- 124 Corporate information, subsidiaries



CONSOLIDATED FINANCIAL STATEMENTS

[Read more](#) →



PARENT FINANCIAL STATEMENTS

[Read more](#) →



CONSOLIDATED FINANCIAL STATEMENTS

- | 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

[Go to Parent Financial Statements](#) →

[Go to Notes to Parent Financial Statements](#) →

[Go to Contents - Annual Report](#) →

INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

Notes	DKK '000	2019	2018
4	Revenue - Sales of power etc.	44,541,667	32,498,170
	Purchase of power	-44,289,540	-32,359,048
	Net income/(loss) from financial instruments	347,597	413,412
	Gross profit	599,724	552,534
5	Staff costs	-182,617	-159,616
6, 8	Other external costs	-199,113	-135,295
7	Depreciation	-25,355	-17,900
	Operating profit	192,639	239,723
9	Finance income	6,561	4,065
10	Finance costs	-49,574	-42,148
	Profit before tax	149,626	201,640
11	Tax	-38,727	-46,042
	Profit for the year of continuing operations	110,899	155,598
12	Profit for the year of discontinued operations	56,478	-24,470
	Profit for the year	167,377	131,128
Attributable to:			
Shareholders of Energi Danmark A/S		167,377	131,128
		167,377	131,128
Statement of other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		-2,532	-7,083
Cash flow hedge		40,819	-28,994
Tax on cash flow hedge		-8,980	6,379
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		29,307	-29,698
Total comprehensive income for the year, net of tax		196,684	101,430
Attributable to:			
Shareholders of Energi Danmark A/S		196,684	101,430



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- | 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements →

Go to Notes to Parent Financial Statements →

Go to Contents - Annual Report →

BALANCE SHEET – ASSETS

Notes	DKK '000	2019	2018
Assets			
Non-current assets			
13	Intangible assets	96,358	99,972
14	Tangible assets	27,420	788,243
11	Deferred tax	23,876	4,392
Total non-current assets		147,654	892,607
Current assets			
19	Trade receivables	5,107,118	5,198,879
11	Income tax receivables	0	5,259
19,20	Derivative assets	1,344,640	2,222,099
	Deposits	426,084	656,096
	Other receivables	210,436	209,511
	Cash	68,225	298,435
Total current assets		7,156,503	8,590,279
12	Assets held for sale	746,508	0
Total assets		8,050,665	9,482,886



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- | 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements →

Go to Notes to Parent Financial Statements →

Go to Contents - Annual Report →

BALANCE SHEET – LIABILITIES

Notes	DKK '000	2019	2018
Equity			
16	Share capital	221,833	221,833
	Exchange rate reserve	-18,638	-16,106
	Retained earnings	902,013	734,636
	Cash flow hedge	9,224	-22,615
	Total equity	1,114,432	917,748
Non-current liabilities			
17, 19, 20	Corporate bonds	0	748,708
2,19	Lease liabilities	4,193	0
11	Deferred tax	17,337	54,628
	Total non-current liabilities	21,530	803,336
Current liabilities			
17, 19, 20	Credit institutions	861,782	401,912
2,19	Lease liabilities	5,350	0
	Trade payables	2,920,049	3,080,133
17, 19, 20	Corporate bonds	749,565	0
11	Income tax payable	20,240	0
19, 20	Derivative liabilities	845,244	3,729,477
	Payment received regarding discontinued operations	424,543	0
	Other payables	609,317	550,280
	Total current liabilities	6,436,090	7,761,802
	Total liabilities	6,457,620	8,565,138
12	Liabilities directly associated with assets classified as held for sale	478,613	0
	Total equity and liabilities	8,050,665	9,482,886
15	Interest in subsidiaries		
18	Pledges, collateral and contingent liabilities		
21	Related party disclosures		
22	Subsequent events		
23	Standards issued but not yet effective		



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- | 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements →

Go to Notes to Parent Financial Statements →

Go to Contents - Annual Report →

STATEMENT OF CHANGES IN EQUITY

Notes	DKK '000				
	Share capital	Exchange rate reserve	Retained earnings	Cash flow hedge	Total
Equity 01/01 2019	221,833	-16,106	734,636	-22,615	917,748
Profit for the year	0	0	167,377	0	167,377
Other comprehensive income in 2019					
Cash flow hedge after tax	0	0	0	31,839	31,839
Foreign currency translation adjustment	0	-2,532	0	0	-2,532
Comprehensive income for the period	0	-2,532	167,377	31,839	196,684
Equity 31/12 2019	221,833	-18,638	902,013	9,224	1,114,432
Equity 01/01 2018	221,833	-9,023	603,508	0	816,318
Profit for the year	0	0	131,128	0	131,128
Other comprehensive income in 2018					
Cash flow hedge after tax	0	0	0	-22,615	-22,615
Foreign currency translation adjustment	0	-7,083	0	0	-7,083
Comprehensive income for the period	0	-7,083	131,128	-22,615	101,430
Equity 31/12 2018	221,833	-16,106	734,636	-22,615	917,748

During the year dividend of DKK 0.00 per share was paid (2018: DKK 0.00).



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity

| 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements →

Go to Notes to Parent Financial Statements →

Go to Contents - Annual Report →

STATEMENT OF CASH FLOWS

Notes	DKK '000	2019	2018
	Operating profit	192,639	239,723
	Cash flow hedge	40,819	-28,994
	Depreciation and amortisation etc.	25,355	17,900
	Net foreign exchange differences	-1,679	-7,083
	Gain on disposal of tangible assets	0	-371
	Finance income, received	6,561	4,065
	Finance costs, paid	-49,574	-42,148
	Changes in trade and other receivables	1,198,885	-3,174,254
	Changes in trade and other payables	-2,982,286	3,317,038
	Income taxes paid	-19,469	-18,848
	Cash flow from operating activities	-1,588,749	307,028
	Purchase of intangible assets	-13,774	-47,222
	Purchase of tangible assets	-12,409	-3,504
	Disposal of tangible assets	1,112	525
	Divestment of subsidiaries	424,543	0
	Cash flow from investing activities	399,472	-50,201
	Prepayment of loans	0	-98,358
	Instalments on leases	-4,017	0
	Cash flow from financing activities	-4,017	-98,358
	Cash flows from continuing operations	-1,193,294	158,469
	Cash flows from discontinued operations	101,302	41,623
	Cash and cash equivalents at 1 January	298,435	98,343
	Cash and cash equivalents 31 December	-793,557	298,435

CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- | 61 **Note 1 - Accounting policies**
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements



Go to Notes to Parent Financial Statements



Go to Contents - Annual Report



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes

1 Accounting policies

Basis of preparation

Energi Danmark A/S (the Company) is a limited company incorporated and domiciled in Denmark. Energi Danmark A/S' primary activity is trading in energy and commodities such as electricity and gas as well as carbon contracts.

The format for presenting the income statement is based on the type of expenditure to better reflect the activities provided by Energi Danmark A/S.

For more information regarding the group structure, please refer to Note 15.

As of 31 December 2019 the wind segment was classified as discontinued operations. Accounting policies for discontinued operations are described below.

The consolidated financial statements have been prepared on a historical cost basis, except where otherwise indicated in the below stated accounting policy.

During the financial year, the Group have changed the presentation of contribution of contracts. Therefore, DKK 1.4bn has been moved from Net income / (loss) from financial instruments to purchase of power in the Group and DKK 1.5bn. in the parent company. The correction has no impact on the profit for the year or equity.

For other changes to accounting policies, see Note 2.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2019.

and losses on transactions between the consolidated entities are eliminated.

The consolidated financial statements cover the parent company Energi Danmark A/S and subsidiaries in which Energi Danmark A/S has control. The Group has control over an entity, when the Group is exposed to or has rights to variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

For more information regarding the Group structure, please refer to Note 15.

Discontinuing operations

At the end of December 2019 the parent company entered into a sales agreement regarding the subsidiary Energi Danmark Vind A/S which is expected to be executed in 2020. As a consequence, the

activities relating to the subsidiary have been reclassified to discontinuing operations with a separate presentation of the impact in income statement, balance sheet and cash flow statement for



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- | 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements



Go to Notes to Parent Financial Statements



Go to Contents - Annual Report



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes

2019. Comparative figures have been adjusted in the income statement, cash flow statement and relevant notes.

No depreciation or amortisation is effected on property, plant and equipment from the time of classification as ‘held for sale’.

Assets and liabilities classified as held for sale are measured at the carrying amount at the time of classification as ‘held for sale’ or at market value less selling costs, whichever is lower. The carrying amount is measured in accordance with the Group’s accounting policies.

Discontinuing operations are reported including intercompany sales, and intercompany sales are eliminated against continuing operations to reflect the effect of the continuing operations going forward.

Foreign currency translation

The Group’s consolidated financial statements are presented in Danish Kroner (DKK), which is also the parent company’s functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. Receivables, debt and other monetary items denominated in foreign currencies are translated using the exchange rate at the balance sheet date. Differences between the exchange rate at the balance sheet date and the date on which the receivable or debt arose or was included in the latest annual reports are recognised in the income statement under financial income and costs.

Foreign currency transactions are translated during initial recognition, applying the exchange rate on the transaction date. Exchange rate differences that arise between the rate at the transaction date and the rate in effect at the payment date are recognised in the income statement as financial items.

Differences in exchange rates arising from the translation of foreign subsidiaries’ equity at the beginning of the year at the exchange rates at the balance sheet date and from the translation of income statements from the average exchange rates for the currency exchange rates at the balance sheet date are recognised directly in other comprehensive income.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the rec-

ognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Income statement

Revenue – sale of power etc.

Sales of physical and financial electricity, gas and wind power to customers and counterparties are included and accrued in full after delivery. Revenue is measured at the contractually agreed price exclusive of VAT and taxes. The group collects payments from customers on behalf of grid companies and tax authorities. In that respect, the Group regards itself as an agent, and recognises these transactions on a net-basis.

Net income/loss from financial instruments

Net income/loss from financial instruments includes fair value adjustments of derivative financial instruments used for economic hedging of the Group’s exposure to interest rate risks, foreign currency risks and commodity price risks and unrealised fair value adjustments of sales and purchase contracts qualifying for a fair value measurement. Fair value adjustments on these sales and purchase are reversed upon delivery.

Staff costs

Staff costs include salaries and wages, as well as social benefits, pensions, etc. for the company’s staff.

Other external costs

Other external costs include expenditure for sales, marketing, advertising, IT, administration and facilities, etc.

Depreciation

Depreciation includes amortisation on completed development projects, technical facilities, operating equipment, vehicles, wind



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- | 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements



Go to Notes to Parent Financial Statements



Go to Contents - Annual Report



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes

turbines, buildings and leasehold improvements. Depreciation is recognised based on the amortisation and depreciation profiles determined for the assets.

Finance income and costs

"Finance income" and "Finance costs" respectively include interest, capital gains and losses concerning securities as well as surcharges and refunds under the Danish Tax Prepayment Scheme etc.

Tax and deferred tax

Energi Danmark A/S is taxed jointly with Energi Danmark Securities A/S and ED Business Support A/S. (Energi Danmark Vind until 20. December) The parent company is the management company for the joint taxation and settles all payments with the tax authorities.

Deferred taxes are measured based on all temporary differences between the carrying amount and taxable value of assets and liabilities. However, deferred taxes based on temporary differences concerning items on which temporary differences, other than acquisitions, have arisen at the time of acquisition without affecting profit and loss or taxable revenue are not recognised.

An adjustment is made to deferred tax resulting from elimination of unrealised intercompany profit and losses.

Realisation of the assets at their carrying amount will not cause tax liabilities or tax receivables other than those mentioned in note 11.

Balance sheet

Intangible assets

Costs for completed development projects include costs, wages and salaries that can be directly or indirectly attributed to these activities. Development projects recognised in the balance sheet are measured at cost less any accumulated amortisation and accumulated impairment losses.

Operating equipment, fixtures etc.	3-5 years
Wind turbines	25 years
Leasehold improvements	7-10 years

Land is not depreciated unless there is a future obligation to return it to a third party.

Recognised costs for completed development projects are measured at cost less any accumulated amortisation and accumulated impairment losses.

Profits or losses from the sale of tangible assets are determined as the difference between the sales price less sales costs and the carrying amount at the time of the sale.

Impairment of non-current assets

Non-current assets with definite useful lives are tested for impairment when there is an indication that the carrying amount may not be recoverable. 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 purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Leases

The group has changed its accounting policy for leases where the group is the lessee. The impact of the change is described in note 2.

Until the 2018 financial year, leases of tangible assets were classified as operating leases, see note 2 for details. From 1 January 2019, leases are recognised as a tangible asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
> fixed payments

Where individual components of an item of tangible assets have different useful lives, they are depreciated separately. Depreciation is provided on a straight-line basis over the expected useful lives of the assets/components.

Depreciation is linear over the expected useful lives of the assets based on the following assessments of the expected service life of the assets:



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- | 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements



Go to Notes to Parent Financial Statements



Go to Contents - Annual Report



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes

> amounts expected to be payable by the group under residual value guarantees

The Group measures the lease assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

The lease payments are discounted using the Group’s incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the lease asset in a similar economic environment with similar terms, security and conditions.

Subsequent to initial measurement, the liability will be reduced with payments made and increased with interest. When the lease liability is remeasured, the corresponding adjustment is reflected in the lease asset of profit and loss if the lease asset is already reduced to zero.

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 less any lease incentives received
- > restoration costs.

Lease assets are generally depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the lease asset is depreciated over the underlying asset’s useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise os leases with low value.

Financial Assets

Non-derivative financial assets are in accordance with IFRS 9 Financial Instruments classified into the categories financial assets measured at fair value through profit or loss, fair value through other comprehensive income or amortised costs.

Receivables

The Group classifies receivables, including trade receivables, as financial instruments measured at amortised costs, when both of the following conditions are met:

- > The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

> The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets within this category are measured at amortised cost using the effective interest method, less any impairment losses.

Impairment of financial assets

The Group recognises a provision for impairment for expected credit loss (ECL) on financial assets measured at amortised costs. The provision for impairment for trade receivables are measured at an amount equal to lifetime ECL. For further information on the Group’s impairment of financial assets refer to note 19.

Own use of contracts

The Group enters into certain contracts that meet the criteria for the own use exemption. For these contracts the Group applies the fair value option, as the measurement of both the physical contracts and the related hedging instrument at the fair value through profit or loss reduces or eliminates an accounting asymmetry.

Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The sales and purchase contracts that qualify for accounting as derivatives are recognised in the statement of profit or loss as net income/loss from financial instruments.

Consequently, any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

If, at time of inception, a difference arises between the model value of a financial instrument or physical contract accounted for as a derivative, and the transaction price (day-one profit or loss), the difference is recognised in the income statement over the delivery period.

The Group uses the derivative financial instruments for economic hedges only, and thus does not apply hedge accounting except for contracts used to hedge the price risk related to production of electricity from own wind turbines at spot price. Gains or losses arising from changes in the fair value of derivatives not designated as hedging instruments are taken directly to profit or loss. If, at time of inception, a difference arises between the model value of a financial instrument or physical contract accounted for as a derivative, and the transaction price (day-one profit or loss), the difference is recognised in the income statement over the delivery period.



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- | 61 **Note 1 - Accounting policies**
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements



Go to Notes to Parent Financial Statements



Go to Contents - Annual Report



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes

Unrealised gain and losses on derivatives designated as cash flow hedges of the price risk related to the sale of electricity from own wind turbines are recognised in other comprehensive income and recycled to the income statement along with realisation of the hedged transactions.

Liabilities

Financial liabilities, including payables to suppliers, corporate bonds and debt to credit institutions, are initially recognised at fair value (typically the amount of the proceeds received), net of transaction costs incurred. In subsequent periods, the financial liabilities are measured at amortised cost; any difference between the cost (the proceeds) and the nominal value is recognised in the income statement over the period of the borrowings using the effective interest method.

Other liabilities are measured at net realisable value.

Equity

Foreign currency translation reserve

The exchange rate translation reserve in the consolidated financial statements comprises exchange differences arising on the translation of the financial statements of foreign enterprises from their functional currencies into Danish kroner. On realisation, accumulated translation adjustments are reclassified from equity to financial items in the income statement.

Dividends

The proposed dividend is recognised as a liability on the date of adoption by the Annual General Meeting (date of declaration). The expected dividend payment for the year is disclosed as a separate item under equity.

Fair value measurement

The Group measures financial instruments such as derivatives, at fair value at each balance sheet date. 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 20.

Fair value is the price that would be received to sell an asset or paid to transfer 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 or, if not available, in the most advantageous market.

The principal or the most advantageous market must be accessible by the Group.

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.

The Group 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 (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 re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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.

Operating segments

The operating segments are based on geographical segments, which also equals the legal structure of the Group. The segment reporting is based on the monthly reporting sent to the management.

Cash flow statement

The cash flow statement shows the Group's cash flow for the year divided into operating, investing and financing activities during the year, as well as the year's changes in cash and cash equivalents and the company's cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities

Cash flow from operating activities is presented using the indirect presentation form and is stated as the year's operating profit plus depreciation and impairment losses and with adjustments for changes in working capital, finance income/costs and paid corporate tax.



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements



Go to Notes to Parent Financial Statements



Go to Contents - Annual Report



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes

Cash flow from investing activities

Cash flow from investing activities includes payments in connection with the purchase and sale of non-current assets.

Cash flow from financing activities

Cash flow from financing activities includes cash flows provided by and dividends paid to shareholders as well as raising of loans and repayments on interesting-bearing debt.

Cash

Cash comprises liquid assets that can be converted without hindrance and for which there is only limited risk of changes in value.

Cash in foreign currency are measured at the average rate of The National Bank of Denmark on the balance sheet date.

Key Ratios

The key ratios were calculated in accordance with the recommendations of the Danish Society of Financial Analysts.

The key ratios listed in the overview of financial highlights were calculated as follows:

Gross margin ratio =	<div>Gross profit x 100</div> <div>Net revenue</div>	Equity ratio (solvency) =	<div>Equity, excluding non-controlling interests, end of year x 100</div> <div>Total assets, end of year</div>
Profit ratio (EBIT) =	<div>Profit from ordinary operating activities x 100</div> <div>Net revenue</div>	Return on equity before tax =	<div>Profit before tax x 100</div> <div>Average equity, excluding non-controlling interests</div>
		Return on equity after tax =	<div>Profit after tax x 100</div> <div>Average equity, excluding non-controlling interests</div>



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- | 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements



Go to Notes to Parent Financial Statements



Go to Contents - Annual Report



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes

2 Effects of new and amended accounting standards

All amended standards and interpretations issued by IASB and endorsed by the EU effective as of 1 January 2019 have been adopted by the Group.

- > IFRS 16 Leases
- > IFRIC 23 Uncertainty over Income Tax Treatments
- > Annual improvements to IFRSs 2015-2017

From 1 January 2019, the Group has adopted the following new standards:

Besides the impact from IFRS 16, the adoption of the new and amended standards has not impacted the consolidated financial statements for 2019.

Implementation of IFRS 16 Leases

IFRS 16 has been implemented as of 1 January 2019 using the modified retrospective approach according to which comparative figures are not restated but presented in accordance with the previous IFRS standard on leases (IAS 17). The standard super-sedes existing leases guidance in IAS 17 Leases and related interpretations. Previously, lease contracts for a lessee were classified as either operating or finance leases. IFRS 16 requires the majority of operating leases to be recognised as lease assets with related lease liability, similar to the previous accounting of finance leases.

The lease payments, previously accounted for as operating expenses, have been split into an interest expense and a repayment of the lease liability. The lease assets are depreciated over the term of the lease contract.

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- > elected not to reassess whether a contract is, or contains, a lease on 1 January 2019
- > relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- > excluding initial direct costs for the measurement of leases at the date of initial application
- > using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- > leases ending within 12 months of 1 January 2019 or leases considered to be low value are not recognised
- > applying a single discount rate to a portfolio of leases with reasonably similar characteristics.



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- | 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements →

Go to Notes to Parent Financial Statements →

Go to Contents - Annual Report →

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes	
Impact	
On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate	as of 1 January 2019. The weighted average incremental borrowing rate applied to the lease liabilities at 1 January 2019 was 2.4%.
The operating lease commitments at 31 December 2018 recognised in the opening balance at 1 January 2019 in accordance with IFRS 16 can be specified as follows:	
Operating lease commitments disclosed as at 31 December 2018	27,606
Discounting effect	-3,100
Low-value leases not recognised as a liability	-10,946
Lease liability recognised as at 1 January 2019	13,560
Of which are	
Current lease liabilities	4,017
Non-current lease liability	9,543
	13,560

Reported operating profit has increased, as previous operating lease expenses included under cost have been replaced by depreciations and financial expenses. The impact on profit is neutral over time, but a minor timing effect does occur due to frontloading of interest expenses.

Reported cash flow from operating activities has increased but is offset by an increased cash outflow from financing activities. Accordingly, total cash flow for the year is unchanged.



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- I 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements



Go to Notes to Parent Financial Statements



Go to Contents - Annual Report



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes

3 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Management continuously reassesses these estimates and judgements based on a number of factors in the given circumstances. The following accounting estimates are considered significant for the financial reporting.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described in the following. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

In the process of applying the Group's accounting policies, management has made the following estimates and assumptions, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Other disclosures relating to the Group's exposure to risks and uncertainties includes capital management, note 19. financial instrument risk management, liquidity risk and sensitivity analysis disclosures , note 19 and 20.

Fair value of financial and physical contracts

The Group measures its financial and physical contracts at fair value in accordance with the accounting policies as summarised in note 1.

Energi Danmark's strategy for measuring the fair value of these energy contracts is to utilise quoted prices in an active trading market.

In the absence of quoted prices for identical or similar energy contracts, general acceptable valuation models are applied and observable market data is used as input to the fair value calculations. Where the instruments are complex combinations of standard or non-standard products, unobservable market data may be used in the valuation models in order to calculate the fair value.

To ensure the validity and accuracy of the models all assumptions and inputs are approved and continuously tested.

The assumptions within the models used to determine the fair value of the physical and financial energy contracts in accordance with IFRS 13 are central, since any changes in assumptions could have a significant impact on the fair values and movements which are reflected in the consolidated income statement and balance sheet.

More detail on the assumptions used in the fair value measurement of the Group's energy contracts and related sensitivities are further described in note 2.

On physical fixed price contracts the fair value is comprised by the financial element of the contract, which at initial recognition is zero.

At 31 December 2019, the carrying amount of derivative assets and liabilities amounts to DKK 1,345m (2018: DKK 2,222m) and DKK 845 (2018: DKK 3,729m), respectively.

CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- | 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements



Go to Notes to Parent Financial Statements



Go to Contents - Annual Report



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes DKK '000

4	Operating segments	
	Management has defined the Groups business segments (reportable segments) based on the reporting presented regularly to the Executive Board and which forms the basis for Managements strategic decisions. The segmentation reflects the legal structure of the Group.	<div><div>> Energia Myynti Suomi: Sells energy on the Finnish market</div><div>> Energi Salg Norge: Sells energy on the Norwegian market</div><div>> Energie Vertrieb Deutschland EVD GmbH: Sells energy on the German market</div><div>> ED Business Support: Sells IT solutions</div><div>> Energi Danmark Anadolu Wlwktrik Enerjisi Toptan Ticaret Limited Sirketi: Energy trading</div><div>> Disam Nm Dooel Skopje: Energy trading</div></div>
	<div><div>> Energi Danmark: Physical and financial energy trading, carbon trading and trading with gas and wind energy. Sells energy to the subsidiaries.</div><div>> Energi Danmark Securities: Delivers portfolio management services, and trade with derivative financial instruments in this relation.</div><div>> Energi Försäljning Sverige: Sells energy on the Swedish market</div></div>	The reportable segments have been determined without aggregating operating segments.

	2019						
	Total revenue	Internal revenue	External revenue	Finance income	Finance costs	Depreciation and amortisation	Reportable segment profit/loss before tax
Energi Danmark	44,376,165	6,805,096	37,673,869	11,174	55,688	22,201	114,492
Energi Danmark Securities	25,085	5,928	19,157	244	20	79	25,643
ED Business Support	12,207	12,207	0	0	13	0	568
Energi Försäljning Sverige	2,375,968	0	2,375,968	2,838	251	467	22,164
Energia Myynti Suomi	1,902,840	0	1,902,840	1,229	38	204	-6,430
Energi Salg Norge	1,444,441	0	1,444,441	1,272	1,476	276	1,569
Energie Vertrieb Deutschland EVD GmbH	1,138,192	0	1,138,192	1,914	4,197	2,128	-8,380
Energi Danmark Anadolu Wlwktrik Enerjisi Toptan Ticaret Limited Sirketi	0	0	0	0	0	0	0
Disam Nm Dooel Skopje	0	0	0	0	0	0	0
Total segments	51,274,898	6,823,231	44,554,467	18,670	61,683	25,355	149,626
Adjustment and elimination	-6,823,231	-6,823,231		-12,109	-12,109		0
Consolidated	44,541,667	0	44,554,467	6,561	49,574	25,355	149,626

Adjustment and elimination consists of elimination of internal transactions. The transactions between the segments are made on market conditions.



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- | 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements



Go to Notes to Parent Financial Statements



Go to Contents - Annual Report



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes	DKK '000						
	2018						
	Total revenue	Internal revenue	External revenue	Finance income	Finance costs	Depreciation and amortisation	Reportable segment profit/loss before tax
Energi Danmark	32,285,484	5,594,728	26,690,756	4,321	46,611	15,396	156,855
Energi Danmark Securities	17,632	6,600	11,032	387	11	6	6,613
Energi Försäljning Sverige	2,167,928	0	2,167,928	2,828	63	527	27,732
Energia Myynti Suomi	1,531,702	0	1,531,702	792	20	344	832
Energi Salg Norge	1,019,662	0	1,019,662	335	227	246	15,124
Energie Vertrieb Deutschland EVD GmbH	1,077,090	0	1,077,090	922	736	1,381	-5,516
Total segments	38,099,498	5,601,328	32,498,170	9,585	47,668	17,900	201,640
Adjustment and elimination	-5,601,328	-5,601,328	0	-5,520	-5,520	0	0
Consolidated	32,498,170	0	32,498,170	4,065	42,148	17,900	201,640

Adjustment and elimination consists of elimination of internal transactions. The transactions between the segments are made on market conditions. We have excluded discontinued operations in the reportable segments and have therefore restated comparative figures.

	2019	2018	2019	2018
	External revenue		Non-current assets (excluding deferred tax asset)	
Denmark*	37,693,026	26,701,788	121,850	110,285
Sweden	2,375,968	2,167,928	230	215
Finland	1,902,840	1,531,702	529	808
Germany	1,138,192	1,077,090	635	2,592
Norway	1,444,441	1,019,662	534	598
Total	44,554,467	32,498,170	123,778	114,498

Revenue is allocated to the country of domicile for the customer. No single customer accounts for more than 10% of consolidated revenue. * Gas included in external revenue with DKK 13.4m (2018: 5.5m) Governments grants: DKK 39.3m (2018: 42.9m)



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- | 72 Note 5 - Staff costs
- | 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements



Go to Notes to Parent Financial Statements



Go to Contents - Annual Report



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes	DKK '000	2019	2018
5	Staff costs		
	Wages and salaries and remuneration	162,074	139,843
	Pensions, defined contribution plans	14,580	13,333
	Other expenses for social security.	5,963	6,440
		182,617	159,616
	Of this amount:		
	Board of Directors, wages and salaries	125	125
	Executive Management, wages and salaries	17,995	11,725
		18,120	11,850
	Average number of full time employees	211	208
	The Executive Management has a bonus scheme that is based on achieved Group earnings. The wages and salaries in 2019 is further affected by a non-recurrent remuneration to the CEO.		
6	Development project costs		
	Relationship between costs and expensed research and development:		
	Incurred IT-development costs		
	IT-development costs accounted for under intangible assets	13,774	47,222
	IT-development costs for the year in the income statement	29,603	0

CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- | 73 Note 7 - Depreciation
- | 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- | 73 Note 9 - Finance income
- | 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements



Go to Notes to Parent Financial Statements



Go to Contents - Annual Report



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes	DKK '000	2019	2018
7	Depreciation		
	Amortisation of intangible assets	17,392	14,452
	Depreciation of tangible assets	3,783	3,448
	Depreciations of leased assets	4,180	0
		25,355	17,900
8	Fees paid to auditors appointed at the annual general meeting		
	Fee regarding statutory audit	1,584	1,095
	Tax assistance	47	0
	Assurance engagements	29	0
	Other assistance	940	404
		2,600	1,499
9	Finance income		
	Interest income, credit institutions	354	726
	Interest on late payments	5,352	2,568
	Other interest income	855	771
		6,561	4,065
10	Finance costs		
	Interest expenses, credit institutions	15,874	6,705
	Leasing	256	0
	Interest expenses, corporate bonds	18,250	18,312
	Interest rate swaps	14,717	16,706
	Other interest expenses	477	431
		49,574	42,148

CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- | 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements



Go to Notes to Parent Financial Statements



Go to Contents - Annual Report



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes	DKK '000	2019	2018
11	Tax		
Tax for the year is composed as follows:			
	Tax on profit for the year in the income statement	38,727	46,042
Tax on profit for the year has been calculated as follows:			
	Current tax for the year	35,895	20,246
	Deferred tax	296	25,526
	Adjustment of prior-year current tax	-574	0
	Adjustment of prior-year deferred tax	3,110	270
		38,727	46,042
Specification of the tax on the profit for the year:			
	Calculated 22% tax of the profit for the year	50,812	44,361
	Adjustment of calculated tax in foreign subsidiaries	1,745	-269
	Non-deductible costs and non-taxable income	-18,210	1,680
	Current tax from previous year accounted for	-574	0
	Deferred tax from previous year accounted for	4,954	270
	Effective tax	38,727	46,042
Income tax receivable/payable			
	Income tax receivable/payable at 1 January	5,269	6,137
	Foreign currency translation adjustments, income tax	295	442
	Adjustment of tax, previous years	-400	-270
	Transferred from deferred tax	12	-3,914
	Current tax for the year	-44,875	-7,079
	Income tax received	-4,422	0
	Income tax paid	23,891	9,943
	Income tax receivable/payable at 31 December	-20,240	5,259
Income tax is recognised in the balance sheet:			
	Income tax receivable	0	5,259
	Income tax payable	-20,240	0
		-20,240	5,259



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- | 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements



Go to Notes to Parent Financial Statements



Go to Contents - Annual Report



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes	DKK '000	2019	2018
Deferred tax			
	Deferred tax, 1 January	50,236	30,585
	Effect discontinued operations	-60,184	0
	Foreign currency translation, adjustments, deferred tax	3	-1,751
	Adjustments of deferred tax, previous years	3,098	0
	Transferred to deferred tax	12	-3,914
	Adjustment of deferred tax	296	25,316
	Deferred tax 31 December	-6,539	50,236
Deferred tax relates to:			
	Intangible assets	14,465	20,737
	Tangible assets	-1,394	77,320
	Loss allowance on trade receivables	-2,057	-849
	Foreign accounting policies	-9,628	-2,998
	Tax losses carryforward	-7,440	-43,974
	Corporate bonds	-488	0
	Carrying amount 31 December	-6,539	50,236
Deferred tax is recognised as follows in the balance sheet:			
	Deferred tax asset	-23,876	-4,392
	Deferred tax liability	17,337	54,628
		-6,539	50,236

The Group has no unrecognised deferred tax assets.



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- | 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements



Go to Notes to Parent Financial Statements



Go to Contents - Annual Report



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes	DKK '000	2019	2018
12	Discontinued operations		
Financial performance and cash flow information			
	Revenue	87,536	87,006
	Net income/loss form financial instruments	46,428	-56,736
	Expenses	-61,556	-61,950
	Profit before income tax	72,408	-31,680
	Income tax expense	-15,930	7,210
	Profit from discontinued operations	56,478	-24,470
	Net cash flows from operating activities	29,647	98,359
	Net cash flows from investing activities	12,225	0
	Net cash flows from financing activities	0	0
	Total cash flows	41,872	98,359
Assets and liabilities of disposal group classified as held for sale			
	Assets classified as held for sale		
	Property, plant and equipment	732,583	
	Deposits	900	
	Other receivables	13,025	
	Total assets of disposal held for sale	746,508	
	Liabilities directly associated with assets classified as held for sale		
	Deferred tax	68,690	
	Credit institutions	360,040	
	Trade payables	967	
	Debt to affiliates	5,716	
	Derivative liabilities	39,091	
	Other payables	4,109	
	Total liabilities of disposal group held for sale	478,613	
	Net assets classified as held for sale	267,895	

CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
57 Balance sheet – assets
58 Balance sheet – liabilities
59 Statement of changes in equity
60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
67 Note 2 - Effects of new and amended accounting standards
69 Note 3 - Significant accounting judgements, estimates and assumptions
70 Note 4 - Operating segments
72 Note 5 - Staff costs
72 Note 6 - Development project costs
73 Note 7 - Depreciation
73 Note 8 - Fees paid to auditors appointed at the annual general meeting
73 Note 9 - Finance income
73 Note 10 - Finance costs
74 Note 11 - Tax
76 Note 12 - Discontinued operations
77 Note 13 - Intangible assets
78 Note 14 - Tangible assets
80 Note 15 - Interest in subsidiaries
80 Note 16 - Share capital
81 Note 17 - Borrowings
82 Note 18 - Pledges, collateral and contingent liabilities
83 Note 19 - Risks, financial instruments and recognised transactions
87 Note 20 - Information about financial instruments
91 Note 21 - Related party disclosures
92 Note 22 - Subsequent events
92 Note 23 - Standards issued but not yet effective

[Go to Parent Financial Statements](#)



Go to Notes to Parent Financial Statements



[Go to Contents - Annual Report](#)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes	DKK '000			
13	Intangible assets			
		2019		
		Completed development projects	Development projects in progress	Total
	Cost 1 January	305,799	3,676	309,475
	Foreign currency translation adjustment	-45	0	-45
	Additions	0	13,774	13,774
	Transfers	17,450	-17,450	0
	Cost 31 December	323,204	0	323,204
	Accumulated amortisations 1 January	209,503	0	209,503
	Foreign currency translation adjustment	-49	0	-49
	Amortisations for the year	17,392	0	17,392
	Accumulated amortisations 31 December	226,846	0	226,846
	Carrying amount 31 December	96,358	0	96,358
		2018		
		Completed development projects	Development projects in progress	Total
	Cost 1 January	214,624	47,818	262,442
	Foreign currency translation adjustment	-189	0	-189
	Additions	0	47,222	47,222
	Transfers	91,364	-91,364	0
	Cost 31 December	305,799	3,676	309,475
	Accumulated amortisations 1 January	195,233	0	195,233
	Foreign currency translation adjustment	-182	0	-182
	Amortisations for the year	14,452	0	14,452
	Accumulated amortisations 31 December	209,503	0	209,503
	Carrying amount 31 December	96,296	3,676	99,972

Development projects in progress includes development and test of IT-systems, which support the daily operation of the Group. The costs consists of internal costs, e.g. salary and external costs, e.g. assistance from external IT developers. The development of the IT systems is expected to lead to better service of customers.



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- | 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements



Go to Notes to Parent Financial Statements



Go to Contents - Annual Report



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes	DKK '000					
14	Tangible assets					
	2019					
		Leasehold improvements	Vehicles	Tools and equipment	Buildings	Total
	Cost 1 January	6,934	11,194	934,355	0	952,463
	Cost 1 January leases assets	0	0	0	13,560	13,560
	Additions	0	3,143	9,266	0	12,409
	Disposals	0	-4,662	-11,974	0	-16,636
	Transferred to assets classified as held for sale	0	0	-913,712	0	-913,712
	Cost 31 December	6,934	9,675	17,915	13,560	48,084
	Accumulated depreciation 1 January	4,272	5,208	154,760	0	164,240
	Depreciations for the year	698	1,954	38,467	4,180	45,299
	Depreciations, disposals for the year	0	-3,319	-4,427	0	-7,746
	Transferred to assets classified as held for sale	0	0	-181,129	0	-181,129
	Accumulated depreciations 31 December	4,970	3,843	7,671	4,180	20,664
Carrying amount 31 December	1,964	5,832	10,244	9,380	27,420	
Depreciation period	10 years	5 years	3-5 years	3-4 years		

In the current value of Buildings, DKK 9.4m is relating to leases. Depreciation expenses relating to leases recognised in profit (loss) were DKK 4.2m. For assets pledged as security, please refer to note 18. The Group has no significant contractual commitment to invest in tangible assets in future years.

Leases

The Group leases various offices. Extension and termination options are included in a number of property and equipment leases across the Group. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

recognised as short-term leases are expensed in profit (loss) were DKK 3.2m in 2019.

The Group has entered into leases of DKK 65,8m which are not commenced and therefore, they are not included in the lease liabilities.

Interests on lease debt expensed in profit (loss) were DKK 0.3m in 2019. Expenses relating to leases of low-value assets that are not

Total cash outflows for leases were DKK 4,3m in 2019.



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- | 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements



Go to Notes to Parent Financial Statements



Go to Contents - Annual Report



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NotesDKK '000

	2018			
	Leasehold improvements	Vehicles	Tools and equipment	Total
Cost 1 January	6,370	11,220	933,390	950,980
Foreign currency translation adjustment	-5	0	-61	-66
Additions	569	1,909	1,026	3,504
Disposals	0	-1,935	0	-1,935
Cost 31 December	6,934	11,194	934,355	952,483
Accumulated depreciation 1 January	3,601	4,818	116,013	124,432
Foreign currency translation adjustments	-4	-1	-49	-54
Depreciations for the year	675	2,171	38,796	41,642
Depreciations, disposals for the year	0	-1,780	0	-1,780
Accumulated depreciations 31 December	4,272	5,208	154,760	164,240
Carrying amount	2,662	5,986	779,595	788,243
Depreciation period	10 years	5 years	3-5 years	

For assets pledged as security, please refer to note 18.

The Group has no significant contractual commitment to invest in tangible assets in future years.



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- | 80 Note 15 - Interest in subsidiaries
- | 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements



Go to Notes to Parent Financial Statements



Go to Contents - Annual Report



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NotesDKK '000

15	Interest in subsidiaries			
	Name	Address	Country of incorporation	Voting right and ownership share
	Energi Danmark Securities A/S	Sundkroggade 21, 2. 2100 København Ø	Denmark	100%
	Encavis Nordbrise A/S	Københavnsvej 81, 4000 Roskilde	Denmark	100%
	Energi Försäljning Sverige AB	Stortorget 23, 21134 Malmö	Sweden	100%
	Energia Myynti Suomi Oy	Teknoboulevardi 3-5, 01530 Vantaa	Finland	100%
	Energi Salg Norge AS	Drammensveien 123, Skøyen, 0277 Oslo	Norway	100%
	Energie Vertrieb Deutschland EVD GmbH	Christoph-Probst-Weg 4, 20150 Hamburg	Germany	100%
	ED Business Support A/S	Hedeager 5, 8200 Aarhus N	Denmark	100%
	Energi Danmark Anadolu Wlwktrik Enerjisi Toptan Ticaret Limited Sirketi	Esentepe Mahallesi Ecza Sokak Polcenter Ismerkezi C Blok No: 4/1 Levent Sisli Istanbul	Turkey	100%
	Disam Nm Dooel Skopje	Str. 8-ma Udarne Briada no. 43/3, Skopje - Centar	Macedonia	100%

16Share capital

Capital management

The capital structure is managed by Energi Danmark on behalf of the Group. This applies to managing capital used in daily operation as well as planning and deciding dividends to Energi Danmark.

The Group uses own funding, bank facilities and corporate issued bonds to finance working capital requirements.

The overall objective when managing capital is to ensure a continued development and strengthening of the Group's capital structure to support profitable growth.

The long term objective relating to capital structure is to improve solvency ratio significantly. This will primarily be achieved through

consolidation of future results. It has been agreed with the shareholders and the owners of the corporate bond, that no dividend will be distributed, before the solvency ratio equals a minimum of 20%. The solvency ratio at 31 December 2019 amounts to 13.9% (31 December 2018: 9.7%)

Share capital

The share capital as of 31 December 2019 consists of 221,833,336 shares of a nominal value of 1 DKK. (2018: 221,833,336 shares of a nominal value of 1 DKK).

All shares have the same voting rights.



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- | 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

[Go to Parent Financial Statements](#) →

[Go to Notes to Parent Financial Statements](#) →

[Go to Contents - Annual Report](#) →

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes	DKK '000	2019	2018
17	Borrowings		
Credit institutions and borrowings			
Non-current borrowings			
Corporate bonds		0	748,708
		0	748,708
Current borrowings			
Debt to credit institutions		861,782	401,912
Corporate bonds		749,565	
		1,611,347	401,912
Total borrowings			
Nominal value			
Maturity of non-current and current borrowings			
Less than one year		1,611,347	401,912
Between one and five years		0	748,708
More than five years		0	0
		1,611,347	1,150,620

The interest rate to credit institutions is variable. The variable interest rate is hedged using interest rate swaps. Refer to the description in note 19.

Issued bonds consists of corporate bonds issued on First North in Denmark.

Issuer	Nominal value	Interest rate margin	Received	Due	31. December 2019
Energi Danmark A/S*	750,000	2.40%	2017	22. June 2020	749,565

*The interest rate is set every three months as three-month CIBOR + 2.40%. The listed interest rate was set on 31. December 2019.



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- | 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements →

Go to Notes to Parent Financial Statements →

Go to Contents - Annual Report →

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes	DKK '000	2019	2018
18	Pledges, collateral and contingent liabilities		
	The following assets are pledged as collateral for trading on power exchanges as well as balances with counterparties:		
	Power exchange Nord Pool Spot, EEX, APX , Nasdaq OMX and other counterparties etc.		
	Deposited cash	486,024	656,096
	Guarantees		
	Guarantees provided by a financial institute	1,335,367	794,494
	The Group has provided its portfolio of wind turbines with a book value of DKK 732m, which is presented as assets held for sale, as collateral for the debt which amounts to DKK 360m as of 31.	December 2019 (2018: DKK 401.9m) , which is presented as liability directly associated with assets classified as held for sale.	



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- | 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements



Go to Notes to Parent Financial Statements



Go to Contents - Annual Report



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes	DKK '000
19	<div>Risks, financial instruments and recognised transactions</div> <div><p>The Energi Danmark Group is exposed to market risks (price, volume, currency exchange risks), operational risks, credit risks, interest rate risks and liquidity risks. The Group's Executive Directors oversees the management of these risks. The Group's senior management is supported by a risk management team that advises on financial risks and the appropriate financial risk governance framework for the Group.</p><p>All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below. Energi Danmark is exposed to credit risks from our trading partners and customers.</p><p>Credit risk</p><p>Energi Danmark is exposed to credit risks from our trading partners and customers.</p><p>The credit risk exposure depends on the creditworthiness of the customers and counterparts. The customers are primarily to be found within the public sector, utility sector and across business markets (B2B).</p><p>Trading partners</p><p>The counterparts are typically established companies trading with commodities. Our trading with these companies is regulated under standard agreements, such as EFET and ISDA agreements which feature, for instance credit rating and netting provisions.</p><p>All counterparts are subject to a credit-rating before starting to trade. Existing counterparts are also reevaluated on an ongoing basis especially when new contracts are due to be signed. Counterparts are all evaluated and given a line of exposure within which</p></div> <div><p>daily exposures are calculated and monitored by the Risk Management department.</p><p>The daily credit risk regarding counterparties varies significantly due to fluctuations in market prices (ie. fluctuations in electricity and gas prices, currencies etc.), as well as trading activity with the different counterparts.</p><p>Customers</p><p>All customers are subject to a credit-rating before starting to trade. Existing customers are also reevaluated on an ongoing basis especially when new contracts are due to be signed. To do the credit rating Energy Denmark uses a credit rating score model from an external party. If the score is below certain predefined levels a manual credit-rating is done as well, either accepting the new contract or asking for additional security before signing.</p><p>It is the credit rating policy not to decline any customer that would like to trade with Energy Denmark, however when evaluating the credit-score and, if necessary, security requirements, the Finance department demands high standards. The necessity of maintaining high standards has become even more relevant since the Wholesale Model was implemented because losses from customers not paying their energy taxes and the transport of electricity have shifted from grid companies/Energinet.dk to trading companies like Energi Danmark.</p><p>The maximum exposure for credit risk on financial assets is reflected in the carrying amounts of financial assets in the balance sheet, without deducting the received deposits.</p><p>Based on the above description, it is assessed, that the overall credit risk for the Energi Danmark Group is considered to be low.</p></div>

	2019		2018	
Trade receivable and provisions for impairment:				
	Carrying amount before impairment	Provision for impairment	Carrying amount before impairment	Provision for impairment
Customers not due	5,095,856	4,819	5,198,483	2,580
Customers in dunning process	19,788	4,985	3,553	1,767
Insolvent customers	6,382	5,104	5,942	4,752
Total	5,122,026	14,908	5,207,978	9,099

Trade receivables are subject to impairment, where the actual provision is made based on a predefined percentage dependent on the numbers of reminders sent to the customer. If the customer enters into bankruptcy or equivalent procedure a full writeoff of the receivable is performed.



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- | 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements



Go to Notes to Parent Financial Statements



Go to Contents - Annual Report



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NotesDKK '000

Liquidity risk

In Energi Danmark many of the working capital requirements from trading activities exist due to the funding of purchase of electricity for delivery to our customers and day-to-day settlement on incoming futures towards exchanges. Especially since the Wholesale Model was implemented, the liquidity requirements has increased by the end of each month, but rapidly declines at the beginning of the following month. The increase is due to the fact that Energi Danmark has to pay grid companies/Energinet.dk for customer consumption-related energy taxes, transportation of electricity and PSO before receiving payments from customers. The use of futures with day-to-day cash settlement also has significant impact on the requirement for cash. When the price of electricity increases, the liquidity will increase as well, while a decrease in electricity prices will decrease the cash position. A decrease in the price of EUR 1 means an increased liquidity draw of approximately DKK 112m.

The liquidity risk is managed and monitored on a daily basis and a cash flow prognosis showing expected future cash movements is maintained. Due to the decreasing prices in the market in 2019, Energi Danmark has paid out more than compared to 2018. During 2019 the Group cash resources have been improved by bank financing.

After the balance sheet date the electricity prices has decreased further due to a mild winter and rainfalls that have filled up the water reservoirs in Norway and Sweden, disagreements between OPEC countries as well as the COVID-19 virus outbreak. This has affected the requirements to the Group liquidity resources so that the owners has provided DKK 650m in guarantees to cover new bank facilities. The Group owners have further reissued guarantees of DKK 550m., giving a total amount of guarantees of DKK 1.200m.

In June 2020 the group corporate bond of DKK 750 m expires. The management expect, as a minimum, to reissue the bonds. The market conditions for reissuing the bonds is at present not known. Management has an agreement with the bank for bridge financing, if market conditions is considered poor.

When trading electricity on the exchanges there is a requirement for margin calls to be covered by collaterals in the form of guarantees or cash. The mentioned guarantee’s given can be seen in note 18. The amount to be covered by guarantees is calculated by the exchange every day and sent to Energi Danmark. Back office receives and monitors the collaterals always making sure that sufficient collateral is in place.

Energi Danmark estimates that there is sufficient liquidity and collateral lines to support the business the coming year. In the event of further extraordinary reductions in the electricity price Energi Danmark will need additional credit lines.



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- | 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements



Go to Notes to Parent Financial Statements



Go to Contents - Annual Report



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NotesDKK '000

	Contractual maturity incl. interest (cash flow)				
	Carrying amount	Total	< 1 year	1-5 years	> 5 years
31 December 2019					
Non-derivative financial instruments					
Borrowings current and non-current	1,611,347	1,620,347	1,620,347	0	0
Lease liabilities	9,543	9,543	5,350	4,193	0
Trade payables	2,920,049	2,920,049	2,920,049	0	0
Payment received regarding discontinued operations	424,543	424,543	424,543	0	0
Other liabilities	609,317	609,317	609,317	0	0
Derivative financial instruments					
Derivatives	845,244	845,244	289,073	510,527	45,643
Total financial instruments	6,420,043	6,429,043	5,868,679	514,720	45,643

31 December 2018					
Non-derivative financial instruments					
Borrowings current and non-current	1,150,620	1,178,288	419,288	759,000	0
Trade payables	3,080,133	3,080,133	3,080,133	0	0
Other liabilities	550,280	550,280	550,280	0	0
Derivative financial instruments					
Derivatives	3,729,477	3,729,477	3,170,055	857,780	-298,358
Total financial instruments	8,510,510	8,538,178	7,219,756	1,616,780	-298,358

The contractual maturity analysis is based on the expected contractual cash flows.



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- | 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements



Go to Notes to Parent Financial Statements



Go to Contents - Annual Report



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes	DKK '000	
Interest rate risk		
Energy Denmark is partly financing its operation with loans from banks. The loans are subject to a variable interest rate. Cash flows and interest rate levels are monitored on a regular basis.	The interest rate is hedged using interest rate swaps for the coming year. The corporate bond interest rate is based on a CIBOR + fixed margin.	
Sensitivity analysis		
Regarding the balances and loans with variable interest rate, a decrease in the interest rate of 1%-point compared to the interest rates at the balance sheet date, would lead to a negative effect of DKK 20.5m in the profit and loss before tax and DKK 16m on the equity. A corresponding increase in the interest rate would lead to a positive effect of DKK 14.1m in the profit and loss before tax and DKK 11m on the equity.	The sensitivity analysis is based on the recognised financial assets and liabilities and the interest rate swaps at the balance sheet date. No repayments of loans or new borrowings has been taken into account. The used change in interest rate is assessed to be reasonably likely considering the current market conditions.	
Market risk		
The market price for electricity has shown to be quite volatile and subject to changes and events that can not be predicted.	Combined customer consumption is monitored on a regular basis in order to predict and adjust the corresponding hedging position.	
The spot price is determined hourly on the physical exchanges and forms the basis for financial trading of electricity on futures and forward contracts.	Being present in multiple countries with different currencies (primarily DKK, NOK, SEK and EUR) also exposes the group to fluctuations and changes in exchange rates against DKK. Exposure is monitored on a daily basis and the Group enters into currency rate contracts in order to hedge exposure thereby minimizing the risk.	
The price risk from selling electricity with fixed price elements are hedged by buying corresponding financial contracts on the exchange markets thereby securing Energi Danmark the contract margin.	To manage all of these risks the Risk Management department is using an ETRM-system called Elviz. Elviz is the foundation for calculating daily exposures using both VaR-based models and models developed inhouse showing day-to-day risks and MWh-exposure. Elviz contains almost all of Energy Denmark's positions/contracts, which are used as a basis for calculating the exposure using price curves derived from exchange quotes (where applicable).	
Another market risk is the volume risk when trading electricity based on future prices (with fixed price elements) because the corresponding price hedge needs to match actual customer volume in order to avoid ineffective hedging positions.		

	2019			2018		
Sensitivity analysis						
	P/L effect before tax	Equity effect	Reasonably possible change in variable%	P/L effect before tax	Equity effect	Reasonably possible change in variable%
Electricity	5,888	4,593	5%	21,819	17,019	5%
Currency exchange rate	12,250	9,555	5%	16,471	12,847	5%

The sensitivity analysis is based on the recognised financial assets and liabilities at the balance sheet date. Expected volatility of 5% is used for all markets and products in the sensitivity analysis.



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- | 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements



Go to Notes to Parent Financial Statements



Go to Contents - Annual Report



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NotesDKK '000

20Information about financial instruments

Categories of financial instruments

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	5,107,118	5,107,118	5,198,879	5,198,879
Other receivables and deposits	636,520	636,520	865,607	865,607
Cash	68,225	68,225	298,435	298,435
Financial assets measured at amortised cost	5,811,863	5,811,863	6,362,921	6,362,921
Derivative assets	1,344,640	1,344,640	2,222,099	2,222,099
Financial assets measured at fair value through profit or loss	1,344,640	1,344,640	2,222,099	2,222,099
Credit institutions	861,782	861,782	401,912	401,912
Corporate bonds	749,565	757,500	748,708	758,250
Trade payables	2,920,049	2,920,049	3,080,133	3,080,133
Payment received regarding discontinued operations	424,543	424,543	0	0
Lease liabilities	9,543	9,543	0	0
Other payables	609,317	609,317	550,280	550,280
Financial liabilities measured at amortised costs	5,574,799	5,582,734	4,781,033	4,790,575
Derivative liabilities	845,244	845,244	3,729,477	3,729,477
Financial liabilities measured at fair value through profit or loss	845,244	845,244	3,729,477	3,729,477

	2019	2018
Assets		
Financial	224,020	696,053
Physical	1,120,620	1,526,046
	1,344,640	2,222,099
Liabilities		
Financial	219,802	1,001,295
Physical	625,442	2,728,182
	845,244	3,729,477



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- | 87 **Note 20 - Information about financial instruments**
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

[Go to Parent Financial Statements](#) →

[Go to Notes to Parent Financial Statements](#) →

[Go to Contents - Annual Report](#) →

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes	DKK '000			
Fair value measurement of financial instruments				
	2019			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial assets:				
Foreign exchange forward	0	37,087	0	37,087
Commodity derivative	67,541	1,041,772	198,240	1,307,553
Total	67,541	1,078,859	198,240	1,344,640
Financial liabilities measured at fair value				
Derivative financial liabilities:				
Interest rate swaps	0	13,836	0	13,836
Foreign exchange forward	0	24,669	0	24,669
Commodity derivative	9,967	795,379	1,393	806,738
Total	9,967	833,884	1,393	845,244
	2018			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial assets:				
Foreign exchange forward	0	43,742	0	43,742
Commodity derivative	669,098	1,182,545	326,714	2,178,357
Total	669,098	1,226,287	326,714	2,222,099
Financial liabilities measured at fair value				
Derivative financial liabilities:				
Interest rate swaps	0	12,092	0	12,092
Foreign exchange forward	0	11,431	0	11,431
Commodity derivative	12,529	3,525,025	168,400	3,705,954
Total	12,529	3,548,548	168,400	3,729,477



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- | 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements



Go to Notes to Parent Financial Statements



Go to Contents - Annual Report



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes	DKK '000
Fair value is the price that would be received to sell an asset or paid to transfer 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 or, if not available, in the most advantageous market.	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 (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 If electricity prices changes with 5% the net level 3 value will change with DKK 23.4m. (2018: DKK 33m.) The transfers from level 3 to level 2 consists primarily of wind contracts, where the terms of the contract is less than 5 year at the year end. Besides this DKK 24.9m in new transactions related to level 3. Trade receivables, trade receivables from associates, other receivables and deposits, credit institutions, trade- and other payables Trade receivables, trade receivables from associates, other receivables and deposits, credit institutions, trade- and other payables with a short credit time is assessed to have a fair value, which equals the carrying amount.
The Group 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.	
Foreign exchange forwards and interest rate swaps Foreign exchange forwards and interest rate swaps are measured using generally accepted valuation techniques based on relevant observable swap-curves and foreign exchange rates.	
Commodity derivatives Commodity derivatives are measured using generally accepted valuation techniques based on relevant observable electricity price curves, foreign exchange rates etc. and manual calculated charges.	
Since there are no active markets for the long-term prices of electricity, the fair value has been determined through an estimate of the future prices. The most important parameter resulting in the commodity contracts being classified as level 3 is the electricity price. Normally, the price can be observed for a maximum of 2-3 years in the electricity market, after which an active market no longer exist. Beyond this horizon the electricity prices are based on, the known prices are used together with an appropriate interest rate to extrapolate the prices to future periods, where no prices are available. The used interest rate amounts to 2% at 31 December 2019 (2% at 31 December 2018).	

	2019	2018
Level 3		
Opening balance 1 January 2019	158,314	81,466
Gains/loss recognised	-13,623	49,561
Acquisitions	52,156	27,287
Total	196,847	158,314



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- | 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

[Go to Parent Financial Statements](#) →

[Go to Notes to Parent Financial Statements](#) →

[Go to Contents - Annual Report](#) →

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes

DKK '000

Cash flow hedge

The Group's wind power generated electricity is sold at prevailing spot prices in the Danish electricity market. As part of managing the electricity price risk, the Group enters into financial derivatives comprising of Nordpool system price contracts and contracts for difference between the Nordpool system price and the local area price. The contracts are designated as cash flow hedges of the price risk related to highly probable sales of electricity.

The combination of these contracts establish a perfect hedge in respect of price risk. In some cases, only the Nordpool system price is hedged. This is considered a hedge of the component of the local area price and is therefore also fully effective in respect of price risk. Ineffectiveness may arise due to difference between actual production volumes and hedged production volumes.

As of 31 December 2019, the Group has the following contracts designated as cash flow hedges:

Positive fair value 2019	Settlement 2020	Settlement 2021	Settlement 2022	Settlement 2023	Settlement 2024	Settlement 2025
	MWh	MWh	MWh	MWh	MWh	MWh
9,223	226.715	148.657	37.668	37.668	37.683	37.668

As of 31 December 2018, the Group had the following contracts designated as cash flow hedges

Negative fair value 2018	Settlement 2019	Settlement 2020	Settlement 2021	Settlement 2022	Settlement 2023	Settlement 2024	Settlement 2025
	MWh	MWh	MWh	MWh	MWh	MWh	MWh
-28,994	232.403	226.715	148.657	37.668	37.668	37.683	37.668

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts

and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2019						2018		
	Gross	Netting	Financial assets/ liabilities in the balance sheet	Collateral	Net	Gross	Netting	Net
Off-setting of current derivatives								
Derivative assets	6,455,356	-5,110,716	1,344,640	-108,865	1,453,505	6,602,051	-4,379,952	2,222,099
Derivative liabilities	-5,955,960	5,110,716	-845,244	0	-845,244	-8,109,429	4,379,952	-3,729,477
	499,396	-	499,396	-108,865	608,261	-1,507,378	-	-1,507,378

The sales contracts and the associated hedging contracts can only be offset to a limited extent, as the transactions are made with different counterparties. As a consequence, the net value of the

derivatives will be affected by the difference between the average sales price, the price of the hedging and the current market price at the balance sheet date as well as the size of the open positions.



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- | 91 Note 21 - Related party disclosures
- 92 Note 22 - Subsequent events
- 92 Note 23 - Standards issued but not yet effective

Go to Parent Financial Statements



Go to Notes to Parent Financial Statements



Go to Contents - Annual Report



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes	DKK '000
21	Related party disclosures
Energi Danmark's related parties include the following:	
Controlling interest	
Energi Danmark A/S does not have any related parties with controlling interest.	
Ownership	
The following shareholders are noted in the company's shareholder list and are considered to have significant influence over Energi Danmark A/S:	
	% ownership
SEAS-NVE A.m.b.a., Hovedgaden 36, Svinninge	28.97
NRGi A.m.b.a., Dusager 22, Aarhus N	23.12
Energi Nord Holding A/S, Over Bækken 6, Aalborg	18.37
EWII Energi A/S, Kokbjerg 30, Kolding	16.50
SEAS-NVE Strømmen A/S, Hovedgaden 36, Svinninge	11.52
SEF Energi A/S, Fåborgvej 64, 5700 Svendborg	1.12
Fonden Langelands Elforsyning, Spodsbjergvej 141, 5900 Rudkøbing	0.40
	100.00
Management	
The Group's related parties further includes members of the Board of Directors and Executive Management. Remuneration to the Board of Directors and Executive Management is disclosed in note 5.	
The Group has had the following transactions and balances with related parties:	
	2019 2018
Sale of power to owners	2,280,6382,330,504
Purchase of power from key personnel	9,6388,871
Related-party transactions are made on arm's length terms. Intra-group transactions have been eliminated in the consolidated financial statements.	



CONSOLIDATED FINANCIAL STATEMENTS

- 56 Income statement and other comprehensive income
- 57 Balance sheet – assets
- 58 Balance sheet – liabilities
- 59 Statement of changes in equity
- 60 Statement of cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 61 Note 1 - Accounting policies
- 67 Note 2 - Effects of new and amended accounting standards
- 69 Note 3 - Significant accounting judgements, estimates and assumptions
- 70 Note 4 - Operating segments
- 72 Note 5 - Staff costs
- 72 Note 6 - Development project costs
- 73 Note 7 - Depreciation
- 73 Note 8 - Fees paid to auditors appointed at the annual general meeting
- 73 Note 9 - Finance income
- 73 Note 10 - Finance costs
- 74 Note 11 - Tax
- 76 Note 12 - Discontinued operations
- 77 Note 13 - Intangible assets
- 78 Note 14 - Tangible assets
- 80 Note 15 - Interest in subsidiaries
- 80 Note 16 - Share capital
- 81 Note 17 - Borrowings
- 82 Note 18 - Pledges, collateral and contingent liabilities
- 83 Note 19 - Risks, financial instruments and recognised transactions
- 87 Note 20 - Information about financial instruments
- 91 Note 21 - Related party disclosures
- | 92 Note 22 - Subsequent events
- | 92 Note 23 - Standards issued but not yet effective

[Go to Parent Financial Statements](#) →

[Go to Notes to Parent Financial Statements](#) →

[Go to Contents - Annual Report](#) →

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes	DKK '000
22	<div><div>Subsequent events</div><div><div><p>The beginning of 2020 has been off to a challenging start with energy prices falling rapidly and the COVID-19 virus affecting the society and economy in all countries. The effect on the economy is expected to affect both the customer’s energy consumption pattern and -volumes. At the moment the Group do not expect that the present situation with the COVID-19 virus will affect the expected profit in 2020.</p></div><div><p>As mentioned, an agreement has been entered regarding the sale of the Group’s wind turbines as per 20 December, 2019. Final sales are expected to be completed after approval from the Danish Energy Agency. The sale results in a gain in relation to the book value as calculated in note 12.</p></div></div></div>
23	<div><div>Standards issued but not yet effective</div><div><div><p>A number of issued, but not yet effective, standards and interpretations have been published by the IASB, which have not been adopted early by the Group in the preparation of the consolidated financial statements for 2019:</p><div><div>> Amendments to IFRS 3 Definition of a Business</div><div>> Amendments to IAS 1 and IAS 8 Definition of Material</div><div>> Conceptual Framework for Financial Reporting</div></div><p>The Group has assessed these standards and interpretations and conclude they are not expected to have a material impact on the Group.</p></div></div></div>



PARENT FINANCIAL STATEMENTS

- | 93 Income statement
- 94 Balance sheet – assets
- 95 Balance sheet – liabilities
- 96 Statement of changes in equity

NOTES TO THE PARENT FINANCIAL STATEMENTS

- 97 Note 1 - Accounting policies
- 98 Note 2 - Significant accounting judgements, estimates and assumptions
- 99 Note 3 - Revenue
- 99 Note 4 - Staff costs
- 99 Note 5 - Depreciation and amortisation
- 100 Note 6 - Finance income
- 100 Note 7 - Finance costs
- 100 Note 8 - Tax
- 101 Note 9 - Intangible assets
- 102 Note 10 - Tangible assets
- 103 Note 11 - Investments in subsidiaries
- 104 Note 12 - Income tax receivable/payable
- 104 Note 13 - Share capital
- 104 Note 14 - Deferred tax
- 105 Note 15 - Borrowings
- 106 Note 16 - Pledges, collateral and contingent liabilities
- 107 Note 17 - Risks, financial instruments and recognised transactions
- 111 Note 18 - Information about financial instruments
- 115 Note 19 - Subsequent events
- 115 Note 20 - Related party transactions

Go to Consolidated Financial Statements



Go to Notes to Consolidated Financial Statements



Go to Contents - Annual Report



INCOME STATEMENT

Notes	DKK '000	2019	2018
3	Revenue - Sales of power etc.	44,376,164	32,285,484
	Purchase of power	-44,178,360	-32,207,874
	Net income/loss from financial instruments	300,196	370,879
	Gross profit	498,000	448,489
4	Staff costs	-130,584	-118,359
	Other external costs	-188,139	-115,587
5	Depreciation and amortisation	-22,201	-15,398
	Operating profit	157,076	199,145
	Profit on investments in subsidiaries, net of tax	83,124	9,505
6	Finance income	11,174	4,321
7	Finance costs	-55,688	-46,611
	Profit before tax	195,686	166,360
8	Tax	-28,309	-35,232
	Profit for the year	167,377	131,128



PARENT FINANCIAL STATEMENTS

- 93 Income statement
- | 94 Balance sheet – assets
- 95 Balance sheet – liabilities
- 96 Statement of changes in equity

NOTES TO THE PARENT FINANCIAL STATEMENTS

- 97 Note 1 - Accounting policies
- 98 Note 2 - Significant accounting judgements, estimates and assumptions
- 99 Note 3 - Revenue
- 99 Note 4 - Staff costs
- 99 Note 5 - Depreciation and amortisation
- 100 Note 6 - Finance income
- 100 Note 7 - Finance costs
- 100 Note 8 - Tax
- 101 Note 9 - Intangible assets
- 102 Note 10 - Tangible assets
- 103 Note 11 - Investments in subsidiaries
- 104 Note 12 - Income tax receivable/payable
- 104 Note 13 - Share capital
- 104 Note 14 - Deferred tax
- 105 Note 15 - Borrowings
- 106 Note 16 - Pledges, collateral and contingent liabilities
- 107 Note 17 - Risks, financial instruments and recognised transactions
- 111 Note 18 - Information about financial instruments
- 115 Note 19 - Subsequent events
- 115 Note 20 - Related party transactions

[Go to Consolidated Financial Statements](#) →

[Go to Notes to Consolidated Financial Statements](#) →

[Go to Contents - Annual Report](#) →

BALANCE SHEET – ASSETS

Notes	DKK '000	2019	2018
Assets			
Non-current assets			
9	Intangible assets	96,356	97,943
10	Tangible assets	25,349	8,322
	Total intangible and tangible assets	121,705	106,265
11	Investments in subsidiaries	896,173	795,876
14	Deferred tax	0	10,953
	Total financial assets	896,173	806,829
	Total non-current assets	1,017,878	913,094
Current assets			
17	Trade receivables	3,022,399	3,480,672
	Receivables from subsidiaries	1,277,772	1,275,734
12	Income tax receivables	0	4,810
	Derivative assets	1,090,121	2,006,875
	Deposits	401,879	542,801
	Other receivables	72,016	132,984
17,18	Total receivables	5,864,187	7,443,876
	Cash	0	184,602
	Total current assets	5,864,187	7,628,478
	Total assets	6,882,065	8,541,572



PARENT FINANCIAL STATEMENTS

- 93 Income statement
- 94 Balance sheet – assets
- | 95 Balance sheet – liabilities
- 96 Statement of changes in equity

NOTES TO THE PARENT FINANCIAL STATEMENTS

- 97 Note 1 - Accounting policies
- 98 Note 2 - Significant accounting judgements, estimates and assumptions
- 99 Note 3 - Revenue
- 99 Note 4 - Staff costs
- 99 Note 5 - Depreciation and amortisation
- 100 Note 6 - Finance income
- 100 Note 7 - Finance costs
- 100 Note 8 - Tax
- 101 Note 9 - Intangible assets
- 102 Note 10 - Tangible assets
- 103 Note 11 - Investments in subsidiaries
- 104 Note 12 - Income tax receivable/payable
- 104 Note 13 - Share capital
- 104 Note 14 - Deferred tax
- 105 Note 15 - Borrowings
- 106 Note 16 - Pledges, collateral and contingent liabilities
- 107 Note 17 - Risks, financial instruments and recognised transactions
- 111 Note 18 - Information about financial instruments
- 115 Note 19 - Subsequent events
- 115 Note 20 - Related party transactions

Go to Consolidated Financial Statements



Go to Notes to Consolidated Financial Statements



Go to Contents - Annual Report



BALANCE SHEET – LIABILITIES

Notes	DKK '000	2019	2018
Equity			
13	Share capital	221,833	221,833
	Reserve for development costs	75,158	71,496
	Reserve for net revaluation according to the equity method	572,131	491,539
	Retained earnings	236,086	155,495
	Cash flow hedge	9,224	-22,615
	Total equity	1,114,432	917,748
Non-current liabilities			
15,17,18	Corporate bonds	0	748,708
	Lease liabilities	4,193	0
14	Deferred tax	6,779	0
	Total non-current liabilities	10,972	748,708
Current liabilities			
	Lease liabilities	5,350	0
	Trade payables	2,418,720	2,660,285
	Payment received regarding discontinued operations	424,543	0
12	Income tax payable	29,027	0
	Credit institutions	835,466	0
15,17,18	Corporate bonds	749,565	0
	Debt to subsidiaries	337,874	592,880
	Derivative liabilities	669,453	3,471,783
	Other payables	286,663	150,168
	Total current liabilities	5,756,661	6,875,116
17, 18	Total liabilities	5,767,633	7,623,824
	Total equity and liabilities	6,882,065	8,541,572
16	Pledges, collateral and contingent liabilities		
19	Subsequent events		
20	Related party transactions		



PARENT FINANCIAL STATEMENTS

- 93 Income statement
- 94 Balance sheet – assets
- 95 Balance sheet – liabilities
- | 96 Statement of changes in equity

NOTES TO THE PARENT FINANCIAL STATEMENTS

- 97 Note 1 - Accounting policies
- 98 Note 2 - Significant accounting judgements, estimates and assumptions
- 99 Note 3 - Revenue
- 99 Note 4 - Staff costs
- 99 Note 5 - Depreciation and amortisation
- 100 Note 6 - Finance income
- 100 Note 7 - Finance costs
- 100 Note 8 - Tax
- 101 Note 9 - Intangible assets
- 102 Note 10 - Tangible assets
- 103 Note 11 - Investments in subsidiaries
- 104 Note 12 - Income tax receivable/payable
- 104 Note 13 - Share capital
- 104 Note 14 - Deferred tax
- 105 Note 15 - Borrowings
- 106 Note 16 - Pledges, collateral and contingent liabilities
- 107 Note 17 - Risks, financial instruments and recognised transactions
- 111 Note 18 - Information about financial instruments
- 115 Note 19 - Subsequent events
- 115 Note 20 - Related party transactions

[Go to Consolidated Financial Statements](#)[→](#)

[Go to Notes to Consolidated Financial Statements](#)[→](#)

[Go to Contents - Annual Report](#)[→](#)

STATEMENT OF CHANGES IN EQUITY

Notes	DKK '000					
	Share capital	Development Reserve	Reserve for net revaluation according to the equity method	Retained earnings	Cash flow hedge	Total
Equity 1 January 2019	221,833	71,496	491,539	155,495	-22,615	917,748
Foreign currency translation adjustment	0	0	-2,532	0	0	-2,532
Cash flow hedge after tax	0	0	0	0	31,839	31,839
Transferred through distribution of net profit	0	3,662	83,124	80,591	0	167,377
Equity 31 December 2019	221,833	75,158	572,131	236,086	9,224	1,114,432
Equity 1 January 2018	221,833	57,680	466,502	70,303	0	816,318
Foreign currency translation adjustment	0	0	-7,083	0	0	-7,083
Cash flow hedge after tax	0	0	0	0	-22,615	-22,615
Transferred through distribution of net profit	0	13,816	32,120	85,192	0	131,128
Equity 31 December 2018	221,833	71,496	491,539	155,495	-22,615	917,748



PARENT FINANCIAL STATEMENTS

- 93 Income statement
- 94 Balance sheet – assets
- 95 Balance sheet – liabilities
- 96 Statement of changes in equity

NOTES TO THE PARENT FINANCIAL STATEMENTS

- | 97 **Note 1 - Accounting policies**
- 98 Note 2 - Significant accounting judgements, estimates and assumptions
- 99 Note 3 - Revenue
- 99 Note 4 - Staff costs
- 99 Note 5 - Depreciation and amortisation
- 100 Note 6 - Finance income
- 100 Note 7 - Finance costs
- 100 Note 8 - Tax
- 101 Note 9 - Intangible assets
- 102 Note 10 - Tangible assets
- 103 Note 11 - Investments in subsidiaries
- 104 Note 12 - Income tax receivable/payable
- 104 Note 13 - Share capital
- 104 Note 14 - Deferred tax
- 105 Note 15 - Borrowings
- 106 Note 16 - Pledges, collateral and contingent liabilities
- 107 Note 17 - Risks, financial instruments and recognised transactions
- 111 Note 18 - Information about financial instruments
- 115 Note 19 - Subsequent events
- 115 Note 20 - Related party transactions

Go to Consolidated Financial Statements →

Go to Notes to Consolidated Financial Statements →

Go to Contents - Annual Report →

NOTES TO THE PARENT FINANCIAL STATEMENTS

Notes	
1	<div>Accounting policies</div> <div><div><div>The parent financial statements at 31 December 2019 for Energi Danmark A/S is presented in accordance with the provisions of the Danish Financial Statements Act regarding Class C (large) companies.</div><div>The parent financial statements are presented in Danish kroner (DKK) and all values are rounded to the nearest thousand (DKK 000's), except when otherwise indicated.</div><div>The implementation of IFRS 16 Leases in 2019 has increased our EBITDA for 2019 by DKK 4,273. Depreciation of lease assets amounted to DKK 4,180, and interests on lease debt amounted to DKK 256. The net effect on profit (loss) for 2019 was a loss of DKK 163. The effect on the balance sheet per 31 December 2019 was an increase in assets of DKK 9,380 and an increase in liabilities of DKK 9,543.</div><div>The accounting policies remain unchanged from the previous year with the exception of the implementation of IFRS 16 Leases.</div></div><div>Additional accounting principles for the parent company</div><div><div><div>Profit on Investments in Subsidiaries<div>The proportionate share of the profit after tax of subsidiaries is recognised in the income statement of the parent company after elimination of the proportionate share of internal profit/loss.</div></div><div>Investments in Subsidiaries<div>Investments in subsidiaries are measured according to the equity method. Investments in subsidiaries are measured at the proportionate share of the companies' equity calculated in accordance with the Group's accounting policies, minus or plus unrealised intercompany profit and loss, with the remaining value of positive or negative goodwill added or subtracted in accordance with the acquisition method.</div></div></div><div><div>Reserve for development cost<div>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 no longer part of the Group's operations by a transfer directly to the distributable reserves under equity. Furthermore the reserve will be reduced in accordance with the depreciations of the development costs.</div></div><div>IFRS for financial instruments<div>Following the Danish Financial Statements Act §37,5 the financial assets and financial liabilities are recognised and measured in accordance with the International Financial Reporting Standards. Please refer to the accounting policies for the Group for further description.</div></div><div><div>During the financial year, the Group have changed the presentation of contribution of contracts. Therefore, DKK 1.4bn has been moved from Net income / (loss) from financial instruments to purchase of power in the Group and DKK 1.5bn. in the parent company. The correction has no impact on the profit for the year or equity.</div></div><div><div>Net revaluation of investments in subsidiaries<div>Net revaluation of investments in subsidiaries is transferred to the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds the acquisition cost. Dividends from subsidiaries expected to be adopted before the adoption of the annual report of Energi Danmark A/S are not bound to the revaluation reserve.</div></div><div>Cash flow statements<div>The consolidated financial statements contain a cash flow statement for the whole group, why a separate statement for the parent company is not included, cf. the exception clause section 86 of the Danish Financial Statements Act.</div></div></div></div></div></div>



PARENT FINANCIAL STATEMENTS

- 93 Income statement
- 94 Balance sheet – assets
- 95 Balance sheet – liabilities
- 96 Statement of changes in equity

NOTES TO THE PARENT FINANCIAL STATEMENTS

- 97 Note 1 - Accounting policies
- | 98 Note 2 - Significant accounting judgements, estimates and assumptions
- 99 Note 3 - Revenue
- 99 Note 4 - Staff costs
- 99 Note 5 - Depreciation and amortisation
- 100 Note 6 - Finance income
- 100 Note 7 - Finance costs
- 100 Note 8 - Tax
- 101 Note 9 - Intangible assets
- 102 Note 10 - Tangible assets
- 103 Note 11 - Investments in subsidiaries
- 104 Note 12 - Income tax receivable/payable
- 104 Note 13 - Share capital
- 104 Note 14 - Deferred tax
- 105 Note 15 - Borrowings
- 106 Note 16 - Pledges, collateral and contingent liabilities
- 107 Note 17 - Risks, financial instruments and recognised transactions
- 111 Note 18 - Information about financial instruments
- 115 Note 19 - Subsequent events
- 115 Note 20 - Related party transactions

Go to Consolidated Financial Statements



Go to Notes to Consolidated Financial Statements



Go to Contents - Annual Report



NOTES TO THE PARENT FINANCIAL STATEMENTS

Notes

2 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Management continuously reassesses these estimates and judgements based on a number of factors in the given circumstances. The following accounting estimates are considered significant for the financial reporting.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described in the following. Energi Danmark based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

In the process of applying the Company's accounting policies, management has made the following estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements.

Other disclosures relating to the Company's exposure to risks and uncertainties includes capital management, financial instrument risk management, liquidity risk and sensitivity analysis disclosures (Note 17 and 18).

Fair value of financial and physical contract

Energi Danmark measures its financial and physical contracts at fair value in accordance with the accounting policies as summarised in note 1.

Energi Danmark's strategy for measuring the fair value of these energy contracts is to utilise quoted prices in an active trading market.

In the absence of quoted prices for identical or similar energy contracts, general acceptable valuation models are applied and observable market data is used as input to the fair value calculations. Where the instruments are complex combinations of standard or non-standard products, unobservable market data may be used in the valuation models in order to calculate the fair value.

To ensure the validity and accuracy of the models all assumptions and inputs are approved and continuously tested.

The assumptions within the models used to determine the fair value of the physical and financial energy contracts in accordance with IFRS 13 are central, since any changes in assumptions could have a significant impact on the fair values and movements which are reflected in the income statement and balance sheet.

More detail on the assumptions used in the fair value measurement of the energy contracts and related sensitivities are further described in note 18.

On physical fixed price contracts the fair value is comprised by the financial element of the contract, which at initial recognition is zero.

At 31 December 2019, the carrying amount of derivative assets and liabilities amounts to DKK 1,090m (2018: DKK 2,007m) and DKK 669m (2018: DKK 3,472m), respectively.

PARENT FINANCIAL STATEMENTS

- 93 Income statement
- 94 Balance sheet – assets
- 95 Balance sheet – liabilities
- 96 Statement of changes in equity

NOTES TO THE PARENT FINANCIAL STATEMENTS

- 97 Note 1 - Accounting policies
- 98 Note 2 - Significant accounting judgements, estimates and assumptions
- | 99 Note 3 - Revenue
- | 99 Note 4 - Staff costs
- | 99 Note 5 - Depreciation and amortisation
- 100 Note 6 - Finance income
- 100 Note 7 - Finance costs
- 100 Note 8 - Tax
- 101 Note 9 - Intangible assets
- 102 Note 10 - Tangible assets
- 103 Note 11 - Investments in subsidiaries
- 104 Note 12 - Income tax receivable/payable
- 104 Note 13 - Share capital
- 104 Note 14 - Deferred tax
- 105 Note 15 - Borrowings
- 106 Note 16 - Pledges, collateral and contingent liabilities
- 107 Note 17 - Risks, financial instruments and recognised transactions
- 111 Note 18 - Information about financial instruments
- 115 Note 19 - Subsequent events
- 115 Note 20 - Related party transactions

Go to Consolidated Financial Statements



Go to Notes to Consolidated Financial Statements



Go to Contents - Annual Report



NOTES TO THE PARENT FINANCIAL STATEMENTS

Notes	DKK '000	2019	2018
3	Revenue		
	Sale of power	30,995,001	26,782,387
	Gas trading	13,381,163	5,503,097
		44,376,164	32,285,484
	Denmark	38,126,138	26,787,790
	Sweden	2,085,245	1,970,101
	Finland	1,739,086	1,509,221
	Germany	1,141,314	1,065,695
	Norway	1,284,381	952,677
		44,376,164	32,285,484
4	Staff costs		
	Wages and salaries and remuneration	120,706	108,502
	Pensions, defined contribution plans	8,588	8,716
	Other expenses for social security	1,291	1,141
		130,584	118,359
	Of this amount:		
	Board members' fees	125	125
	Executive Management, wages and salaries	17,995	11,725
	Executive Management wages and salaries	18,120	11,850
	Average number of full time employees	145	156
	The Executive Management has a bonus scheme that is based on achieved Group earnings. The wages and salaries in 2019 is further affected by a non-recurrent remuneration to the CEO.		
5	Depreciation and amortisation		
	Amortisation of intangible assets	15,238	12,770
	Depreciation of tangible assets	2,783	2,628
	Depreciation of leased assets	4,180	0
		22,201	15,398

PARENT FINANCIAL STATEMENTS

- 93 Income statement
- 94 Balance sheet – assets
- 95 Balance sheet – liabilities
- 96 Statement of changes in equity

NOTES TO THE PARENT FINANCIAL STATEMENTS

- 97 Note 1 - Accounting policies
- 98 Note 2 - Significant accounting judgements, estimates and assumptions
- 99 Note 3 - Revenue
- 99 Note 4 - Staff costs
- 99 Note 5 - Depreciation and amortisation
- | 100 Note 6 - Finance income
- | 100 Note 7 - Finance costs
- | 100 Note 8 - Tax
- 101 Note 9 - Intangible assets
- 102 Note 10 - Tangible assets
- 103 Note 11 - Investments in subsidiaries
- 104 Note 12 - Income tax receivable/payable
- 104 Note 13 - Share capital
- 104 Note 14 - Deferred tax
- 105 Note 15 - Borrowings
- 106 Note 16 - Pledges, collateral and contingent liabilities
- 107 Note 17 - Risks, financial instruments and recognised transactions
- 111 Note 18 - Information about financial instruments
- 115 Note 19 - Subsequent events
- 115 Note 20 - Related party transactions

Go to Consolidated Financial Statements



Go to Notes to Consolidated Financial Statements



Go to Contents - Annual Report



NOTES TO THE PARENT FINANCIAL STATEMENTS

Notes	DKK '000	2019	2018
6	Finance income		
	Interest income, credit institutions	348	711
	Interest income, subsidiaries	7,045	1,926
	Interest income, on late payments	3,021	1,380
	Other interest income	760	304
		11,174	4,321
7	Finance costs		
	Interest expenses, credit institutions	15,808	6,661
	Interest expenses, subsidiaries	6,415	4,597
	Interest expenses, corporate bonds	18,250	18,312
	Other interest expenses	14,960	17,041
	Interest expense, lease liability	255	0
		55,688	46,611
8	Tax		
	Current tax	24,383	11,713
	Adjustment of prior year current tax	389	246
	Adjustment of prior year deferred tax	3,110	0
	Deferred tax	427	16,894
		28,309	28,853
	Specified as follows:		
	Tax on profit from ordinary activities	28,309	28,853
	Effective tax	14.5%	22.6%
	Income tax, received	24,281	3,398

PARENT FINANCIAL STATEMENTS

- 93 Income statement
- 94 Balance sheet – assets
- 95 Balance sheet – liabilities
- 96 Statement of changes in equity

NOTES TO THE PARENT FINANCIAL STATEMENTS

- 97 Note 1 - Accounting policies
- 98 Note 2 - Significant accounting judgements, estimates and assumptions
- 99 Note 3 - Revenue
- 99 Note 4 - Staff costs
- 99 Note 5 - Depreciation and amortisation
- 100 Note 6 - Finance income
- 100 Note 7 - Finance costs
- 100 Note 8 - Tax
- | 101 Note 9 - Intangible assets
- 102 Note 10 - Tangible assets
- 103 Note 11 - Investments in subsidiaries
- 104 Note 12 - Income tax receivable/payable
- 104 Note 13 - Share capital
- 104 Note 14 - Deferred tax
- 105 Note 15 - Borrowings
- 106 Note 16 - Pledges, collateral and contingent liabilities
- 107 Note 17 - Risks, financial instruments and recognised transactions
- 111 Note 18 - Information about financial instruments
- 115 Note 19 - Subsequent events
- 115 Note 20 - Related party transactions

Go to Consolidated Financial Statements



Go to Notes to Consolidated Financial Statements



Go to Contents - Annual Report



NOTES TO THE PARENT FINANCIAL STATEMENTS

Notes	DKK '000			
9	Intangible assets			
		2019		
		Completed development projects	Development projects in progress	Total
	Cost 1 January	290,775	3,676	294,451
	Additions	0	13,651	13,651
	Transfers	17,327	-17,327	0
	Cost 31 December	308,102	0	308,102
	Accumulated amortisation 1 January	196,508	0	196,508
	Amortisations for the year	15,238	0	15,238
	Accumulated amortisation 31 December	211,746	0	211,746
	Carrying amount 31 December	96,356	0	96,356
		2018		
		Completed development projects	Development projects in progress	Total
	Cost 1 January	199,879	47,818	247,697
	Additions	0	46,754	46,754
	Transfers	90,896	-90,896	0
	Cost 31 December	290,775	3,676	294,451
	Accumulated amortisation 1 January	183,738	0	183,738
	Amortisations for the year	12,770	0	12,770
	Accumulated amortisation 31 December	196,508	0	196,508
	Carrying amount 31 December	94,267	3,676	97,943

Development projects in progress includes development and test of IT-systems, which support the daily operation of the parent company. The costs consist of internal costs, e.g. salary,

and external costs, e.g. assistance from external IT developers. The development of the IT systems is expected to lead to better service of customers.

PARENT FINANCIAL STATEMENTS

- 93 Income statement
- 94 Balance sheet – assets
- 95 Balance sheet – liabilities
- 96 Statement of changes in equity

NOTES TO THE PARENT FINANCIAL STATEMENTS

- 97 Note 1 - Accounting policies
- 98 Note 2 - Significant accounting judgements, estimates and assumptions
- 99 Note 3 - Revenue
- 99 Note 4 - Staff costs
- 99 Note 5 - Depreciation and amortisation
- 100 Note 6 - Finance income
- 100 Note 7 - Finance costs
- 100 Note 8 - Tax
- 101 Note 9 - Intangible assets
- | 102 Note 10 - Tangible assets
- 103 Note 11 - Investments in subsidiaries
- 104 Note 12 - Income tax receivable/payable
- 104 Note 13 - Share capital
- 104 Note 14 - Deferred tax
- 105 Note 15 - Borrowings
- 106 Note 16 - Pledges, collateral and contingent liabilities
- 107 Note 17 - Risks, financial instruments and recognised transactions
- 111 Note 18 - Information about financial instruments
- 115 Note 19 - Subsequent events
- 115 Note 20 - Related party transactions

Go to Consolidated Financial Statements



Go to Notes to Consolidated Financial Statements



Go to Contents - Annual Report



NOTES TO THE PARENT FINANCIAL STATEMENTS

Notes	DKK '000				
10	Tangible assets				
	2019				
	Leasehold improvements	Vehicles	Tools and equipment	Buildings	Total
Cost 1 January	6,565	8,156	5,907	0	20,628
Cost 1 January, leases	0	0	0	13,560	13,560
Additions	0	2,747	8,844	0	11,591
Disposals	0	-3,855	0	0	-3,855
Cost 31 December	6,565	7,048	14,751	13,560	41,924
Accumulated depreciation 1 January	4,084	3,829	4,393	0	12,306
Depreciations for the year	656	1,442	684	4,180	6,962
Depreciations, disposals for the year	0	-2,693	0	0	-2,693
Accumulated depreciations 31 December	4,740	2,578	5,077	4,180	16,575
Carrying amount 31 December	1,825	4,470	9,674	9,380	25,349
Depreciation period	10 years	5 years	3-5 years	3-4 years	

In the current value of Buildings, 9.380k is relating to leases.
Depreciation expenses relating to leases recognised in profit (loss) were 4,180.

2018				
	Leasehold improvements	Vehicles	Tools and equipment	Total
Cost 1 January	6,187	8,627	5,020	19,834
Additions	378	1,464	887	2,729
Disposals	0	-1,935	0	-1,935
Cost 31 December	6,565	8,156	5,907	20,628
Accumulated depreciation 1 January	3,454	4,043	3,961	11,458
Depreciations for the year	630	1,566	432	2,628
Depreciations, disposals for the year	0	-1,780	0	-1,780
Accumulated depreciations 31 December	4,084	3,829	4,393	12,306
Carrying amount	2,481	4,327	1,514	8,322
Depreciation period	10 years	5 years	3-5 years	



PARENT FINANCIAL STATEMENTS

- 93 Income statement
- 94 Balance sheet – assets
- 95 Balance sheet – liabilities
- 96 Statement of changes in equity

NOTES TO THE PARENT FINANCIAL STATEMENTS

- 97 Note 1 - Accounting policies
- 98 Note 2 - Significant accounting judgements, estimates and assumptions
- 99 Note 3 - Revenue
- 99 Note 4 - Staff costs
- 99 Note 5 - Depreciation and amortisation
- 100 Note 6 - Finance income
- 100 Note 7 - Finance costs
- 100 Note 8 - Tax
- 101 Note 9 - Intangible assets
- 102 Note 10 - Tangible assets
- | 103 Note 11 - Investments in subsidiaries
- 104 Note 12 - Income tax receivable/payable
- 104 Note 13 - Share capital
- 104 Note 14 - Deferred tax
- 105 Note 15 - Borrowings
- 106 Note 16 - Pledges, collateral and contingent liabilities
- 107 Note 17 - Risks, financial instruments and recognised transactions
- 111 Note 18 - Information about financial instruments
- 115 Note 19 - Subsequent events
- 115 Note 20 - Related party transactions

Go to Consolidated Financial Statements



Go to Notes to Consolidated Financial Statements



Go to Contents - Annual Report



NOTES TO THE PARENT FINANCIAL STATEMENTS

Notes	DKK '000	2019	2018
11	Investments in subsidiaries		
	Cost 1 January	423,691	423,691
	Additions	19,704	0
	Cost 1 January	443,395	423,691
	Value adjustments 1 January	372,185	369,763
	Regulation on equity in subsidiaries	-2,532	-7,083
	Profit for the year	83,124	9,505
	Value adjustments 31 December	452,778	372,185
	Carrying amount 31 December	896,173	795,876

Name and address	Country of incorporation	Voting right and ownership
Energi Danmark Securities A/S, Sundkroggade 21, 2., 2100 København Ø	Denmark	100%
Encavis Nordbrise A/S, Københavnsvej 81, 4000 Roskilde	Denmark	100%
Energi Försäljning Sverige AB, Stortorget 23, 21134 Malmö	Sweden	100%
Energia Myynti Suomi Oy, Teknoboulevardi 3-5, 01530 Vantaa	Finland	100%
Energi Salg Norge AS, Drammensveien 123, 0277 Oslo	Norway	100%
Energie Vertrieb Deutschland EVD GmbH, Christoph-Probst-Weg 4, 20150 Hamburg	Germany	100%
ED Business Support A/S, Hedeager 5, 8200 Aarhus N	Denmark	100%
Energi Danmark Anadolu Wlwktrik Enerjisi Toptan Ticaret Limited Sirketi, Esentepe Mahallesi Ecza Sokak Polcenter Ismerkezi C Blok No: 4/1 Levent Sisli Istanbul	Turkey	100%
Disam Nm Dooel Skopje, Str. 8-ma Udarna Briada no. 43/3, Skopje - Centar	Macedonia	100%

The subsidiaries are autonomous legal entities.

PARENT FINANCIAL STATEMENTS

- 93 Income statement
- 94 Balance sheet – assets
- 95 Balance sheet – liabilities
- 96 Statement of changes in equity

NOTES TO THE PARENT FINANCIAL STATEMENTS

- 97 Note 1 - Accounting policies
- 98 Note 2 - Significant accounting judgements, estimates and assumptions
- 99 Note 3 - Revenue
- 99 Note 4 - Staff costs
- 99 Note 5 - Depreciation and amortisation
- 100 Note 6 - Finance income
- 100 Note 7 - Finance costs
- 100 Note 8 - Tax
- 101 Note 9 - Intangible assets
- 102 Note 10 - Tangible assets
- 103 Note 11 - Investments in subsidiaries
- | 104 Note 12 - Income tax receivable/payable
- | 104 Note 13 - Share capital
- | 104 Note 14 - Deferred tax
- 105 Note 15 - Borrowings
- 106 Note 16 - Pledges, collateral and contingent liabilities
- 107 Note 17 - Risks, financial instruments and recognised transactions
- 111 Note 18 - Information about financial instruments
- 115 Note 19 - Subsequent events
- 115 Note 20 - Related party transactions

Go to Consolidated Financial Statements



Go to Notes to Consolidated Financial Statements



Go to Contents - Annual Report



NOTES TO THE PARENT FINANCIAL STATEMENTS

Notes	DKK '000	2019	2018
12	Income tax receivable/payable		
	Income tax receivable 1 January	4,810	12,122
	Income tax for the year	-33,363	0
	Adjustment of tax, previous years	-400	0
	Income tax received	-24,281	-3,398
	Income tax paid	10,000	
	Transferred from deferred tax	14,207	-3,914
	Income tax receivable/payable 31 December	-29,027	4,810
13	Share capital		
	For information in regards to the share capital, please refer to Note 14 in the Consolidated Financial Statements.		
	Proposal for the distribution of net profit		
	Reserve for net revaluation according to the equity method	83,124	9,505
	Reserve for development costs	3,662	4,321
	Retained earnings	80,591	86,015
	Total	167,377	131,128
14	Deferred tax		
	Deferred tax, 1 January	10,953	28,093
	Adjustments of deferred tax, previous years	-3,098	-246
	Transferred to income tax	-14,207	0
	Adjustment of deferred tax	-427	-16,894
	Deferred tax 31 December	-6,779	10,953
	Deferred tax relates to:		
	Intangible assets	-14,456	-20,739
	Tangible assets	1,390	333
	Bad debt provision	2,057	849
	Tax losses carryforward	3,751	30,510
	Corporate bonds	488	0
	Carrying amount 31 December	-6,779	10,953

PARENT FINANCIAL STATEMENTS

- 93 Income statement
- 94 Balance sheet – assets
- 95 Balance sheet – liabilities
- 96 Statement of changes in equity

NOTES TO THE PARENT FINANCIAL STATEMENTS

- 97 Note 1 - Accounting policies
- 98 Note 2 - Significant accounting judgements, estimates and assumptions
- 99 Note 3 - Revenue
- 99 Note 4 - Staff costs
- 99 Note 5 - Depreciation and amortisation
- 100 Note 6 - Finance income
- 100 Note 7 - Finance costs
- 100 Note 8 - Tax
- 101 Note 9 - Intangible assets
- 102 Note 10 - Tangible assets
- 103 Note 11 - Investments in subsidiaries
- 104 Note 12 - Income tax receivable/payable
- 104 Note 13 - Share capital
- 104 Note 14 - Deferred tax
- | 105 Note 15 - Borrowings
- 106 Note 16 - Pledges, collateral and contingent liabilities
- 107 Note 17 - Risks, financial instruments and recognised transactions
- 111 Note 18 - Information about financial instruments
- 115 Note 19 - Subsequent events
- 115 Note 20 - Related party transactions

Go to Consolidated Financial Statements



Go to Notes to Consolidated Financial Statements



Go to Contents - Annual Report



NOTES TO THE PARENT FINANCIAL STATEMENTS

Notes	DKK '000	2019	2018
15	Borrowings		
Credit institutions and borrowings			
Non-current borrowings			
Corporate bonds		0	748,708
		0	748,708
Current borrowings			
Corporate bonds		749,565	0
		749,565	0
Total borrowings			
Nominal value			
Maturity of non-current and current borrowings			
Less than one year		749,565	0
Between one and five years		0	748,708
More than five years		0	0
		749,565	748,708

The interest rate to credit institutions is variable. The variable interest rate is hedged using interest rate swaps. Refer to the description in note 17.

Issued bonds consists of corporate bonds issued on First North in Denmark.

Issuer	Nominal value	Interest rate margin	Received	Due	31. December 2019
Energi Danmark A/S*	750,000	2.40%	2017	22. June 2020	749,565

*The interest rate is set every three months as three-month CIBOR + 2.40%. The listed interest rate was set on 31. December 2019.



PARENT FINANCIAL STATEMENTS

- 93 Income statement
- 94 Balance sheet – assets
- 95 Balance sheet – liabilities
- 96 Statement of changes in equity

NOTES TO THE PARENT FINANCIAL STATEMENTS

- 97 Note 1 - Accounting policies
- 98 Note 2 - Significant accounting judgements, estimates and assumptions
- 99 Note 3 - Revenue
- 99 Note 4 - Staff costs
- 99 Note 5 - Depreciation and amortisation
- 100 Note 6 - Finance income
- 100 Note 7 - Finance costs
- 100 Note 8 - Tax
- 101 Note 9 - Intangible assets
- 102 Note 10 - Tangible assets
- 103 Note 11 - Investments in subsidiaries
- 104 Note 12 - Income tax receivable/payable
- 104 Note 13 - Share capital
- 104 Note 14 - Deferred tax
- 105 Note 15 - Borrowings
- | 106 Note 16 - Pledges, collateral and contingent liabilities
- 107 Note 17 - Risks, financial instruments and recognised transactions
- 111 Note 18 - Information about financial instruments
- 115 Note 19 - Subsequent events
- 115 Note 20 - Related party transactions

Go to Consolidated Financial Statements



Go to Notes to Consolidated Financial Statements



Go to Contents - Annual Report



NOTES TO THE PARENT FINANCIAL STATEMENTS

Notes	DKK '000	2019	2018
16	Pledges, collateral and contingent liabilities		
	The following assets are pledged as collateral for trading on power exchanges as well as balances with counterparties:		
	Power exchange Nord Pool Spot, EEX, APX, Nasdaq OMX and other counterparties etc.		
	Deposited cash	330,241	540,756
	Guarantees		
	Guarantees provided by a financial institute	1,335,367	794,494

Contingent liabilities for joint and several liabilities for corporate tax etc.
The parent company is included as a part of group taxation with Danish subsidiaries. The companies are jointly and severally liable to pay Danish corporate tax and tax at source on dividends, interest and royalties within the sphere of joint taxation. The jointly taxed companies' total net payables to the Danish tax

authorities amount to DKK 29,0 as at 31 December 2019 (2018: DKK 4.8m). Any subsequent correction of the joint taxable income or tax at source on dividends etc. may lead to the companies being liable to pay a larger amount. The Group as a whole is not liable for others.



PARENT FINANCIAL STATEMENTS

- 93 Income statement
- 94 Balance sheet – assets
- 95 Balance sheet – liabilities
- 96 Statement of changes in equity

NOTES TO THE PARENT FINANCIAL STATEMENTS

- 97 Note 1 - Accounting policies
- 98 Note 2 - Significant accounting judgements, estimates and assumptions
- 99 Note 3 - Revenue
- 99 Note 4 - Staff costs
- 99 Note 5 - Depreciation and amortisation
- 100 Note 6 - Finance income
- 100 Note 7 - Finance costs
- 100 Note 8 - Tax
- 101 Note 9 - Intangible assets
- 102 Note 10 - Tangible assets
- 103 Note 11 - Investments in subsidiaries
- 104 Note 12 - Income tax receivable/payable
- 104 Note 13 - Share capital
- 104 Note 14 - Deferred tax
- 105 Note 15 - Borrowings
- 106 Note 16 - Pledges, collateral and contingent liabilities
- | 107 Note 17 - Risks, financial instruments and recognised transactions
- 111 Note 18 - Information about financial instruments
- 115 Note 19 - Subsequent events
- 115 Note 20 - Related party transactions

Go to Consolidated Financial Statements



Go to Notes to Consolidated Financial Statements



Go to Contents - Annual Report



NOTES TO THE PARENT FINANCIAL STATEMENTS

Notes

DKK '000

17

Risks, financial instruments and recognised transactions

Energi Danmark is exposed to market risks (price, volume, currency exchange rate risks), operational risks, credit risks, interest rate risks and liquidity risks. The Executive Directors oversees the management of these risks. The Group's senior management is supported by a risk management team that advises on financial risks and the appropriate financial risk governance framework for the Company.

All derivative activities for Risk Management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Credit risk and counterparts

Energi Danmark is exposed to credit risks from our trading partners and customers. The counterparts are typically established companies trading with commodities. Our trading with these companies is regulated under standard agreements, such as EFET and ISDA agreements which feature, for instance credit rating and netting provisions.

The credit risk exposure depends on the creditworthiness of the customers and counterparts. The customers are primarily to be

found within the public sector, utility sector and across business markets (B2B). Counterparts are typically established companies trading with commodities.

All customers and counterparts are subject to a credit rating before starting to trade. Existing customer and counterparts are also reevaluated on an ongoing basis, especially when new contracts are due to be signed. To do the credit rating Energi Danmark uses a credit rating score model from an external party. If the score is below certain predefined levels a manual credit rating is done as well, either accepting the new contract or asking for additional security before signing. Counterparts are all evaluated and given a line of exposure within which daily exposures are calculated and monitored by the Risk Management department.

It is the credit rating policy not to decline any customer that would like to trade with Energi Danmark; however, when evaluating the credit score and, if necessary, security requirements, the Finance department demands high standards. The necessity of maintaining high standards has become even more relevant since the Wholesale Model was implemented because losses from customers not paying their energy taxes and the transport of electricity have shifted from grid companies/Energinet.dk to trading companies like Energi Danmark.

Trade receivable and provisions for impairment:

	2019		2018	
	Carrying amount before impairment	Provision for impairment	Carrying amount before impairment	Provision for impairment
Customers not due	3,013,444	3,399	3,480,106	1,000
Customers in dunning process	16,018	4,122	2,764	1,531
Insolvent customers	2,289	1,831	1,662	1,329
Total	3,031,751	9,352	3,484,532	3,860

Trade receivables are subject to impairment, where the actual provision made is based on a predefined percentage dependent on the numbers of reminders sent to the customer. If the customer

enters into bankruptcy or equivalent procedure a full writeoff of the receivable is performed.



PARENT FINANCIAL STATEMENTS

- 93 Income statement
- 94 Balance sheet – assets
- 95 Balance sheet – liabilities
- 96 Statement of changes in equity

NOTES TO THE PARENT FINANCIAL STATEMENTS

- 97 Note 1 - Accounting policies
- 98 Note 2 - Significant accounting judgements, estimates and assumptions
- 99 Note 3 - Revenue
- 99 Note 4 - Staff costs
- 99 Note 5 - Depreciation and amortisation
- 100 Note 6 - Finance income
- 100 Note 7 - Finance costs
- 100 Note 8 - Tax
- 101 Note 9 - Intangible assets
- 102 Note 10 - Tangible assets
- 103 Note 11 - Investments in subsidiaries
- 104 Note 12 - Income tax receivable/payable
- 104 Note 13 - Share capital
- 104 Note 14 - Deferred tax
- 105 Note 15 - Borrowings
- 106 Note 16 - Pledges, collateral and contingent liabilities
- | 107 Note 17 - Risks, financial instruments and recognised transactions
- 111 Note 18 - Information about financial instruments
- 115 Note 19 - Subsequent events
- 115 Note 20 - Related party transactions

[Go to Consolidated Financial Statements](#)[→](#)

[Go to Notes to Consolidated Financial Statements](#)[→](#)

[Go to Contents - Annual Report](#)[→](#)

NOTES TO THE PARENT FINANCIAL STATEMENTS

Notes	DKK '000
Liquidity risk	
In Energi Danmark many of the working capital requirements from trading activities exist due to the funding of purchase of electricity for delivery to our customers and day-to-day settlement on incoming futures towards exchanges. Especially since the Wholesale Model was implemented, the liquidity requirements has increased by the end of each month, but rapidly declines at the beginning of the following month. The increase is due to the fact that Energi Danmark has to pay grid companies/Energinet.dk for customer consumption-related energy taxes, transportation of electricity and PSO before receiving payments from customers. The use of futures with day-to-day cash settlement also has significant impact on the requirement for cash. When the price of electricity increases, the liquidity will increase as well, while a decrease in electricity prices will decrease the cash position. A decrease in the price of EUR 1 means an increased liquidity draw of approximately DKK 112m.	In June 2020 the group corporate bond of DKK 750 m expires. The management expect, as a minimum, to reissue the bonds. The market conditions for reissuing the bonds is at present not known. Management has an agreement with the bank for bridge financing, if market conditions is considered poor.
The liquidity risk is managed and monitored on a daily basis and a cash flow prognosis showing expected future cash movements is maintained. Due to the decreasing prices in the market in 2019, Energi Danmark has paid out more than compared to 2018. During 2019 the Group cash resources have been improved by bank financing.	When trading electricity on the exchanges there is a requirement for margin calls to be covered by collaterals in the form of guarantees or cash. The mentioned guarantee’s given can be seen in note 18. The amount to be covered by guarantees is calculated by the exchange every day and sent to Energi Danmark. Back office receives and monitors the collaterals always making sure that sufficient collateral is in place.
After the balance sheet date the electricity prices has decreased further due to a mild winter and rainfalls that have filled up the water reservoirs in Norway and Sweden, disagreements between OPEC countries as well as the COVID-19 virus outbreak. This has affected the requirements to the Group liquidity resources so that the owners has provided DKK 650m in guarantees to cover new bank facilities. The Group owners have further reissued guarantees of DKK 550m., giving a total amount of guarantees of DKK 1.200m.	Energi Danmark estimates that there is sufficient liquidity and collateral lines to support the business the coming year. In the event of further extraordinary reductions in the electricity price Energi Danmark will need additional credit lines.

93 Income statement
94 Balance sheet – assets
95 Balance sheet – liabilities
96 Statement of changes in equity

97 Note 1 - Accounting policies
98 Note 2 - Significant accounting judgements, estimates and assumptions
99 Note 3 - Revenue
99 Note 4 - Staff costs
99 Note 5 - Depreciation and amortisation
100 Note 6 - Finance income
100 Note 7 - Finance costs
100 Note 8 - Tax
101 Note 9 - Intangible assets
102 Note 10 - Tangible assets
103 Note 11 - Investments in subsidiaries
104 Note 12 - Income tax receivable/payable
104 Note 13 - Share capital
104 Note 14 - Deferred tax
105 Note 15 - Borrowings
106 Note 16 - Pledges, collateral and contingent liabilities
107 Note 17 - Risks, financial instruments and recognised transactions
111 Note 18 - Information about financial instruments
115 Note 19 - Subsequent events
115 Note 20 - Related party transactions

[Go to Contents - Annual Report](#) →

Notes DKK '000

	Contractual maturity incl. interest (cash flow)				
	Carrying amount	Total	< 1 year	1-5 years	> 5 years
31 December 2019					
Non-derivative financial instruments					
Borrowings current and non-current	1,585,031	1,594,031	1,594,031	0	0
Lease liabilities	9,543	9,543	5,350	4,193	0
Trade payables	2,418,720	2,418,720	2,418,720	0	0
Payment received regarding discontinued operations	424,542	424,542	424,542		
Other liabilities	624,537	624,537	624,537	0	0
Derivative financial instruments					
Derivatives	669,453	669,453	228,953	404,350	36,150
Total financial instruments	5,731,827	5,740,827	5,296,134	408,543	36,150
31 December 2018					
Non-derivative financial instruments					
Borrowings current and non-current	748,708	777,000	18,000	759,000	0
Trade payables	2,660,285	2,660,285	2,660,285	0	0
Other liabilities	743,048	743,048	743,048	0	0
Derivative financial instruments					
Derivatives	3,471,784	3,471,784	2,951,016	798,510	-277,743
Total financial instruments	7,623,825	7,652,117	6,372,349	1,557,510	-277,743



PARENT FINANCIAL STATEMENTS

- 93 Income statement
- 94 Balance sheet – assets
- 95 Balance sheet – liabilities
- 96 Statement of changes in equity

NOTES TO THE PARENT FINANCIAL STATEMENTS

- 97 Note 1 - Accounting policies
- 98 Note 2 - Significant accounting judgements, estimates and assumptions
- 99 Note 3 - Revenue
- 99 Note 4 - Staff costs
- 99 Note 5 - Depreciation and amortisation
- 100 Note 6 - Finance income
- 100 Note 7 - Finance costs
- 100 Note 8 - Tax
- 101 Note 9 - Intangible assets
- 102 Note 10 - Tangible assets
- 103 Note 11 - Investments in subsidiaries
- 104 Note 12 - Income tax receivable/payable
- 104 Note 13 - Share capital
- 104 Note 14 - Deferred tax
- 105 Note 15 - Borrowings
- 106 Note 16 - Pledges, collateral and contingent liabilities
- | 107 Note 17 - Risks, financial instruments and recognised transactions
- 111 Note 18 - Information about financial instruments
- 115 Note 19 - Subsequent events
- 115 Note 20 - Related party transactions

Go to Consolidated Financial Statements



Go to Notes to Consolidated Financial Statements



Go to Contents - Annual Report



NOTES TO THE PARENT FINANCIAL STATEMENTS

Notes	DKK '000	
Interest rate risk		
Energi Danmark is partly financing its operation with loans from banks. The loans are subject to a variable interest rate. Cash flows and interest rate levels are monitored on a regular basis.	The interest rate risk is hedged using interest rate swaps for the coming year. The corporate bond interest rate is based on CIBOR + fixed margin.	
Market risk		
The market price for electricity has proven to be quite volatile and subject to changes and events that can not be predicted.	consumption is monitored on a regular basis in order to predict and adjust the corresponding hedging position.	
The spot price is determined hourly on the physical exchanges and forms the basis for financial trading of electricity on futures and forward contracts.	Being present in multiple countries with different currencies (primarily DKK, NOK, SEK and EUR) also exposes Energi Danmark to fluctuations and changes in exchange rates against DKK. Exposure is monitored on a daily basis and the Company enters into currency rate contracts in order to hedge exposure, thereby minimizing the risk.	
The price risk from selling electricity with fixed price elements are hedged by buying corresponding financial contracts on the exchange markets thereby securing Energi Danmark the contract margin.	To manage all of these risks, the Risk Management department is using an ETRM-system called Elviz. Elviz is the foundation for calculating daily exposure using both VaR-based models and models developed inhouse showing day-to-day risks and MWh-exposure. Elviz contains almost all of Energi Danmark's positions/contracts, which are used as a basis for calculating the exposure using price curves derived from exchange quotes (where applicable).	
Another market risk is the volume risk when trading electricity based on future prices (with fixed price elements) because the corresponding price hedge needs to match actual customer volumes in order to avoid ineffective hedging positions. Combined customer		

	2019			2018		
	P/L effect before tax	Equity effect	Reasonably possible change in variable%	P/L effect before tax	Equity effect	Reasonably possible change in variable%
Electricity	5,881	4,587	5%	8,828	6,886	5%
Currency exchange rate	15,618	12,182	5%	11,476	8,951	5%

The equity will be affected with the P/L effect less tax of approximately 22%.

PARENT FINANCIAL STATEMENTS

- 93 Income statement
- 94 Balance sheet – assets
- 95 Balance sheet – liabilities
- 96 Statement of changes in equity

NOTES TO THE PARENT FINANCIAL STATEMENTS

- 97 Note 1 - Accounting policies
- 98 Note 2 - Significant accounting judgements, estimates and assumptions
- 99 Note 3 - Revenue
- 99 Note 4 - Staff costs
- 99 Note 5 - Depreciation and amortisation
- 100 Note 6 - Finance income
- 100 Note 7 - Finance costs
- 100 Note 8 - Tax
- 101 Note 9 - Intangible assets
- 102 Note 10 - Tangible assets
- 103 Note 11 - Investments in subsidiaries
- 104 Note 12 - Income tax receivable/payable
- 104 Note 13 - Share capital
- 104 Note 14 - Deferred tax
- 105 Note 15 - Borrowings
- 106 Note 16 - Pledges, collateral and contingent liabilities
- 107 Note 17 - Risks, financial instruments and recognised transactions
- | 111 Note 18 - Information about financial instruments
- 115 Note 19 - Subsequent events
- 115 Note 20 - Related party transactions

Go to Consolidated Financial Statements



Go to Notes to Consolidated Financial Statements



Go to Contents - Annual Report



NOTES TO THE PARENT FINANCIAL STATEMENTS

Notes	DKK '000			
18	Information about financial instruments			
Categories of financial instruments				
	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	3,022,399	3,022,399	3,480,672	3,480,672
Trade receivables from associates and subsidiaries	1,277,772	1,277,772	1,275,734	1,275,734
Other receivables and deposits	473,895	473,895	675,785	675,785
Cash	0	0	184,602	184,602
Financial assets measured at amortised cost	4,774,066	4,774,066	5,616,793	5,616,793
Derivative assets	1,090,121	1,090,121	2,006,875	2,006,875
Financial assets measured at fair value through profit or loss	1,090,121	1,090,121	2,006,875	2,006,875
Credit institutions	835,466	835,466	0	0
Corporate bonds	749,565	757,500	748,708	758,250
Trade payables	2,418,720	2,418,720	2,660,285	2,660,285
Payment received regarding discontinued operations	424,543	424,543	0	0
Other payables etc.	624,537	624,537	325,538	325,538
Financial liabilities measured at amortised costs	5,052,835	5,060,766	4,152,041	4,161,583
Derivative liabilities	669,453	669,453	3,471,784	3,471,784
Financial liabilities measured at fair value through profit or loss	669,453	669,453	3,471,784	3,471,784
			2019	2018
Assets				
Financial			168,451	785,870
Physical			921,669	1,221,005
			1,090,121	2,006,875
Liabilities				
Financial			219,078	1,119,666
Physical			450,375	2,352,118
			669,453	3,471,784



PARENT FINANCIAL STATEMENTS

- 93 Income statement
- 94 Balance sheet – assets
- 95 Balance sheet – liabilities
- 96 Statement of changes in equity

NOTES TO THE PARENT FINANCIAL STATEMENTS

- 97 Note 1 - Accounting policies
- 98 Note 2 - Significant accounting judgements, estimates and assumptions
- 99 Note 3 - Revenue
- 99 Note 4 - Staff costs
- 99 Note 5 - Depreciation and amortisation
- 100 Note 6 - Finance income
- 100 Note 7 - Finance costs
- 100 Note 8 - Tax
- 101 Note 9 - Intangible assets
- 102 Note 10 - Tangible assets
- 103 Note 11 - Investments in subsidiaries
- 104 Note 12 - Income tax receivable/payable
- 104 Note 13 - Share capital
- 104 Note 14 - Deferred tax
- 105 Note 15 - Borrowings
- 106 Note 16 - Pledges, collateral and contingent liabilities
- 107 Note 17 - Risks, financial instruments and recognised transactions
- | 111 Note 18 - Information about financial instruments
- 115 Note 19 - Subsequent events
- 115 Note 20 - Related party transactions

Go to Consolidated Financial Statements



Go to Notes to Consolidated Financial Statements



Go to Contents - Annual Report



NOTES TO THE PARENT FINANCIAL STATEMENTS

NotesDKK '000

Fair value measurement of financial instruments

	2019			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial assets:				
Foreign exchange forward	0	38,261	0	38,261
Commodity derivative	67,541	790,799	193,519	1,051,859
Total	67,541	829,060	193,519	1,090,121

Financial liabilities measured at fair value

Derivative financial liabilities:				
Interest rate swaps		13,836		13,836
Foreign exchange forward	0	63,875	0	63,875
Commodity derivative	9,967	580,382	1,393	591,742
Total	9,967	658,093	1,393	669,453

If electricity prices changes with 5% the net level 3 value will change with DKK 23.4m.

Fair value is the price that would be received to sell an asset or paid to transfer 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 or, if not available, in the most advantageous market.

The principal or the most advantageous market must be accessible by Energi Danmark.

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.

Energi Danmark 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.

Commodity derivative are measures using generally accepted valuation techniques based on relevant observable electricity price cures, foreign exchange rates ect. and manual calculated changes. Since there are no active markets for the long term prices of electricity, the fair value has been determines through an estimate of the future prices. The most important parameter resulting in commodity contracts being classified as level 3 in the electricity price. Normally the price can be observed for a maximum of 2-3 years in the electricity market, after which an active market no longer exist. Beyond this horizon the electricity prices are based on the known prices and are used together with an appropriate interest rate to extrapolate the prices to the future periods, where no prices are available. The used interest rate amounts to 2% on 31 December 2019 (2% at 31 December 2018).

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 (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.

Level 3	
Opening balance 1 January 2019	157,555
Gains recognised	9,655
Acquisitions	24,916
Total	192,126



PARENT FINANCIAL STATEMENTS

- 93 Income statement
- 94 Balance sheet – assets
- 95 Balance sheet – liabilities
- 96 Statement of changes in equity

NOTES TO THE PARENT FINANCIAL STATEMENTS

- 97 Note 1 - Accounting policies
- 98 Note 2 - Significant accounting judgements, estimates and assumptions
- 99 Note 3 - Revenue
- 99 Note 4 - Staff costs
- 99 Note 5 - Depreciation and amortisation
- 100 Note 6 - Finance income
- 100 Note 7 - Finance costs
- 100 Note 8 - Tax
- 101 Note 9 - Intangible assets
- 102 Note 10 - Tangible assets
- 103 Note 11 - Investments in subsidiaries
- 104 Note 12 - Income tax receivable/payable
- 104 Note 13 - Share capital
- 104 Note 14 - Deferred tax
- 105 Note 15 - Borrowings
- 106 Note 16 - Pledges, collateral and contingent liabilities
- 107 Note 17 - Risks, financial instruments and recognised transactions
- | 111 Note 18 - Information about financial instruments
- 115 Note 19 - Subsequent events
- 115 Note 20 - Related party transactions

Go to Consolidated Financial Statements



Go to Notes to Consolidated Financial Statements



Go to Contents - Annual Report



NOTES TO THE PARENT FINANCIAL STATEMENTS

NotesDKK '000

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

	2019					2018		
	Gross	Netting	Financial assets/ liabilities in the balance sheet	Collateral	Net	Gross	Netting	Net
Offsetting of current derivatives								
Derivative assets	5,648,925	-4,558,804	1,090,121	-108,865	1,198,986	5,952,104	-3,945,229	2,006,875
Derivative liabilities	-5,228,257	4,558,804	-669,453	0	-669,453	-7,417,013	3,945,229	-3,471,784
Total	420,668	-	420,668	-108,865	529,533	-1,464,909	-	-1,464,909

The sales contracts and the associated hedging contracts can only be offset to a limited extent, as the transactions are made with different counterparties. As a consequence, the net value of the derivatives will be affected by the difference between the average sales price, the price of the hedging and the current market price at the balance sheet date as well as the size of the open positions.



PARENT FINANCIAL STATEMENTS

- 93 Income statement
- 94 Balance sheet – assets
- 95 Balance sheet – liabilities
- 96 Statement of changes in equity

NOTES TO THE PARENT FINANCIAL STATEMENTS

- 97 Note 1 - Accounting policies
- 98 Note 2 - Significant accounting judgements, estimates and assumptions
- 99 Note 3 - Revenue
- 99 Note 4 - Staff costs
- 99 Note 5 - Depreciation and amortisation
- 100 Note 6 - Finance income
- 100 Note 7 - Finance costs
- 100 Note 8 - Tax
- 101 Note 9 - Intangible assets
- 102 Note 10 - Tangible assets
- 103 Note 11 - Investments in subsidiaries
- 104 Note 12 - Income tax receivable/payable
- 104 Note 13 - Share capital
- 104 Note 14 - Deferred tax
- 105 Note 15 - Borrowings
- 106 Note 16 - Pledges, collateral and contingent liabilities
- 107 Note 17 - Risks, financial instruments and recognised transactions
- 111 Note 18 - Information about financial instruments
- | 115 Note 19 - Subsequent events
- | 115 Note 20 - Related party transactions

Go to Consolidated Financial Statements



Go to Notes to Consolidated Financial Statements



Go to Contents - Annual Report



NOTES TO THE PARENT FINANCIAL STATEMENTS

Notes

19 Subsequent events

The beginning of 2020 has been off to a challenging start with energy prices falling rapidly and the COVID-19 virus affecting the society and economy in all countries. The effect on the economy is expected to affect both the customer’s energy consumption pattern and -volumes. At the moment the Group do not expect that the present situa- tion with the COVID-19 virus will affect the expected profit in 2020.

As mentioned, an agreement has been entered regarding the sale of Energi Dan- mark Vind as per 20 December, 2019. Final sales are expected to be completed after approval from the Danish Energy Agency. The sale results in a gain in relation to the book value as calculated in note 12 in the consolidated financial statement.

20 Related party transactions

See note 21 to the consolidated financial statements for information on related party transactions.

STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The Board of Directors and the Executive Board have today discussed and approved the annual report of Energi Danmark A/S for the financial year 1 January – 31 December 2019.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act. The financial statements of the parent company, Energi Danmark A/S, have been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and parent company financial statement give a true and fair value of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Group's and the Parent Company's operations and the Group cash flows for the financial year 1 January – 31 December 2019.

In our opinion the managements review provides a true and fair account of the development in the Group's and the Parent Company's operations and financial circumstances, of the result for the year and of the overall financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

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

Aarhus, 30 March 2020

Executive Board

Jørgen Holm Westergaard	Jesper Nybo Stenager
CEO	CFO

Board of Directors

Jesper Hjulmand	Jacob Vittrup
Chairman	Deputy Chairman
Gert Vinther Jørgensen	Lars Bonderup Bjørn
Anders Jørgen Banke	Jens Otto Veile

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ENERGI DANMARK A/S

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of Energi Danmark A/S's financial position at 31 December 2019 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2019 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Energi Danmark A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA

Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Financials Statements Act.

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

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and

fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company 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 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 about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional 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 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 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, 30 March 2020

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Kragh State Authorised Public Accountant mne-no. 26783	Heidi Brander State Authorised Public Accountant mne-no. 33253
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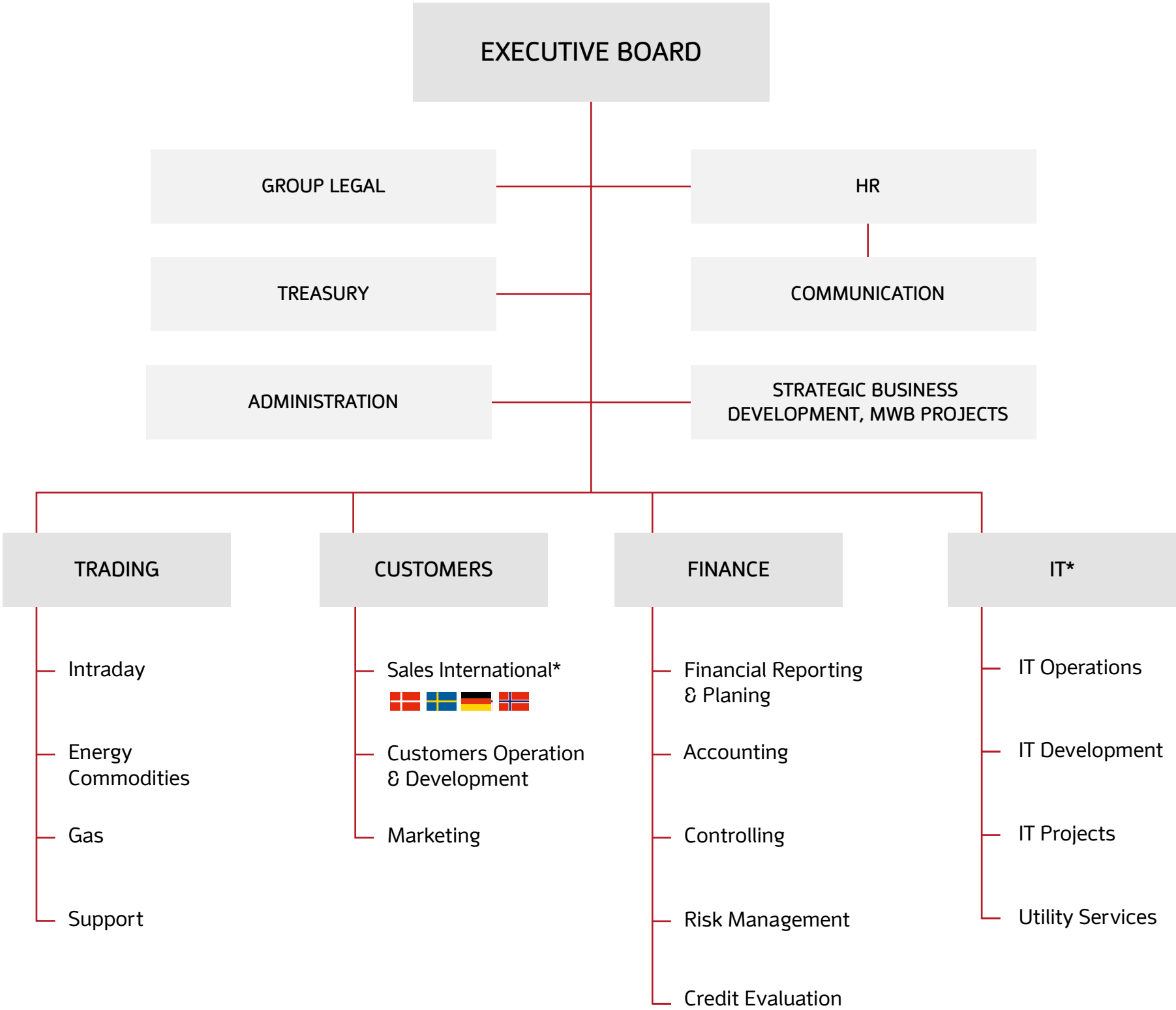


ORGANISATION

On the following pages, you can find our corporate information, organisational chart and information about ownership, Board of Directors and Management.

ORGANISATIONAL CHART

As of December 31, 2019



*100% owned subsidiaries



CORPORATE INFORMATION

Energi Danmark A/S
Hedeager 5
DK-8200 Aarhus N
Tel. +45 87 42 62 62
Fax +45 87 42 62 63
E-mail: ed@energidanmark.dk
www.energidanmark.com
CVR no.: 17 22 58 98
Established: 1 July 1993
Domicile: Aarhus Municipality
Financial year: 1 January – 31 December

BOARD OF DIRECTORS

- > Chairman, CEO Jesper Hjulmand, SEAS-NVE
- > Deputy chairman, CEO Jacob Vittrup, NRGi
- > CEO Lars Bonderup Bjørn, EWII
- > CEO Anders J. Banke, SEF Energi
- > CFO Gert Vinther Jørgensen, Norlys
- > Director Jens Otto Veile

THE EXECUTIVE MANAGEMENT COMMITTEE

Executive Board
Jørgen Holm Westergaard, CEO
Jesper Nybo Stenager, CFO

Trading
Thomas Bjørn Houlind,
Director, Markets

Customers
Peter Lønbro Lehm,
Director, Customers

IT
Thomas Bech Pedersen,
Systems Manager

Strategic Business Development
Thomas Elgaard Jensen,
Director, Strategic Business Development

HR
Gitte Pedersen
HR Manager

Auditor
PricewaterhouseCoopers
Approved Public Accountants
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Law Firm
Gorrissen Federspiel

Main Bank
Nordea Bank Danmark A/S

Annual General Meeting
The Annual General Meeting is to be held on April 17 2020



Jesper Hjulmand



Jacob Vittrup



Lars Bonderup Bjørn



Anders Jørgen Banke



Gert Vinther Jørgensen



Jens Otto Veile



Jørgen Holm Westergaard



Jesper Nybo Stenager

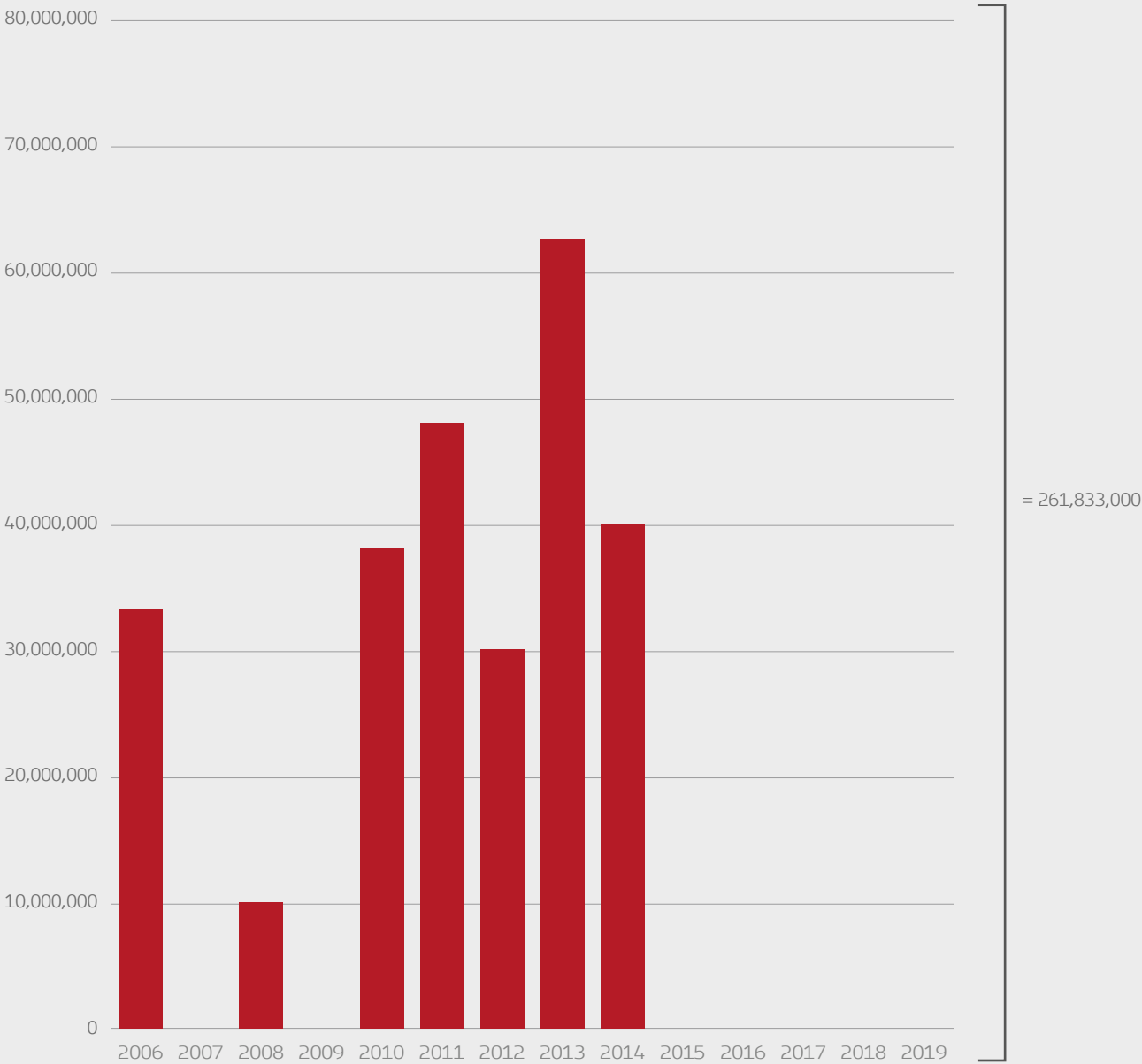
OWNERSHIP

Energi Danmark is owned by six electricity companies, which in turn are owned by private shareholders. Shareholders are SEAS-NVE, NRGi, Energi Nord Holding, EWII Energi, SEF Energi and Fonden Langelands Elforsyning.

As of 31 December 2019, the company has the following shareholders:

	Ownership%	Share capital (DKK)
1. SEAS-NVE a.m.b.a., Svinninge, Denmark	28.97	64,260,207
2. NRGi a.m.b.a., Aarhus N, Denmark	23.12	51,292,837
3. Energi Nord Holding A/S, Aalborg, Denmark	18.37	40,755,012
4. EWII Energi A/S, Kolding, Denmark	16.50	36,590,343
5. SEAS-NVE Strømmen A/S, Svinninge, Denmark	11.52	25,556,367
6. SEF Energi A/S, Svendborg, Denmark	1.12	2,493,320
7. Fonden Langelands Elforsyning, Rudkøbing, Denmark	0.40	885,250
	100.00	221,833,336

ANNUAL DIVIDEND IN DKK



BOARD OF DIRECTORS AND MANAGEMENT

BOARD OF DIRECTORS

Jesper Hjulmand

CEO of SEAS-NVE
MSc (Business Administration)
Date of birth: 15.12.1963
Member of the Board since: 01.01.2005

Board memberships, honorary offices:

- > Energi Danmark A/S (Chairman)
- > Dansk Energi (Chairman)
- > Fibia P/S (Chairman)
- > Employer's Association for Danish Energy and Utility Companies
- > DEA (Chairman)
- > Dansk Industri Hovedbestyrelse (Executive committee)

Committee memberships:

- > DI Forretningsudvalg
- > Supervisory board in Dansk Energi
- > Supervisory board in Tryghedsgruppen
- > Supervisory board in Forenet Kredit

Jacob Vittrup

CEO of NRGi
MSc in Economics
Date of birth: 03.09.1971
Member of Board since: 06.04.2018

Board memberships, honorary offices:

- > El:Con A/S (Chairman)
- > Energi- og Bygningsrådgivning A/S (Chairman)
- > Kuben Management A/S (Chairman)
- > NRGi Holding A/S (Chairman)
- > NRGi Administration A/S (Chairman)
- > NRGi Wind companies: NRGi Wind I-V (Chairman)

- > NRGi Elsalg I A/S (including subsidiaries) (Chairman)
- > Energi Danmark A/S
- > Fibia P/S (Deputy Chairman)
- > Dansk Energi
- > Dansk Energi (Board member)
- > Dansk Industri - Energi (Board member)

Lars Bonderup Bjørn

CEO of EWII
MSc Economics and PhD in Strategy and Management
Date of birth: 19.05.1969
Member of board since: 08.05.2018

Board memberships, honorary offices:

- > EWII S/I (CEO)
- > EWII A/S (Chairman)
- > TREFOR Infrastruktur A/S (Chairman)
- > Dansk Energi (Board member)
- > Center Danmark Fonden (Chairman)
- > Digizuite A/S (Deputy Chairman)
- > Dacapo A/S (Chairman)
- > Teater Nordkraft (Board member)
- > CLEAN (Board member)

Anders Jørgen Banke

CEO of SEF
Electrical (heavy current) engineer
Date of birth: 19.08.1971
Member of the Board since: 01.01.2009

Board memberships, honorary offices:

- > Go2green (Chairman)
- > VL60 (Chairman)
- > Sydfyns Elforsynings almennyttige Fond (SEAF)
- > Local council, Sydbank, Svendborg
- > Dansk Energi Lederforum (Chairman)

Gert Vinther Jørgensen

CFO of Norlys
MBA og HD-R
Date of birth: 21.02.1968
Member of the Board since: 06.02.2020

Board memberships, honorary offices:

- > Energi Nord Holding A/S
- > Eniig Forsyning A/S
- > SE VIND A/S
- > Eurowind Energy A/S
- > GRAPHIC WEST INTERNATIONAL Aps
- > Energi Danmark A/S
- > Karlsgårde Vandkraft A/S
- > SE BLUE HOLDING A/S
- > Guldborg Bolig A/S
- > Eniig Fiber A/S
- > OpenNet A/S

Jens Otto Veile

Director
MSc Economics
MBA INSEAD
Date of birth: 24.07.1950
Member of the Board since: 27.09.2004

Board memberships, honorary offices:

- > Kaj Andersen & Sønner Holding A/S (Chairman)
- > Investeringsselskabet af 1. november 2001 A/S (Chairman)
- > Andersen Motors A/S (Chairman)
- > Andersen Motors Ejendomme A/S (Chairman)
- > Suzuki Bilimport Danmark A/S (Chairman)
- > e-parts A/S (Chairman)
- > Bascon Holding A/S (Chairman)
- > Bascon A/S (Chairman)

- > The Danish Pension Fund for Engineers (DIP)
- > Karen Krieger-Fonden
- > Bursar of The Carlsberg Foundation and The New Carlsberg Foundation

EXECUTIVE BOARD

Jørgen Holm Westergaard

CEO of Energi Danmark A/S
(since 1 May 1999)
MSc Economics
Date of birth: 06.08.1963

Board memberships, honorary offices:

- > Energi Danmark Securities A/S (Chairman)
- > Energi Försäljning Sverige AB (Chairman)
- > Energia Myynti Suomi Oy (Chairman)
- > Energi Salg Norge AS (Chairman)
- > Energie Vertrieb Deutschland EVD GmbH (Chairman)
- > Dansk Elhandel

Jesper Nybo Stenager

CFO of Energi Danmark A/S
(since 1 April 2015)
State-authorized Public Accountant
(MSc Business Economics & Auditing)
Date of birth: 08.09.1970

Board memberships, honorary offices:

- > Energi Danmark Securities A/S
- > Energi Försäljning Sverige AB
- > Energia Myynti Suomi Oy
- > Energi Salg Norge AS
- > Energie Vertrieb Deutschland EVD GmbH

CORPORATE INFORMATION, SUBSIDIARIES



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Copenhagen



ED Business Support
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Tel. +45 87 42 62 62
Fax +45 87 42 62 63

Aarhus



Energi Försäljning Sverige AB
Hyllie Stationstorg 31
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E-mail efs@energi-sverige.se

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Helsinki | Vaasa | Kuopio



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Hamburg | Frankfurt | Dortmund | Münster



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Vejle

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Stockholm
Gothenburg

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Kuopio

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