

# 2018

annual  
report



Trust us to manage your risks

Energi Danmark®



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## TRENDS IN SUBSIDIARIES

Learn about our subsidiaries’ trends and results in 2018 including key figures for Securities, Wind, Sweden, Finland, Norway and Germany.

[Read more →](#)



## INSIGHT

We strive to offer flexible and efficient solutions. Now and in the future. Insight into our customers’ business and challenges is key to reaching that goal.

[Read more →](#)



## SUSTAINABILITY

We focus our sustainable initiatives on the UN Sustainable Development goal 7, which is where we can make a difference through our core business.

[Read more →](#)



## ANNUAL REPORT

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

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# MANAGEMENT REVIEW

2018 was a good and profitable year for the Energi Danmark Group that showed a rise in both profit and revenue compared to the previous year. The Energi Danmark Group's profit before tax in 2018 was 170 DKK million combined with a record high revenue of 32.5 DKK billion. This corresponds to a return on equity before tax of 19.6% and shows a strong Group on the right track towards its long term strategic goals.



# BOARD OF DIRECTORS & MANAGEMENT REVIEW 2018

2018 was a good year for the Energi Danmark Group that showed a rise in both profit and revenue compared to the previous year. The Energi Danmark Group’s profit before tax in 2018 was a satisfying 170 DKK million combined with a record high revenue of 32.5 DKK billion. This corresponds to a return on equity before tax of 19.6% and shows a strong Group on the right track towards its long term strategic goals.

Through insight and extensive knowledge about the energy market the Energi Danmark Group once again provided the customers with excellent service, flexible systems and valuable solutions resulting in strong sales. The Group’s solid foundation on the Northern European markets was emphasised by a record high revenue of 32.5 DKK billion corresponding to a growth of approximately 89% compared to last year’s revenue of 17.2 DKK billion. The revenue and balance sheet levels was based on strong deliveries and price increases throughout the Northern European markets and a high activity by our gas trading department established in the summer of 2017. The Group showed a strong second half of 2018, following the half-year result in August 2018 of 60.8 DKK million, and the Group’s profit before tax in 2018 was 170 DKK million, 25.9% above the budget of 135 DKK million, which corresponds to a return on equity before tax of 19.6% and is viewed as a satisfying result.

The Energi Danmark Group’s electricity deliveries to customers in the Northern European markets in 2018

totalled just under 34 TWh, which is equivalent to the total annual Danish electricity consumption and almost 8.5% higher than the previous year. The electricity delivered in 2018 was delivered to more than 171,000 different metering points, a 35.3% increase since 2016. When invoicing so many different metering points in five different countries, adding volume and complexity each year, it is crucial to have a reliable, flexible and efficient system handling the process. That is why the Energi Danmark Group, since 2016, has worked on the development of BIO, a new, efficient billing system specifically designed to manage customers in the energy market. In 2018, we implemented the system in our companies in Finland, Denmark and Sweden making it possible for our customers to receive billing earlier than before and with a smaller margin of error. The system is tailor-made for electricity suppliers and can help our external business partners handle both their market communication and billing via our BIO platform.

2018 was a strong year regarding sales, and the Energi Danmark Group sold 46.6 TWh during the year for future

**“THIS PAST YEAR PROVES  
THAT WE HAVE SUCCEEDED  
IN MEETING THE NEEDS OF A  
LARGE AND DIFFERENTIATED  
CUSTOMER BASE THROUGH  
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INSIGHTFUL DIALOGUE WITH  
A FOCUS ON BRINGING  
THE CUSTOMER FROM  
CHALLENGES TO SOLUTIONS”**

Jørgen Holm Westergaard  
CEO at the Energi Danmark Group



delivery in the coming five years. This past year proves that we have succeeded in meeting the needs of a large and differentiated customer base through constructive and insightful dialogue with a focus on bringing the customer from challenges to solutions. Helping our customers navigate their way in the ever-changing power market and bringing value through flexible and efficient solutions has resulted in Energi Salg Norge reaching a record high sale of 11.9 TWh and Energi Försäljning Sverige as the first energy company to deliver electricity to the three largest cities in Sweden.

Subsidiaries in 2018

Energi Försäljning Sverige AB managed to deliver almost 7 TWh of electricity in 2018 and thus keeps its position as the third largest electricity supplier in the Swedish corporate market. In 2018, the sales reached 7.8 TWh for future delivery resulting in a revenue of 2,988.4 SEK million and a profit before tax of 38.0 SEK million demonstrating that earnings remain stable at a good level.

Energia Myynti Suomi Oy sold 7 TWh in 2018 for future delivery and delivered 4.7 TWh to consumers in Finland resulting in a revenue of 205.5 EUR million and a profit before tax for the year of 0.1 EUR million. In 2018, Energia Myynti Suomi received ‘Strongest in Finland’ – a rating from credit rating agency Asiakastieto, which shows Energia Myynti Suomi’s stable foothold in Finland and financial trustworthiness for our customers and partners.

Energi Salg Norge AS had a very strong year in 2018 and set a Group sales record with signed contracts for a total of 11.9 TWh for future delivery. The total delivery for 2018 was close to 3.7 TWh, 1 TWh up from 2017. The strong sales resulted in a revenue of 1,320.4 NOK million, a growth of more than 76.4% compared to 2017, and a profit before tax of 19.6 NOK million. A nice turn-around compared to last years result of -3.6 NOK million. In 2019, Energi Salg Norge AS will focus on continuing its growth in the electricity retailer segment along with

marketing our services and competencies towards the new digital industry, namely data storage.

Energie Vertrieb Deutschland EVD GmbH signed delivery contracts worth a total volume of 4.8 TWh in a market characterised by heavy competition with competitors making offers below the purchasing prices at EEX. In 2018, Energie Vertrieb Deutschland EVD GmbH achieved a revenue of 144.4 EUR million and a profit before tax of -0.7 EUR million. The result is not satisfying. For the next year we plan to start establishing more contacts with the industrial customers putting all our efforts into increasing sales activities and on offering risk management products to the German customers.

Energi Danmark Securities A/S realised a profit before tax result of 6.6 DKK million. The result is below expectations, but a major improvement compared to last years result of 2.2 DKK million. A lot of strategic changes have been made internally in the company during 2018 with regards to risk handling and payment structure. These changes will help secure future and further growth, but also contribute to positive growth in the other subsidiaries as well as the rest of the Energi Danmark Group.

With the Group’s increased focus on large international customers our united Northern European concept - One Stop Shop - is now more relevant than ever before. In 2019, the Group will focus on strengthening and reinforcing our international sales even further with a dedicated international sales team that is going to secure further growth through development of our unique concept. One Stop Shop gives the Energi Danmark Group substantial scaling potential across Northern Europe and we expect to welcome even more international customers with consumption and production in several different countries in the coming years.

2018 has been a challenging year for Energi Danmark Vind A/S. With hedging under current market value and low wind yield for the year at index 89.2%, the profit

before tax for the year was 25.1 DKK million compared to 38.6 DKK million in 2017. In terms of operating activities, 2018 was satisfactory and the availability of the company’s wind turbines was high during the course of the year.

Legal case against Ørsted A/S

In 2018 the High Court of Western Denmark repealed the Danish Competition Council’s decision, which found that Elsam Kraft A/S (now Ørsted Bioenergy & Thermal Power A/S) had charged unreasonably high prices during the period 2003-2006. The High Court’s justification was that the model which the authority had used did not constitute an adequate basis for concluding that Elsam’s prices had been unreasonably high, taking into account costs and earnings over a relevant period. The plaintiffs do not believe that an ‘over time’ calculation is in accordance with EU regulations, and have therefore proposed that the Maritime and Commercial High Court perform a preliminary ruling for the European Court of Justice to have any ambiguities regarding their interpretation clarified.

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 shareholders, customers and employees.

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 & Qualifications 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 2018, we have been working on very concrete initiatives and goals for 2019 while also analysing our results and actions in 2018. In relation to this, we have implemented policies within Human rights, Environment & climate, Employee rights, Diversity and finally Anti-corruption. We see it as an important and necessary action on which we can base our future sustainable initiatives across the Group. Working with our sustainable prioritisations, actions and goals is an ongoing process as it is important that we can adjust and adapt to current and future expectations from society, shareholders, customers and employees.

Subsequent events

No important events have occurred since the end of the financial year.

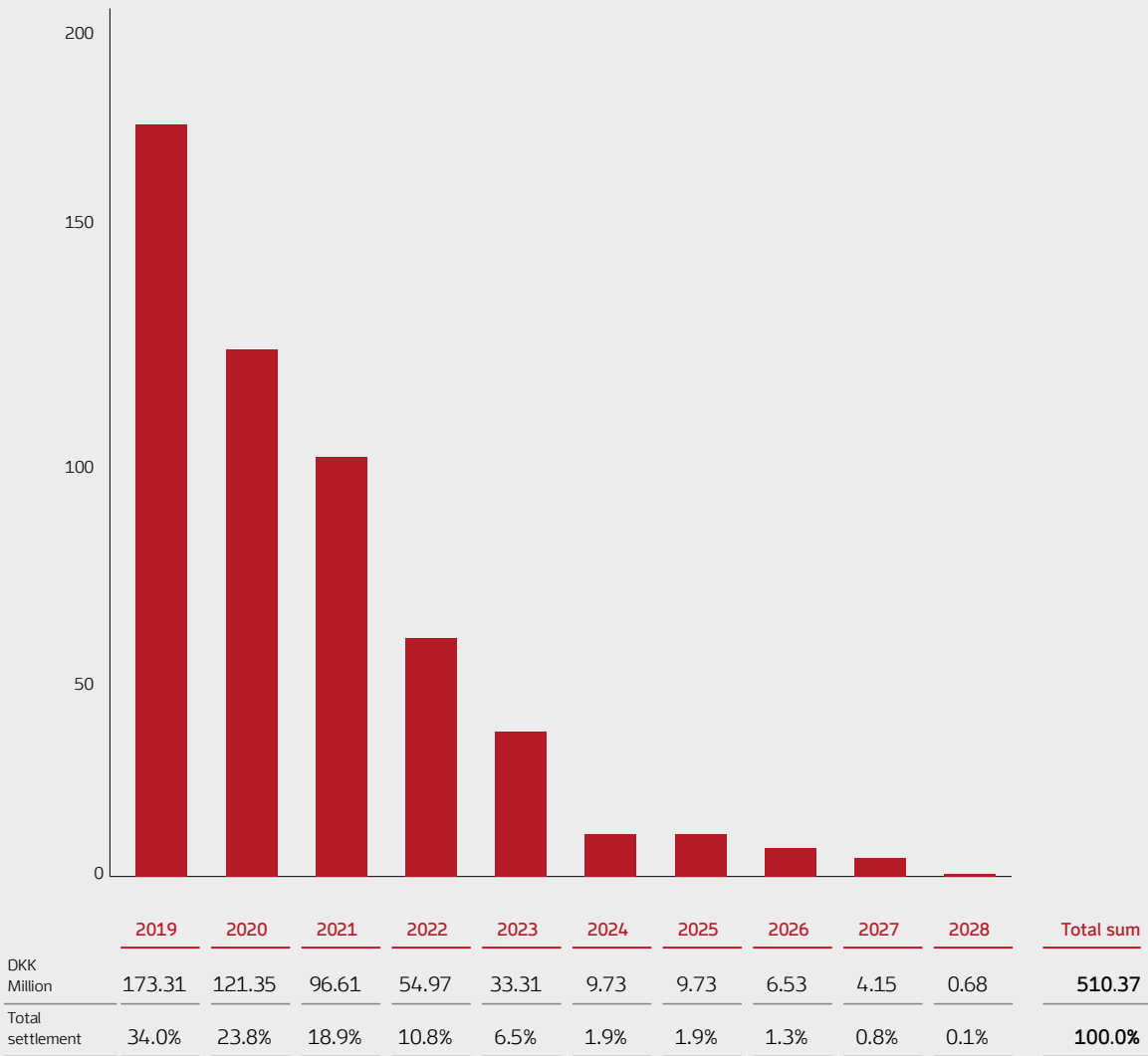
Expectations for 2019

Provided that market conditions are satisfactory, 2019 is expected to be a satisfactory year for the Group. A profit before tax in the region of 140 DKK million is therefore expected.

Aarhus, 29 March 2019

Jesper Hjulmand	Jørgen Holm Westergaard
Chairman of the board	CEO





## 510.37 DKK MILLION IN DEFERRED INCOME AS OF 31 DECEMBER 2018

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

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

## FINANCIAL HIGHLIGHTS FOR THE GROUP

DKK million	IFRS				Danish GAAP
	2018	2017	2016	2015	2014
Key figures, Group					
Revenue	32,541.1	17,178.7	15,082.8	14,538.3	12,409.9
Gross profit	566.9	410.8	472.2	339.6	394.4
Operating profit	214.2	112.4	184.7	50.9	143.7
Profit from financial items	-44.2	-41.0	-39.3	-34.1	-27.1
Profit before tax	170.0	71.4	145.4	16.8	116.6
Tax	-38.9	-14.2	-31.3	-5.1	-26.5
Profit for the year	131.1	57.2	114.1	11.7	90.1
Balance sheet total	9,482.9	6,133.9	5,737.0	5,344.3	3,524.9
Of this, investment in non-current assets	-50.7	-367.8	-39.1	-272.7	-139.2
Equity *	917.7	816.3	863.9	754.0	988.8
Cash flow from operating activities	348.7	554.4	-191.2	79.7	103.9
Cash flow for investing activities	-50.2	-366.1	-8.5	-272.7	-139.2
Cash flow from financing activities	-98.4	497.5	0.0	-40.0	437.4
Total cash flow	200.1	685.9	-199.6	-233.0	402.1
Key ratios, Group					
Gross margin ratio	1.7%	2.4%	3.1%	2.3%	3.2%
Profit ratio (EBIT)	0.7%	0.7%	1.2%	0.4%	1.2%
Equity ratio (solvency)	9.7%	13.3%	15.1%	14.1%	28.1%
Return on equity before tax	19.6%	8.5%	18.0%	2.2%	12.0%
Return on equity after tax	15.1%	6.8%	14.1%	1.5%	9.2%
Average number of full-time employees	209	204	180	177	158

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".

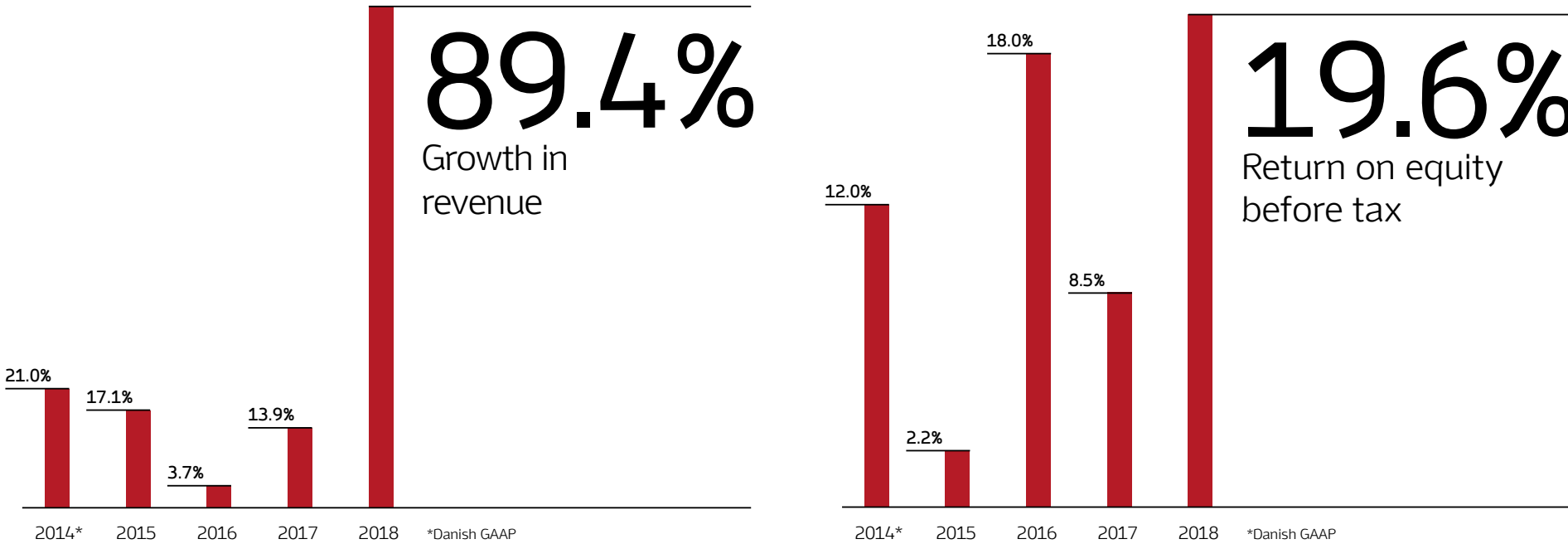
Due to the change in accounting principles from Danish GAAP to IFRS the key figures and ratios from 2014 are not comparable with the figures and ratios from 2015-2018.

\* As mentioned in note 1 the equity as of 1 January 2017 has been changed. The change has not affected the income statement in 2018 or 2017 and will be reversed in subsequent periods. The equity cor-rection is not included in 2014-2016.



# THE YEAR IN BRIEF

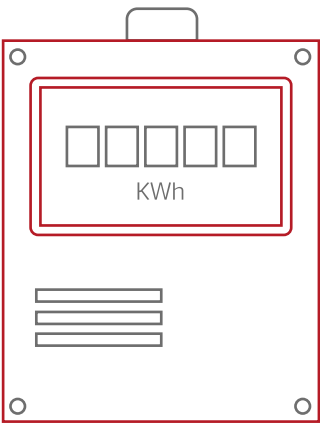
A brief look at the year that has passed. In all an exciting and profitable year for the Energi Danmark Group.



35.3%

increase in the average number of metering points in the Energi Danmark Group from 2016-2018.

The average number of metering points in 2018 was 171,121.



TWh delivered in 2018

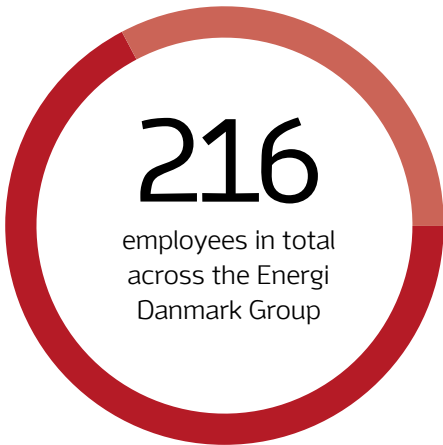
33.9

TWh sold in 2018 for future delivery

46.6



The number of employees in the Energi Danmark Group is doubled since 2011 where we had approximately 100 full-time employees. Today we have 216 employees across the Group.



33% Women

67% Men



# CASE AGAINST ØRSTED

Energi Danmark is actively working to ensure that there is free, correct pricing in the energy market. In several decisions, the competition authorities have determined that Elsam Kraft A/S (now Ørsted Bioenergy & Thermal Power A/S) charged unreasonably high prices during 2003-2006. As a consequence of the competition authorities' decisions, Energi Danmark, together with more than 1,100 other businesses, brought action for damages against Ørsted A/S, claiming a refund of the difference between a reasonable price and the unreasonably high prices charged between 1 July 2003 and 31 December 2006.

In 2007, Ørsted A/S appealed the competition authorities' decisions in the Maritime and Commercial Court (substantive case), but on 30 August 2016 the Maritime and Commercial Court determined that the Competition Appeal Tribunal's verdict in the case would be upheld. Ørsted A/S then appealed the decision to the Supreme Court, which however refused to treat the case, which is why the case was referred to the High Court of Western Denmark, that processed the case in spring 2018. In 2018 the High Court of Western Denmark repealed the Danish Competition Council's decision. The High Court's justification was that the model which the authority had used did not constitute an adequate basis for concluding that Elsam's prices had been unreasonably high.

The plaintiffs in the compensation proceedings have not used the authorities' model, which is why an infringement of this does not directly influence the case, but the High Court of Western Denmark made observations that costs and earnings over a relevant period must be taken into consideration when determining the limit for a reasonable price, which is in opposition to an individual hour calculation. The plaintiffs do not believe that an 'over time' calculation is in accordance with EU regulations, as the plaintiffs do not think that a very high price

for one hour can be justified when lower prices have been charged for other hours for other customers.

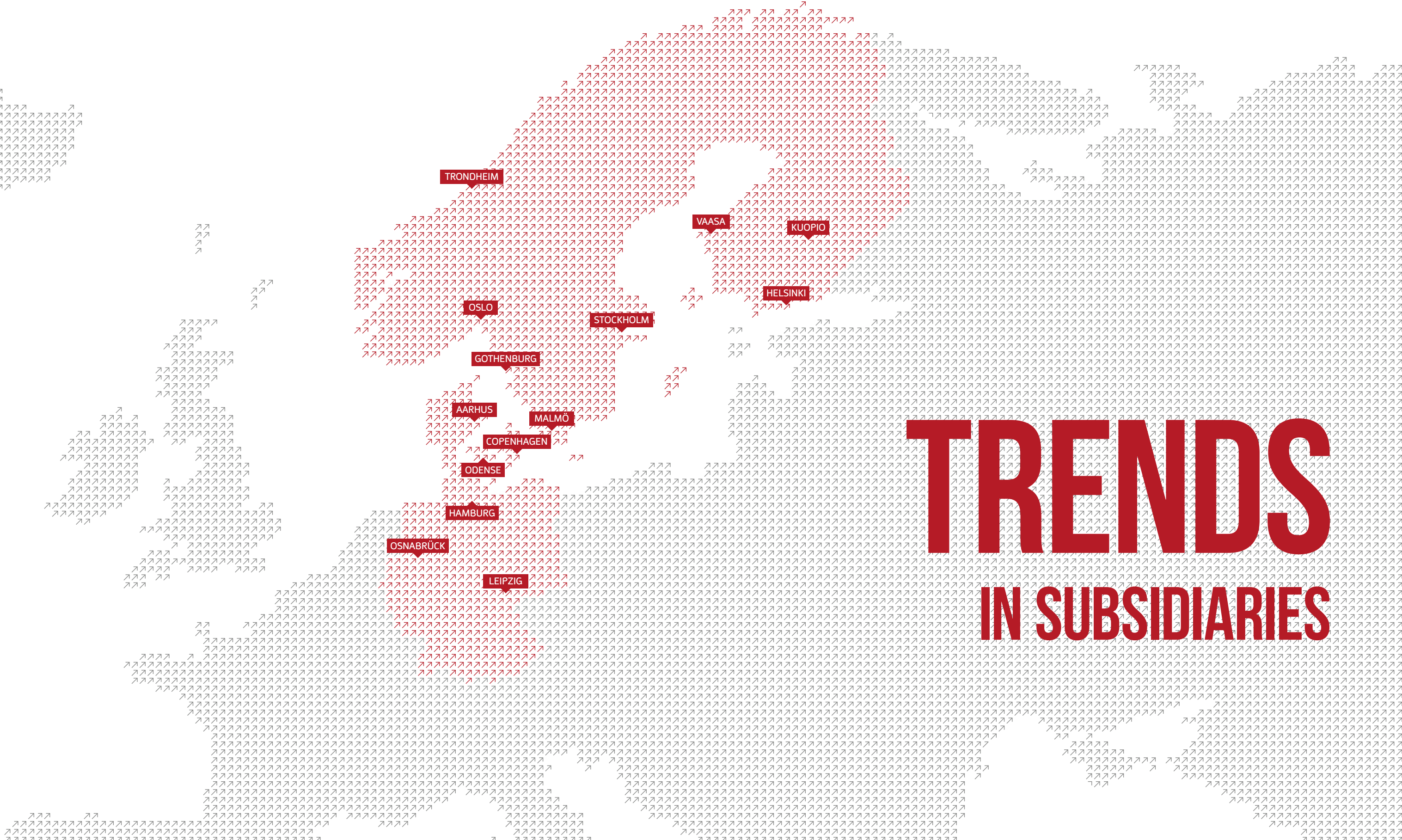
The status of the damages claim made against Elsam Kraft A/S in 2007 is therefore that the plaintiffs would like clarification of which model can be used to determine the limit for a reasonable price.

The plaintiffs have therefore proposed that the Maritime and Commercial High Court perform a preliminary ruling for the European Court of Justice to clarify any ambiguities as to whether an assessment of reasonableness shall be made based on the individual transaction or on the basis of an 'over time' calculation.

Once a clarification on a preliminary ruling has been obtained - as well as a response from the European Court of Justice - a decision can be made on how to proceed with the damages claim.







SECURITIES



Energi Danmark Securities A/S (EDS) saw yet another positive year, with a realised pre-tax result of 6.6 DKK million. The result is below expectations, but a lot of changes have been made internally in the company that have caused expectations for 2019 to be much higher, increasing in 2020 and onwards.

The competition on both the physical and financial electricity markets is as hard as ever, with customer

fees for portfolio management services in particular having fallen rapidly over the last few years. This is partly why earnings have been falling despite the company having experienced increased sales volume, reaching more than 13 TWh annually. In response to changing external market conditions the company has made internal strategy and risk modifications, but is also in the process of changing its customer payment structure from a primarily fee-based structure to a

more performance-based structure. Our team of skilled employees and their many years of market experience is the foundation for the success of this new setup.

The company’s changes during 2018 should secure future and further growth, but also contribute to positive growth in the other subsidiaries as well as the rest of the Energi Danmark Group. The company thus

has great expectations for the future and is confident it can bring even more added value to our customers.

1 May 2018 Jan Rigtrup became the new CEO of Energi Danmark Securities.

Amounts in DKK million	IFRS				Danish GAAP
	2018	2017	2016	2015	2014
Key figures, Energi Danmark Securities					
Revenue – Sales of power etc.	17.6	29.8	29.3	31.3	40.4
Gross profit	23.1	16.0	46.9	30.7	40.1
Operating profit	6.2	1.4	29.6	15.7	24.6
Profit from financial items	0.4	0.8	1.2	2.0	2.1
Profit before tax	6.6	2.2	30.8	17.7	26.7
Tax	-1.4	-0.5	-6.8	-4.2	-6.6
Profit for the year	5.2	1.7	24.0	13.5	20.1
Balance sheet total	1,277.2	751.3	378.0	861.4	194.3
Of this, investment in non-current assets	0	0.0	0.0	0.0	0.2
Equity	185.9	180.7	179.0	163.5	160.1
Key ratios, Energi Danmark Securities					
Gross margin ratio	131.3%	53.7%	159.9%	98.1%	99.3%
Profit ratio (EBIT)	35.2%	4.7%	101.0%	50.2%	60.8%
Solvency ratio	14.6%	24.1%	47.4%	19.0%	82.4%
Return on equity before tax	3.6%	1.2%	18.0%	10.9%	17.6%
Return on equity after tax	2.8%	0.9%	14.1%	8.3%	13.2%
Average number of full-time employees	11	12	12	11	6

Due to the change in accounting principles from Danish GAAP to IFRS the key figures and ratios from 2014 are not comparable with the figures and ratios from 2015-2018.





WIND

2018 has been a less satisfactory year for Energi Danmark Vind A/S (EDV), with a total profit of 25.1 DKK million before tax. Hedging under current market value and low wind yield for the year at index 89.2% are the main factors for the result. The portfolio is fully contributing to the market for Special Regulation. In 2018, EDV had a total number of 25,864 stops in production. These stops in production resulted in 38.2 GWh in missed production.

The lost production is compensated for by the fixed price or spot value + fee for contributing. In 2018, the market value on wind produced electricity has improved, which indirectly has a positive impact on the value of the portfolio. In the short term, the increasing market value has a very small or no impact on the revenue as most of the production is already sold in the forward market. A decided strategic hedge policy has been implemented by the EDV board in 2018. 100% of

the portfolio production is hedged for 2019 and a minor part for the following years. The market prices for electricity generated by wind are within the range of 20–30 øre/kWh, depending on the area and hedging period. In the past, it has been possible to hedge production for prolonged contracts up to approximately 50 øre/kWh.

was high during the course of the year. On average, the availability was above 98%, which is over the budgeted target. In 2019, the aim will be to look into new solar projects.

In terms of operating activities, 2018 was satisfactory and the availability of the company’s wind turbines

Amounts in DKK million	IFRS				Danish GAAP
	2018	2017	2016	2015	2014
Key figures, Energi Danmark Vind					
Revenue – Sales of power etc.	87.0	93.0	59.7	72.2	41.7
Gross profit	71.1	80.4	35.8	76.6	32.8
Operating profit	31.3	45.6	10.2	51.6	19.2
Profit from financial items	-6.2	-7.0	-8.0	-11.1	-5.1
Profit before tax	25.1	38.6	2.2	40.5	14.1
Tax	-5.3	-8.2	0	-8.3	-1.9
Profit for the year	19.8	30.4	2.2	32.2	12.2
Balance sheet total	789.5	838.8	559.5	607.5	380.8
Of this, investment in non-current assets	0.0	-323.3	-0.3	-220.8	-104.3
Equity	286.8	267.0	236.3	234.1	201.8
Key ratios, Energi Danmark Vind					
Gross margin ratio	81.7%	86.5%	60.1%	106.1%	78.5%
Profit ratio (EBIT)	36.0%	49.0%	17.0%	71.5%	46.1%
Solvency ratio	36.3%	31.8%	42.2%	38.5%	53.0%
Return on equity before tax	9.1%	15.3%	0.9%	18.6%	7.2%
Return on equity after tax	7.2%	12.1%	0.9%	14.8%	6.3%
Average number of full-time employees	1	1	1	1	1

Due to the change in accounting principles from Danish GAAP to IFRS the key figures and ratios from 2014 are not comparable with the figures and ratios from 2015–2018.



SWEDEN



Energi Försäljning Sverige AB (EFS) managed to deliver 7 TWh of electricity in 2018 and therefore EFS keeps its position as the third largest electricity supplier in the Swedish market for business customers. This means that we are well on our way to meet the goal of achieving a market share of 10%.

With offices in Stockholm, Gothenburg and Malmö, we reach out to both new and existing customers all over Sweden. With our One Stop Shop concept, we can offer a solution to companies within the Nordic region and Germany. This makes us an interesting partner with expertise throughout the European market. EFS is pleased

to see that our customers continue to see us as a trustworthy partner, and our ambition is to be the natural first choice of partner for corporate customers.

even though we during 2018 have invested in several new systems that will improve and facilitate the work for both us and our customers.

Annual profit before tax of 38.0 SEK million demonstrates that our earnings remain stable at a good level,

Amounts in SEK million	IFRS				Danish GAAP
	2018	2017	2016	2015	2014
Key figures, Energi Försäljning Sverige					
Revenue – Sales of power etc.	2,988.4	2,129.7	2,183.3	1,829.0	2,921.3
Gross profit	77.9	119.0	72.1	72.3	68.6
Operating profit	34.2	80.4	31.5	29.6	32.2
Profit from financial items	3.8	2.9	1.4	0.4	-0.4
Profit before tax	38.0	83.3	32.9	30.0	31.8
Tax	-7.9	-17.4	-7.2	-6.6	-9.9
Profit for the year	30.1	65.9	25.7	23.4	21.9
Balance sheet total	876.2	733.3	1,061.9	957.3	734.6
Of this, investment in non-current assets	-0.2	-0.1	-0.6	-0.3	-0.9
Equity	317.9	287.8	221.9	196.2	245.5
Key ratios, Energi Försäljning Sverige					
Gross margin ratio	2.6%	5.6%	2.2%	2.6%	2.3%
Profit ratio (EBIT)	1.1%	3.8%	1.0%	1.0%	1.1%
Solvency ratio	36.3%	39.2%	20.9%	20.5%	33.4%
Return on equity before tax	12.5%	32.7%	15.7%	16.3%	13.6%
Return on equity after tax	9.9%	25.9%	9.6%	9.7%	9.3%
Average number of full-time employees	19	18	18	21	23

Due to the change in accounting principles from Danish GAAP to IFRS the key figures and ratios from 2014 are not comparable with the figures and ratios from 2015-2018.





FINLAND



2018 was again a solid year in Finland. The Energia Myynti Suomi Oy (EMS) sales for future delivery was 7.0 TWh.

In 2018, EMS received Strongest in Finland – a rating from credit rating agency Asiakastieto, which shows

our stable footmark in Finland and financial trust-worthiness for our customers and partners.

Energia Myynti Suomi was the first company in the Energi Danmark Group to implement the new billing system BIO, and the first customers were settled in January. Together with BIO, we began using the new

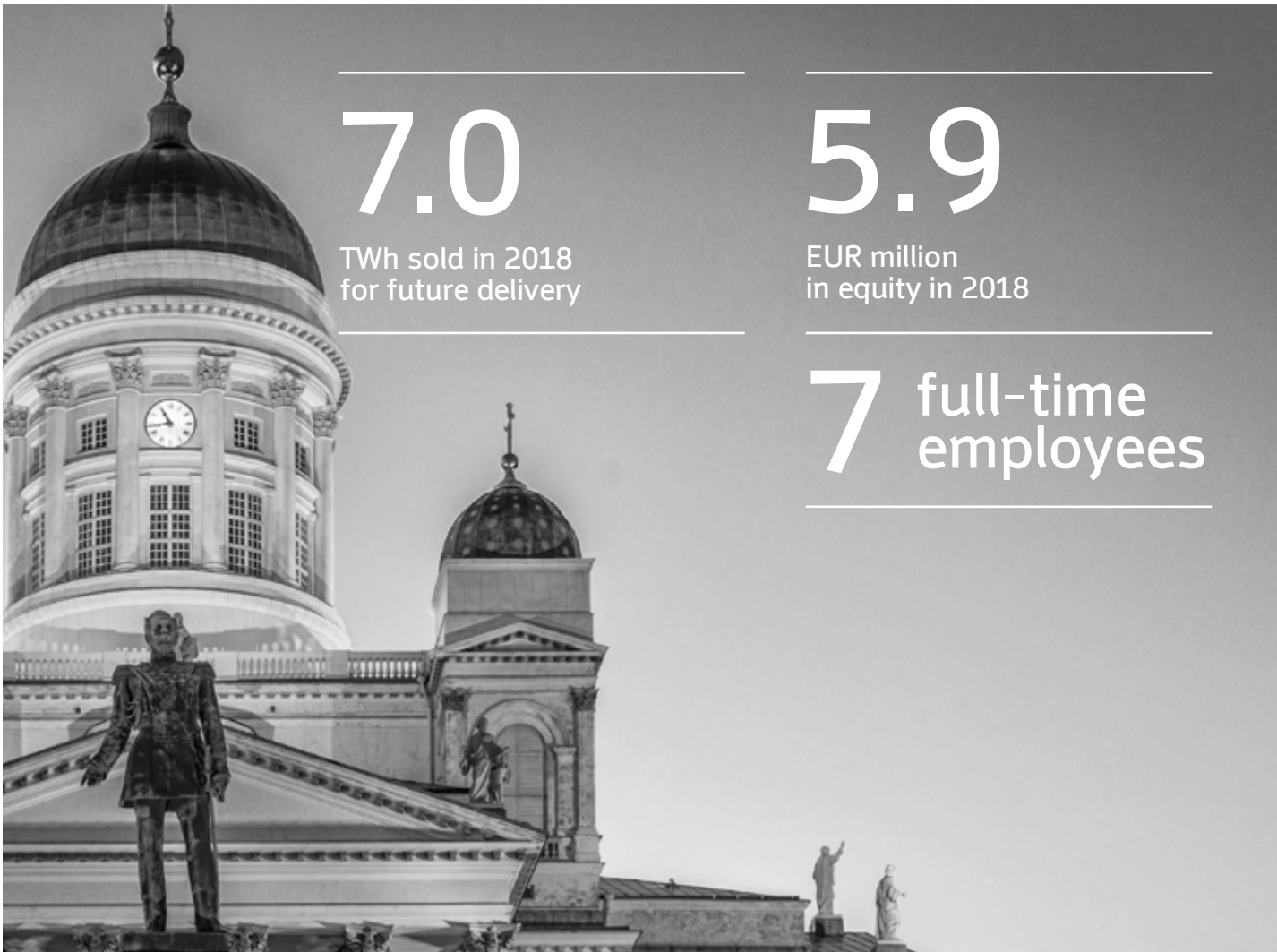
My Energy service portal, which gives our customers 24/7 access to customer specific data and market information.

Energia Myynti Suomi will continue to develop new ser-vices to respond to the customers’ needs and changing business environment, and help them grow in their

business segments. The support and activities in the Energi Danmark Group give EMS unique possibilities to support our customers within Finland and in our Group countries across the Nordics and Germany.

Amounts in EUR thousand	IFRS				Danish GAAP
	2018	2017	2016	2015	2014
Key figures, Energia Myynti Suomi					
Revenue – Sales of power etc.	205,480.1	179,748.9	176,966.4	171,814.6	180,632.5
Gross profit	1,832.0	1,528.0	1,384.1	1,540.8	4,088.3
Operating profit	20.8	60.8	53.1	-374.8	2,393.5
Profit from financial items	103.6	99.9	27.0	-262.0	-318.7
Profit before tax	124.4	160.7	80.1	-636.8	2,074.8
Tax	-26.5	-31.0	-16.0	121.1	-414.8
Profit for the year	97.9	129.7	64.1	-515.7	1,660.0
Balance sheet total	42,241.6	31,561.2	39,975.1	39,622.8	43,572.5
Of this, investment in non-current assets	-32.7	107.5	-8.5	-50.7	-42.5
Equity	5,903.2	5,805.3	5,675.6	5,611.5	7,984.0
Key ratios, Energia Myynti Suomi					
Gross margin ratio	0.8%	0.9%	0.8%	0.9%	2.3%
Profit ratio (EBIT)	0.0%	0.0%	0.0%	-0.2%	1.3%
Solvency ratio	14.0%	18.4%	14.2%	14.2%	18.3%
Return on equity before tax	2.1%	2.8%	1.3%	-10.4%	29.0%
Return on equity after tax	1.7%	2.3%	1.1%	-8.5%	23.2%
Average number of full-time employees	7	7	6	6	6

Due to the change in accounting principles from Danish GAAP to IFRS the key figures and ratios from 2014 are not comparable with the figures and ratios from 2015-2018.



NORWAY

2018 was a year of strong growth for Energi Salg Norge AS (ESN). The total delivery for 2018 was close to 3.7 TWh, 1 TWh up from 2017. The growth was evenly distributed among traditional industries, trade and service industries, electricity retailers and real estate companies.

In 2018, we consolidated our position on the electricity retail market and during the past year we delivered 1.7

TWh in this segment. We are expecting further growth in the segment in 2019 and our goal is to deliver 2.5 TWh via electricity retailers.

In 2018, ESN signed contracts for a total of 11.9 TWh for future delivery. The volume was distributed as follows, with approximately 20% in the retail & property segment, 20% in the industry segment and 60% in the energy trading companies segment. Of the 11.9 TWh

sold, 0.5 TWh will be delivered in 2019. The rest will be distributed over the period 2020-2023.

ESN’s target for 2019 is to continue its growth in the electricity retailer segment. In 2019, we will continue to market our services and competencies towards the new digital industry, namely data storage. Alongside this, we will continue to achieve a broader customer mix and the company aims to target production customers by

leveraging on our extensive expertise of this segment from Denmark. Finally, we will focus on the public sector, leveraging on the Group’s insight and competencies from this segment in Sweden.

Energi Salg Norge ended with a positive result for 2018 at 19.6 NOK million in annual profit before tax.

Amounts in NOK million	IFRS				Danish GAAP
	2018	2017	2016	2015	2014
Key figures, Energi Salg Norge					
Revenue – Sales of power etc.	1,320.4	748.5	422.2	347.0	374.0
Gross profit	42.4	15.0	8.5	20.4	31.0
Operating profit	19.7	-3.8	-7.7	6.9	17.4
Profit from financial items	0.1	0.2	0.3	0.4	0.3
Profit before tax	19.6	-3.6	-7.4	7.3	17.7
Tax	-4.5	0.7	1.8	-2.0	0.9
Profit for the year	15.1	-2.9	-5.6	5.3	18.6
Balance sheet total	481.4	260.9	258.0	109.2	107.3
Of this, investment in non-current assets	-0.4	-0.6	-0.5	-0.5	-0.8
Equity	59.6	44.5	47.4	53.0	68.7
Key ratios, Energi Salg Norge					
Gross margin ratio	3.2%	2.0%	2.0%	5.9%	8.3%
Profit ratio (EBIT)	1.5%	-0.5%	-1.8%	2.0%	4.7%
Solvency ratio	12.4%	17.1%	30.0%	48.5%	64.0%
Return on equity before tax	37.7%	-7.8%	-14.7%	14.5%	29.8%
Return on equity after tax	29.0%	-6.3%	-11.1%	10.5%	31.3%
Average number of full-time employees	9	8	8	9	8

Due to the change in accounting principles from Danish GAAP to IFRS the key figures and ratios from 2014 are not comparable with the figures and ratios from 2015-2018.





# GERMANY

During 2018, Energie Vertrieb Deutschland EVD GmbH (EVD) signed delivery contracts worth a total volume of 4.8 TWh, which is below budget due to the heavy competition in the market. We have seen offers made by competitors which have been below the purchasing prices at EEX.

Bundeswehr, one of our biggest customers, opted to manage the entire trading and delivery to the metering

point process themselves, which lost us 850 GWh-worth of volume that we were not able to cover. On the other hand, we have been able to extend the contract for the City of Hamburg for an additional 4 years. Furthermore, the Port of Hamburg and the City of Hannover have signed contracts for the coming years.

As part of our diversification initiative, we have launched a new product for demand response.

The new product got off to a successful start and we have already signed a contract for a biomass plant. In addition, Stadtwerke Bordesholm has opted to place an order for flexibility management of its battery storage with us.

For the next year we plan to start establishing more contacts with the industrial customers and for our PM products in particular. Due to the increase in energy

prices of up to 80%, customers have identified professional PM as a particular advantage for managing the risk. EVD is known as a reliable partner on the German market with excellent service. Finally, we will be putting all our efforts into increasing sales activities and our market share.



Amounts in EUR thousand	IFRS				Danish GAAP
	2018	2017	2016	2015	2014
Key figures, Energie Vertrieb Deutschland EVD GmbH					
Revenue – Sales of power etc.	144,434.4	102,353.5	60,144.3	29,212.7	0.0
Gross profit	1,448.2	1,461.4	761.4	-30.4	1,066.0
Operating profit	-763.7	-342.0	-538.9	-889.0	580.0
Profit from financial items	25.0	94.9	130.2	500.0	-3.0
Profit before tax	-738.7	-247.1	-408.7	-389.0	577.0
Tax	0.0	79.7	131.8	125.5	-186.0
Profit for the year	-738.7	-167.4	-276.9	-263.5	391.0
Balance sheet total	59,031.5	46,918.2	36,597.5	31,822.8	23,454.0
Of this, investment in non-current assets	-78.4	-57.0	-114.4	-146.0	-447.0
Equity	8,219.2	8,957.9	9,125.3	9,402.2	10,388.0
Key ratios, Energie Vertrieb Deutschland EVD GmbH					
Gross margin ratio	1.0%	1.4%	1.3%	-0.1%	N/A
Profit ratio (EBIT)	-0.5%	-0.3%	-0.9%	-3.0%	N/A
Solvency ratio	13.9%	19.1%	24.9%	29.5%	44.3%
Return on equity before tax	-8.6%	-2.7%	-4.4%	-3.9%	11.1%
Return on equity after tax	-8.6%	-1.9%	-3.0%	-2.7%	7.5%
Average number of full-time employees	6	9	5	3	1

Due to the change in accounting principles from Danish GAAP to IFRS the key figures and ratios from 2014 are not comparable with the figures and ratios from 2015-2018.





# INSIGHT

Insight is knowledge. Knowledge about the energy market and the ability to understand our customers' needs. Insight is crucial when providing our customers with the best service, flexible systems and most valuable solutions. Now and in the future.



# INSIGHT RESULTS IN FLEXIBLE SOLUTIONS

Throughout the Energi Danmark Group, we strive to offer our customers solutions that are flexible and efficient in order to support their vision both now and in the future. To do this, it is crucial that we understand our customers' business and challenges. This makes insight key.



Helping our customers navigate their way in the ever-changing power market, among rules and regulations, opportunities and obstacles, is what we are proud of doing. We bring value to our customers and through constructive and insightful dialogue with a focus on bringing the customer from challenges to solutions, we work to shape the power market of tomorrow.

The only way to fulfil our goal of providing excellent service and the most suitable solutions is to keep developing our systems and keep getting more insight about our customers' challenges and needs. We understand that preferences and needs may change over time. This is why we have focus on developing our systems and solutions in order to accommodate our customers. In the past year, our focus has been on developing BIO, a new and efficient billing system. In the wake of the billing system, we have also updated My Energy; the new version of our customer platform increases flexibility and gives customers deeper insight into their consumption data.

Insight – about data, markets and customers – makes it possible to offer the most suitable and flexible products. In 2018, our traders visited some production customers to learn more about their business. Learning about our customers and their challenges is essential for bringing

the best solutions to the table. We constantly focus on heightening our level of competence as we see our employees as our greatest asset. Skilled employees and dedicated efforts across countries are cornerstones in offering solutions that meet the customer's requirements and expectations.

This past year proves that we have succeeded in meeting the needs of a large and differentiated customer base. A constant strive to provide the best service has resulted in Energi Salg Norge reaching a record high sale and Energi Försäljning Sverige to be the first energy company to deliver to Sweden's three largest cities.

Our broad product palette is in constant development. Among the new products in 2018 are flexible solutions for wind turbines and new portfolio management strategies. Our goal has also been to strengthen our presence in terms of trading, both geographically and in terms of man power. In 2018, we entered new markets and expanded our gas department. This strengthens our insight into new markets and gives us better opportunities to act when there are possible savings for our customers.

# VISITING OUR CUSTOMERS IS VALUABLE INSIGHT



Visits to customers let us gain valuable insight and knowledge into their business. In 2018, our traders and analysts visited Fjernvarme Fyn, Brønderslev Forsyning and Svoldrup Kær wind turbine farm.

At Energi Danmark, we are experts in power trading. However, for customers like Fjernvarme Fyn and Brønderslev Forsyning, power production is only a by-product of their main product, heat. Hence, our finest job is to maximise the value of the power production with respect to the heat demands and the heat production from the green solutions.

“Fjernvarme Fyn is our largest single production customer for whom we have balance responsibility. By understanding the processes and situation at Fjernvarme Fyn, we improve our service and cooperation with the customer,” says Thomas Brouer, Head of Forecasting and Operations.

Brønderslev Forsyning is transitioning from natural gas to green and sustainable heating and their old combined heat and power plant (CHP) will from 2019 serve as backup when opportunities arise in the market or in case of lack of sun and wind. As balance responsible,

our task is to help Brønderslev Forsyning utilise the old CHP as best as possible in its remaining lifetime.

### Gaining useful market knowledge

Many MW changes hands on a day-to-day basis at Energi Danmark. Therefore, expanding our knowledge of what is behind the names and numbers and getting a better understanding of the issues the owners of the production assets face every day is very valuable.

At Svoldrup Kær, a wind turbine farm, our traders and analysts took a closer look at the physics behind the power production. Energi Danmark is balance responsible for the wind turbine farm and it is one of the customers we start and stop in the regulation power market. By gaining useful market knowledge related to wind energy at Svoldrup Kær, we learn how to handle our wind turbine customers even better and it helps us focus on shaping our systems to match our customers’ needs.

### BALANCE RESPONSIBILITY RESULTS IN VALUE FOR OUR CUSTOMERS

Energi Danmark is one of the largest balance responsible parties in Denmark. Being balance responsible means that we undertake the balance responsibility for the electricity supply. An ordinary electricity supplier must supply as much electricity as the customers consume. In order to accomplish this there must be someone who is balance responsible; making sure that the electricity supply constantly matches power demand. This in order to maintain the safe and reliable operation of the power system.

At Energi Danmark – besides buying electricity from producers and selling electricity to consumers – we ensure

that a sufficient supply of electricity is available to serve the expected demand. This requires a strong team of traders and analysts who can find the opportunities and avoid the obstacles in the market.

This gives us unique insight into the electricity market. As the market turns more and more unpredictable with an increase in consumption and more sustainable energy sources, the insight and knowledge obtained becomes increasingly crucial in order to best advise our customers – consumption and production – and create value for them. Value in terms of extra earnings in the regulation market and value in terms of more flexible solutions.

**“FJERNVARME FYN IS OUR LARGEST SINGLE PRODUCTION CUSTOMER FOR WHOM WE HAVE BALANCE RESPONSIBILITY. BY UNDERSTANDING THE PROCESSES AND SITUATION AT FJERNVARME FYN, WE IMPROVE OUR SERVICE AND COOPERATION WITH THE CUSTOMER.”**

Thomas Brouer, Head of Forecasting and Operations at Energi Danmark





Photo: Mark Finn-Kelcey

# FLEXIBLE SOLUTIONS FOR WIND TURBINES



**In 2018, we introduced a new flexible solution in the day-ahead market, where wind turbine owners can limit their day-ahead bids. Our customers have greatly appreciated this flexibility.**

The demand for flexible solutions from the wind turbine customers in Energi Danmark is rising. In 2016, Energi Danmark launched the first product allowing wind turbines to participate in the market for regulating power. Since then, the size of our portfolio of controllable wind turbines has increased rapidly, and after having doubled in size from 2016 to 2017, the portfolio doubled in size again from 2017 to 2018.

In 2018, we have introduced a new flexible solution in the day-ahead market, where wind turbine owners can limit their day-ahead bids. If the day-ahead price falls below the desired limit, the wind turbine is stopped. Through the regulating power market, wind turbine owners receive an extra premium on top of their settlement price for stopping the electricity production, which makes it economically favorable for our wind customers to participate in the regulating power market.

**Making it more attractive to invest in wind turbines**

The option for flexible renewable power production is an important part of the Group’s sustainability focus as it makes it more attractive to invest in wind turbines while also ensuring optimal utilisation of the renewable energy. Renewable power production is fundamentally inflexible depending on the fluctuations in weather, but the possibility of remote controlling wind turbines makes it simpler for the Danish transmission system operator (TSO) Energinet.dk to balance production and consumption and thereby sustain a stable security of supply in the power grid.

The flexible solutions for wind turbines are aimed at both existing and new customers and has led to great customer satisfaction throughout 2018. Hopefully, more existing as well as new customers will choose these options in 2019.

# RECORD HIGH SALES IN 2018

In 2018, the Energi Danmark Group delivered electricity to customers in Northern Europe of 33.9 TWh. It was also a good year in terms of sales, selling almost 46.6 TWh.

In 2018, the Energi Danmark Group delivered 33.9 TWh of electricity to customers in Northern Europe. This is an increase of 8.7% from 2017, where the delivery was 31.2 TWh. 2018 was also a good year in terms of sales, selling 46.6 TWh to customers in the Northern European markets. "We see the positive sales numbers as the result of constant customer focus and the ability to scale solutions depending on customer needs," says Peter Lønbro Lehm, Director, Customers at Energi Danmark

**Delivery to Sweden’s three largest cities**

In 2018, Energi Försäljning Sverige won the procurement of delivering power to the city of Gothenborg. This resulted in the Group’s Swedish subsidiary having Sweden’s three largest cities in its portfolio. This is the first time an energy company has the supply of Stockholm, Malmö and Gothenborg at the same time.

Energi Försäljning Sverige as well as the Energi Danmark Group in total is based on knowledge and insight about the energy markets. We sell knowledge and strive to be the best at what we do. The fact that we can supply energy to large cities with many metering points is proof of the Group’s scalability and ability to supply flexible solutions.

**Predictability and independence prove valuable in Norway**

Our Norwegian subsidiary could also mark 2018 as a record year in terms of sales as they reached 11.9 TWh.

"We are extremely happy with this result, which reflects our long-term work in which we have developed a unique position in the Norwegian market in recent years," explains Espen Fjeld, CEO at Energi Salg Norge. Predictability and independence have been the foundational values of the company's entry into the market. "At the same time, we have also established some solid supply methods as the only ones in the market to currently provide such an offer, and these have hit the right notes in terms of customer requirements," Espen continues. "The most important thing we can do for our customers is to build on their core business and contribute to a strong environment for growth through our work with customers. Our ambition is to continue to grow together with our customers in future years," Espen Fjeld concludes.

“WE SEE THE POSITIVE SALES NUMBERS AS THE RESULT OF CONSTANT CUSTOMER FOCUS AND THE ABILITY TO SCALE SOLUTIONS DEPENDING ON CUSTOMER NEEDS.”

Peter Lønbro Lehm, Director, Customers at Energi Danmark

**GROUP**

Increase in delivered TWh from 2017-2018

8.7%

31.2 TWh delivered in 2017

TWh delivered in 2018

33.9

**ENERGI SALG NORGE**

Increase in sold TWh for future delivery from 2017-2018

71.0%

6.9 TWh sold in 2017 for future delivery

TWh sold in 2018 for future delivery

11.9

# GROWTH IN FIGURES



# AN EFFICIENT AND FLEXIBLE BILLING SYSTEM

BIO is in many ways a core system and a central part of our business. In 2018, we implemented the system in our companies in Finland, Denmark and Sweden.

Since 2016, the Energi Danmark Group has worked on the development of BIO, a new, efficient billing system. A system developed specifically to manage and administer customers in the energy market. The new billing system makes it possible for our customers to receive billing even earlier, with a smaller margin of error. Because the system is developed in-house, it integrates with our other systems such as the My Energy customer platform. Faster processing with BIO means that our customers receive data earlier in My Energy, allowing them to better monitor their own budgets.

More specifically, BIO offers flexible contract figuration, automation of billing processes, data history and market communication, to name a few functions. This means better performance overall, but also a wider range of products for customers to choose from, as the invoicing is easier to manage and adjust.

In developing BIO we also found it important to involve our customers in testing of the invoice layout and e-invoices. We consider this very valuable, as we strive to serve our customers as well as possible.

**Tailor-made for electricity suppliers**

There are many advantages to developing a system in-house. Internally, we have been able to automate many billing processes for fewer controls, keeping manual processes to a minimum. This stability is something that benefits us internally, but is an important asset to the customer too.

Developing a system such as BIO ourselves also means potential future development is much more flexible, as we can easily access and adjust the system. Furthermore, BIO is intuitive and user-friendly, with a short learning curve for both our current and new employees.

We will be able to scale the BIO system to match the Energi Danmarks Group’s business ambitions and growth strategy. We aim to improve our current products while also developing new products for the future. BIO is a new product tailor-made for electricity suppliers, and we have great ambitions to keep serving electricity suppliers in the future.

With BIO we are not only handling our Group’s own customers, but can also offer electricity suppliers, to whom we are balance responsible for, the option to handle both market communication and billing via our BIO platform. A valuable service which makes good sense for our business partners, and of which we have high expectations.

**BENEFITS FOR OUR CUSTOMERS**

- > to receive billing earlier
- > smaller margin of error
- > to better monitor own budgets
- > flexible contract configuration
- > automation of billing processes
- > better overall performance

## SETTLEMENT OF CUSTOMERS IN BIO

January 2018  
Finland



September 2018  
Denmark



November 2018  
Sweden



2019  
Norway & Germany



# PROVIDING BETTER INSIGHT: LAUNCH OF MY ENERGY

In 2018, the Group launched My Energy, our new customer platform, in Finland, Denmark and Sweden. This platform provides increased flexibility and insight, with new features for even better reporting and monitoring. My Energy launched in line with the implementation of BIO in the various countries. During the course of 2019, the new platform will be implemented in Norway and Germany as well.

The new My Energy is an advanced customer platform which provides customers with automated reports, market analyses, news, consumption overview and invoice information and more. We have put a lot of effort into making the interface user-friendly and easy to navigate.

One great advantage of the new My Energy is that it uses only one access method. Therefore, customers operating in other countries can access their data with the same login using a single platform. Previously, each country required a separate login. This makes it easier and faster for our customers to find their specific information. With the platform available 24/7 and easily accessible, the customers can focus fully on their core business. We strive to offer our customers optimal service and insights and the new My Energy makes the overall flow of information easier and further improves customer communication.

My Energy is a flexible system, with the option to add new functions in the future. Functions will be deployed in line with the implementation of our BIO billing system, ensuring a smooth and efficient interaction between the systems.

My Energy first launched in Finland in February 2018 and has since welcomed 5,605 users. Energia Myynti Suomi has received positive customer feedback, which is very satisfying. Because of the flexibility within the system, we also have the option to develop new features along the way. The launch in Finland was followed by Denmark in October, and finally Sweden in December. We are looking forward to completing the platform's launch in Norway and Germany in 2019, making its services and insights available to all our customers across the Energi Danmark Group.



# HIGHLIGHTS

We have gathered some of the highlights of 2018 for the Energi Danmark Group while also looking forward with an analysis of the expectations for the Northern European economy in 2019.



# HIGHLIGHTS

## THE ENERGY MARKETS IN 2018

The Nordic power market experienced some quite large price increases in 2018. The average system price of the year was 50% higher than the year before, and the front year forward increased by 47% during the year. A very cold winter, followed by a long, dry and warm summer were among the main reasons behind the development, as was a massive price increase on the carbon market, with the CO<sub>2</sub> quota price trebling during the year.

[Read more](#) →

## STRONGEST IN FINLAND

In August, our Finnish subsidiary Energia Myynti Suomi was awarded the title and certificate ‘Strongest in Finland’ by the credit rating agency Asiakastieto. A company earning this certificate is a powerful and solid financial influence in the Finnish economy now and in the future. With the title, Energia Myynti Suomi positions itself as a reliable and trustworthy partner.

## CLIMATE PACT WITH THE CITY OF OSLO

In 2018, our Norwegian subsidiary Energi Salg Norge entered into a climate pact with the City of Oslo, thereby committing to contributing to the city’s goal of reducing the emission of greenhouse gases by 95% by 2030. 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 experiences and an opportunity to demonstrate the results that have been achieved by certain companies.

**“WE WANT TO FIND NEW SOLUTIONS TO REDUCE OUR OWN EMISSIONS AND WE WILL WORK TO ENSURE THAT OTHER COMPANIES ALSO DO THE SAME.”**

Espen Fjeld, CEO at Energi Salg Norge

## NEW DIRECTOR OF ENERGI DANMARK SECURITIES

Jan Rigrup became the new CEO of Energi Danmark Securities on 1 May 2018. Jan joined Energi Danmark Securities in 2000 and has worked first as an Analyst, then as Portfolio Manager and later as Head of Portfolio Management.

## EXPECTATIONS FOR THE NORTHERN EUROPEAN ECONOMY IN 2019

In 2018, the economic growth in the EU was slightly below the level from the previous year, and the decline is set to continue in 2019 according to the expectations of the European Commission. The US-China trade war and the continuous Brexit uncertainty halted the growth, and could very well continue to do so this year. Electricity consumption in the Nordic area increased last year but could fall during the coming years.

[Read more](#) →

## 84% WOULD RECOMMEND US

Talented and happy employees are something we value highly in the Energi Danmark Group. For this reason, one of the goals for 2018 was to ensure that a minimum of 80% of employees would recommend Energi Danmark as a place to work in our employee satisfaction survey. We actually managed to achieve an improvement of no less than 7.7%; from 78% to 84% compared to 2017. We are extremely proud of this result, which we feel reflects a workplace with room for high levels of professionalism, professional growth opportunities and focused management.

**“EMPLOYEES WHO WOULD RECOMMEND ENERGI DANMARK AS A PLACE TO WORK ACT AS GREAT AMBASSADORS FOR THE COMPANY.”**

Jørgen Holm Westergaard, CEO at Energi Danmark

[Read more](#) →



# SUSTAINABILITY

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 & Qualifications 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 2018 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](http://www.energidanmark.com).





# OUR SUSTAINABLE PRIORITISATIONS

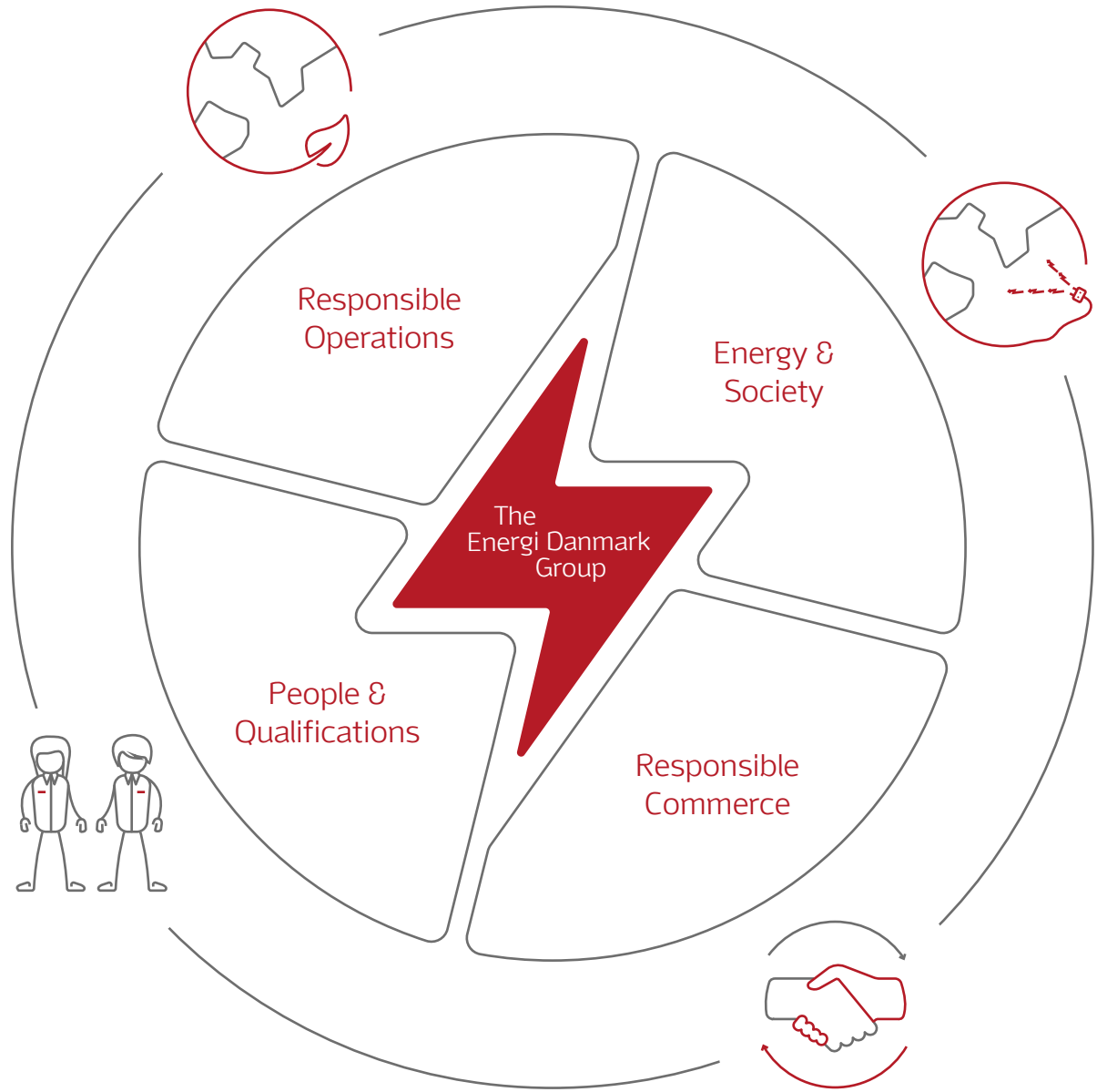
The Energi Danmark Group welcomes the 17 Sustainable Development Goals from the UN as an essential and relevant framework with regard to the use of the Earth's resources. We have chosen to focus our sustainable initiatives on goal 7: Affordable & Clean Energy, which is where we can make a difference 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 & Qualifications and Responsible Operations.

The CSR strategy has been developed through a dynamic process with desk research, discussions and prioritisation 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

Secondary goals

7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

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

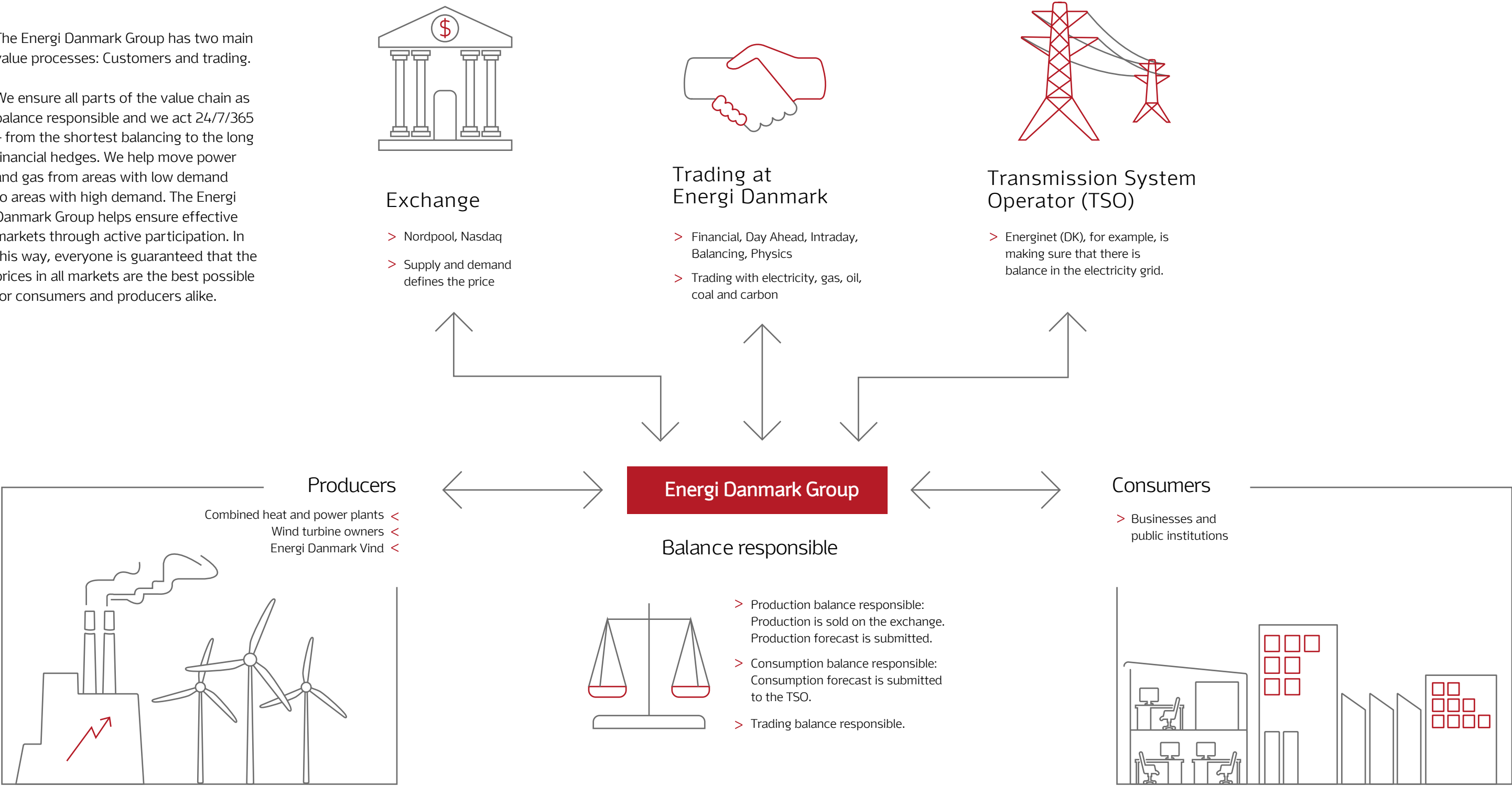
17 PARTNERSHIPS FOR THE GOALS

SUSTAINABLE DEVELOPMENT 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.





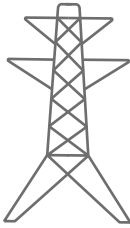

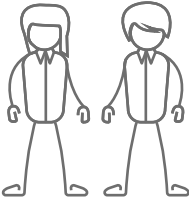


# RISKS IN THE VALUE CHAIN

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

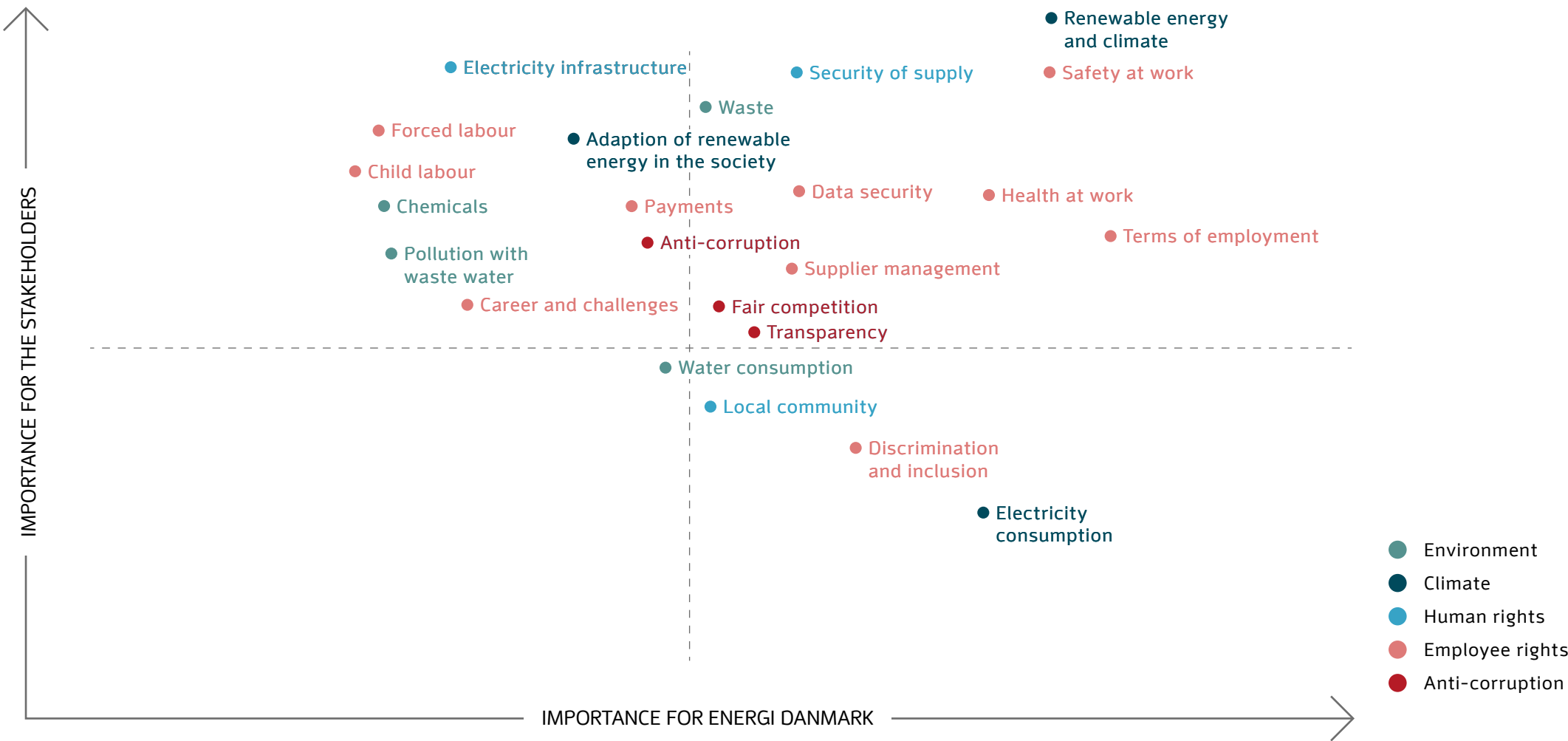
**Stakeholders**  
Following is a list of all the stakeholders that we affect positively or negatively via our activities.

- > Owners
- > Management and employees

- > Customers and consumers
- > Suppliers and partners
- > Authorities and legislation
- > 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 in 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 this focus on the future, we will contribute to sustainable societal growth, which can also provide additional business value for our customers, employees and stakeholders. Within Energy & Society we focus on system data security, delivery reliability and electricity infrastructure, local community and accomodation 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 balance responsible party (BRP) IT security is essential. This is why we constantly keep our knowledge and processes updated and among other things also participate in a safety committee under Dansk Energi (Danish Energy Association), which meets several times a year to discuss and determine their position with regard to the challenges in the area. All IT and system data security across the Group is managed centrally from Denmark at Energi Danmark.

During 2018, Energi Danmark has been fully compliant with the requirements laid out in the L68 Law "IT Readiness in the electricity and natural gas sector". As Energi Danmark is a company on the highest level in the L68 Law in relation to our role in the electricity and natural gas sector, this sets specific requirements for our IT security.

In 2018, focus was also on becoming compliant in relation to GDPR (General Data Protection Regulation). This has entailed a thorough cleaning up in documents and systems, so as to ensure that we process and store our data correctly. Internally and externally, we have also set up processes and guidelines so we can continue to document and manage any incidents such as data leaks or requests to present personal data etc. Through a purchased system, employees will be kept up to date on important information about GDPR, just as we regularly provide training and create awareness campaigns. Therefore, we view the work with GDPR as a continuous process. Energi Danmark has established a GDPR steering committee to deal with GDPR related issues regularly and across the Group.

## Delivery reliability and electricity infrastructure

At the Energi Danmark Group, we wish to contribute to supply and delivery reliability where we are involved in the delivery and trade of energy across borders. As balance manager within consumption, production and trade, the Energi Danmark Group helps ensure a balance between consumption and production, as well as supply and demand. By becoming better at foreseeing needs and tendencies, the Energi Danmark Group helps create stability and dependability in terms of delivery and supply, and thus the entire electricity infrastructure.

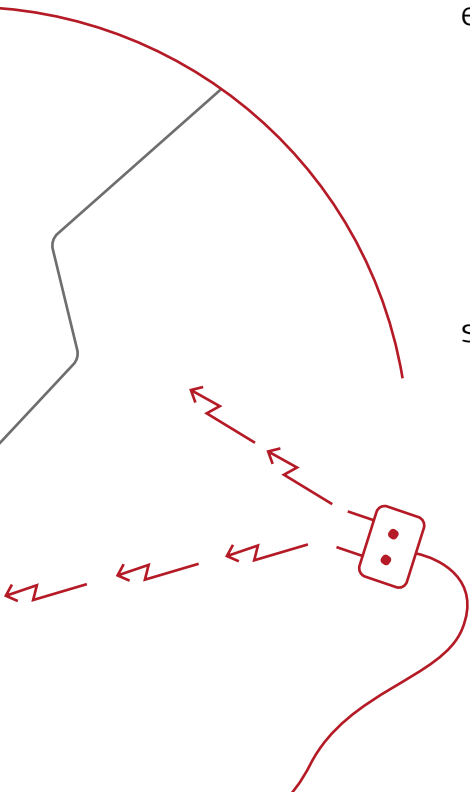
## Local community

The Energi Danmark Group wishes to engage in local communities in order to influence society's development towards sustainability.

In 2018, Energi Salg Norge entered into a climate pact with the City of Oslo, thereby committing to contributing to the city's goal of reducing the emission of greenhouse gases by 95% by 2030. 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 experiences 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 influencing other companies and customers to do the same.

**"WE WANT TO FIND NEW SOLUTIONS TO REDUCE OUR OWN EMISSIONS AND WE WILL WORK TO ENSURE THAT OTHER COMPANIES ALSO DO THE SAME."**

Espen Fjeld, CEO at Energi Salg Norge.



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 environmentally friendly options and products, we want to play an active role in solving the global environmental challenges of today.

One of the products we have continued to pursue in 2018 is the pilot project 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. For example, a cooling system can shut off power in periods where operation is not affected, and the same cooling system can store the energy if there is a surplus. In the past, one would simply have allowed the power supply to remain 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 by utilising the electricity optimally. Commercial consumers of electricity receive payment meanwhile 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.

Energi Danmark is working with the UK’s leading Demand Response aggregator, KiWi Power, on the project. KiWi Power are specialists in delivering

software, hardware and knowhow, where Energi Danmark has access to the customers and the necessary market access.

The work on developing Demand Response will continue in 2019, just as our focus will continue to be on developing our climate-friendly products, so we can offer products that work now and in future societies.

“DEMAND RESPONSE IS HIGHLY RELEVANT IN RELATION TO CONTRIBUTING TO THE EUROPEAN DESIRE FOR RENEWABLE ENERGY AND ADAPTATION IN OUR SOCIETY. IN ADDITION TO THE FLEXIBILITY AND THE ENVIRONMENTAL BENEFITS, DEMAND RESPONSE ALSO MAKES SENSE FOR CONSUMERS, WHO REAP FINANCIAL BENEFITS.”

Mikkel Hauge Jensen, Senior Energy Risk Advisor, Specialist: Demand Response at Energi Danmark.

Energi Danmark Vind

The Energi Danmark Group invest in, construct and operate wind turbine projects through our subsidiary Energi Danmark Vind. Allowing us to evolve from exclusively being an energy trading company to also having physical production. By investing in new wind turbines, we continually strive to increase the net amount of renewable energy sources in Denmark for the benefit of the future environment. In 2018, Energi Danmark Vind (EDV) had a total wind portfolio of approximately 82 MW installed capacity.

The possibility for flexible renewable power production is an important part of the Group’s sustainability focus as it makes it more attractive to invest in wind turbines while also ensuring optimal utilisation of the renewable energy. Renewable power production is fundamentally inflexible depending on the fluctuations in weather, but the possibility of remote controlling wind turbines, makes it easier for the Danish transmission system operator (TSO) Energinet.dk to balance the relationship between production and consumption and thereby sustain a stable security of supply in the power grid.

Through the regulating power market, wind turbine owners receive an extra premium on top of their settlement price for stopping the electricity production, which makes it economically favorable for our wind customers to participate in the regulating power market. On top of that, more wind turbine owners mean more renewable energy.

In 2018, we have introduced a new flexible solution in the day-ahead market, where wind turbine owners can limit their day-ahead bids. If the day-ahead price goes below the desired limit the wind turbine is stopped.

Environmentally Friendly Energy

At the Energi Danmark Group, we offer customers environmentally friendly electricity or so-called Guarantees of Origin through 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 for two years, the customer actively supports brand new turbines and thus the expansion of renewable energy, for instance in Denmark. 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 environmentally friendly electricity. The purchase is documented through certificates.

The interest in covering electricity through wind power, hydropower and biomass has risen sharply since 2016, which we consider to be a very positive development. In the future, we will also try to promote the choice of environmentally friendly energy among our customers.

Below is an overview of sold MWh across the Group from 2016 to 2018 from wind power, hydropower and biomass. The results for 2016 and 2017 are realised numbers, whereas the result for 2018 is expected volume as we do not have the final result at the publication date.

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*	346,690 MWh	4,181,579 MWh	472,807 MWh


\*The result for 2018 is expected volume as we do not have the final result at the publication date.



**Bra Miljöval EI**

In our subsidiary Energi Försäljning Sverige, customers are given the opportunity to purchase the product Bra Miljöval EI, which comes from wind power, hydropower or biomass. Bra Miljöval is a Swedish electricity label from the Swedish Society for Nature Conservation. For three years in a row, 2014–2016, Energi Försäljning Sverige has been the leading supplier of Bra Miljöval electricity in Sweden, and that number rose over the three years. We view this as a very positive development. The announcement of the leading supplier of MWh is staggered by a year, and therefore we do not yet know our ranking for 2017 or 2018.

Below is an overview of sold MWh via Bra Miljöval EI from 2014 to 2018. The number for 2018 is expected volume as we do not have the final result at the publication date.

	Bra Miljöval EI	
2014	1,243,193 MWh	 Bra Miljöval
2015	1,342,709 MWh	
2016	1,747,344 MWh	
2017	1,835,132 MWh	
2018	1,969,500 MWh *	

*\* The result for 2018 is expected volume as we do not have the final result at the publication date.*

Besides energy being environmentally friendly, much thought also goes into the use of the energy with Bra Miljöval electricity. 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 earmark 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 2016 raised 4.8 SEK million for environmental projects.

**Cancellation of CO<sub>2</sub> quotas**

At the Energi Danmark Group, it is possible to buy and then cancel CO<sub>2</sub> quotas. This allows customers to reduce the total offer of CO<sub>2</sub> quotas in Denmark and the rest of Europe. By cancelling CO<sub>2</sub> quotas, the customer also helps raise the price of the quotas, making it less attractive for the part of industry that creates the most pollution to release large quantities of CO<sub>2</sub>.

**Advisory services**

The Energi Danmark Group 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.



RESULTS FOR THE YEAR 2018

Risks	Focus areas	Goals	Action	Results
> Data safety	<b>SYSTEM DATA SECURITY</b>  Policy > Human rights policy	> System data security included in new approved Human rights policy  > Energi Danmark is compliant with the law L68 "IT Readiness in the electricity and natural gas sector".  > Energi Danmark is compliant with GDPR (General Data Protection Regulation).	> Drafted section on System data security  > Law L68 "IT Readiness in the electricity and natural gas sector" is implemented  > GDPR (General Data Protection Regulation) implemented	> Section on System data security approved  > Energi Danmark is compliant with L68  > Energi Danmark is compliant with GDPR
> Electricity infrastructure > Delivery reliability	<b>ELECTRICITY INFRASTRUCTURE &amp; DELIVERY RELIABILITY</b>  Policy > Climate policy	> Electricity infrastructure & delivery reliability included in new approved Climate policy	> Drafted section on Electricity infrastructure & delivery reliability	> Section on Electricity infrastructure & delivery reliability approved
> Local community	<b>LOCAL COMMUNITY</b>  Policy > Human rights policy	> Local community included in new approved human rights policy  > Membership in Enterprises for Climate Network in Oslo	> Section drafted on Local Society  > Signature of Climate Pact in Oslo	> Section on Local Society approved  > Energi Salg Norge is a member of Enterprises for Climate Network in Oslo
> Renewable energy and climate > Accommodating renewable energy (RE) in society	<b>RENEWABLE ENERGY AND CLIMATE &amp; ACCOMMODATION OF RE IN SOCIETY</b>  Policy > Climate policy	> Renewable energy and climate & accommodation of RE in society included in new approved Climate policy  > Demand Response concept further developed  > Limitation on day-ahead bid ready to market  > Increase the amount of MWh sold as RE compared to last year.	> Drafted section on Renewable energy and climate & accommodation of RE in society  > Cooperation with KiWi on Demand Response concept  > Limitation on day-ahead bid developed  > Nudge customers to buy more RE and offer a wide selection of RE products.	> Section on Renewable energy and climate & accommodation of RE in society in new climate policy approved  > Demand Response concept moved to next development phase  > Limitation on day-ahead bid developed  > Increased amount of RE sold compared to the previous year.

GOALS 2019

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



# 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 supplier management, forced labour and child labour, anti-corruption and fair competition, and pollution with waste water and chemicals.

### Supplier management

Trade with suppliers builds upon mutual trust and respect for good business ethics. The large 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. Therefore, we find no need for further regulation of these suppliers.

### Forced labour and child labour

We do not accept any kind of child labour or forced labour, including slave labour or human trafficking. In 2018, we developed a policy for human rights that covers forced labour and child labour.

### Anti-corruption and fair competition

The Energi Danmark Group wishes to work actively to help fight all forms of corruption. It 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 to be loyal to society and to the Group. Likewise, we also wish to work with our suppliers to fight corruption.

In 2018, we developed a new anti-corruption policy and we have committed to incorporate the anti-corruption policy in all relevant business areas. This policy will be formalised in 2019 and implemented in all business areas.

Last year, the Energi Danmark Group was fined for illegal trading on the intraday market, so focus has naturally been on adopting a number of internal measures aimed at preventing similar incidents in the future. In this context, in 2018 we updated our policy on 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'. This policy will be further implemented in 2019

### NEW EUROPEAN GUIDELINES ON TRADING TRANSMISSION CAPACITY AFTER NON-COMPLIANCE

In December 2017, the secretariat for the Danish Utility Regulator (the secretariat) reported Energi Danmark for non-compliance with the REMIT regulation article 5, relating to an offence in 2015. The case concerned transmission capacity, which Energi Danmark obtained in the Intraday market between Finland and Sweden – capacity Energi Danmark did not utilise. Energi Danmark has fully cooperated with the secretariat since 2015, and has used all necessary resources in helping the secretariat. In March 2018, this led to common European guidelines on trading transmission capacity.

Energi Danmark regrets the case and immediately implemented a number of internal initiatives across the Group with the purpose of preventing similar cases in the future.

via an update and formalisation of the Energi Danmark Group's rules concerning the prevention of market abuse.

To ensure that unacceptable conduct is reported to the Group management, a whistleblower scheme will be introduced in 2019, where employees who experience any unacceptable or illegal conduct in the Group may report it directly to the Group's auditor, who will impartially investigate the matter.

### Pollution with waste water and chemicals

The Energi Danmark Group wishes to reduce pollution in order to protect biodiversity and to prevent the destruction of the 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 our suppliers, where energy is produced and transported, that we will try to minimise the negative consequences for the environment.

RESULTS FOR THE YEAR 2018

Risks	Focus areas	Goals	Action	Results
> Supplier management	<b>SUPPLIER MANAGEMENT</b>  Policy > Human rights policy > Environmental policy > Climate policy > Employee rights policy > Diversity policy > Anti-corruption policy	> Policies approved	> Policies drafted	> Policies approved
> Forced labour > Child labour	<b>FORCED LABOUR AND CHILD LABOUR</b>  Policy > Human rights policy	> Forced labour and child labour included in new approved human rights policy	> Drafted section on Forced labour and child labour	> Section on Forced labour and child labour in new human rights policy approved
> Anti-corruption > Fair competition	<b>ANTI-CORRUPTION &amp; FAIR COMPETITION</b>  Policy > Anti-corruption policy > Policy on the prevention of market abuse	> Anti-corruption & fair competition included in new approved Anti-corruption policy  > Policy on The prevention of market abuse approved	> Drafted section on Anti-corruption & Fair competition  > Drafted policy on The prevention of market abuse	> Section on Anti-corruption & Fair competition in new Anti-corruption policy approved  > Policy on The prevention of market abuse approved
> Pollution with waste water > Pollution with chemicals	<b>POLLUTION WITH WASTE WATER AND CHEMICALS</b>  Policy > Environmental policy	> Pollution with waste water and chemicals included in new approved Environmental policy	> Drafted section on Pollution with waste water and chemicals	> Section on Pollution with waste water and chemicals in new Environmental policy approved

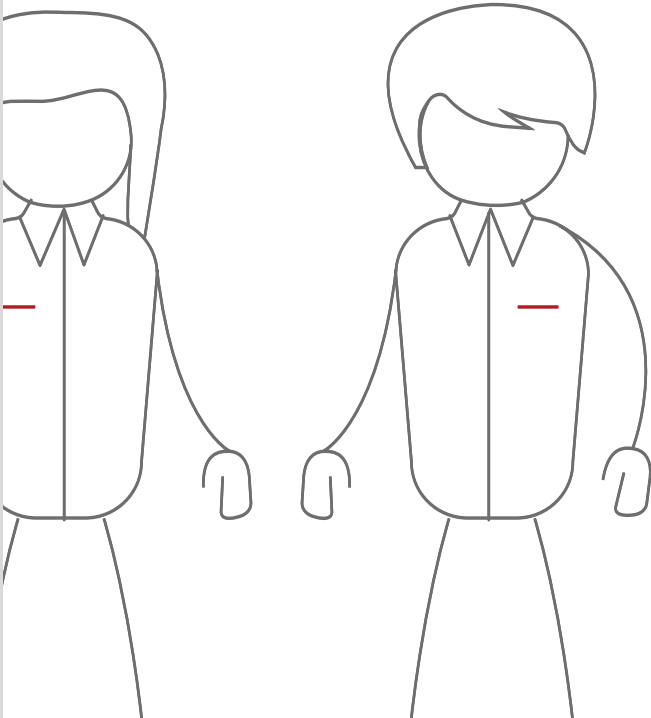
GOALS 2019

Risks	Focus areas	Goals	Planned actions
> Supplier management	<b>SUPPLIER MANAGEMENT</b>  Policy > Human rights policy > Environmental policy > Climate policy > Employee rights policy > Diversity policy > Anti-corruption policy	> All suppliers mapped	> Analysis of all supplier databases
> Forced labour > Child labour	<b>FORCED LABOUR AND CHILD LABOUR</b>  Policy > Human rights policy	> See “Supplier management”	> See “Supplier management”
> Anti-corruption > Fair competition	<b>ANTI-CORRUPTION &amp; FAIR COMPETITION</b>  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 for all employees > Training of all employees  > Implementation of whistleblower scheme > See “Supplier management”
> Pollution with waste water > Pollution with chemicals	<b>POLLUTION WITH WASTE WATER AND CHEMICALS</b>  Policy > Environmental policy	> See “Supplier management”	> See “Supplier management”



# PEOPLE & QUALIFICATIONS

At the Energi Danmark Group, our employees are our most important resource and, in order to prepare for the future, it is essential that our employees match the competencies needed. We therefore aim to develop employees' competencies needed to reach our strategic goals. We want to provide a working environment in which employees can excel, develop and strengthen their professional and personal skills. The Energi Danmark Group aims to be a good place to work, where employees are inspired and motivated to do their very best. We continuously focus on employee satisfaction, professionally and socially. Within People & Qualifications we focus on career and challenges, work health and safety, employee data security and discrimination and inclusion.



### Career and challenges

At the Energi Danmark Group, management is based on a holistic view and trust and respect for the individual employee. It is therefore essential that employees have working conditions that encourage and enable employees to reach their full potential. We create a positive working environment through commitment, responsibility, transparency and helpfulness.

It is crucial that all employees develop in relation to the goals towards which we strives. As part of its human resource policy, the Energi Danmark Group offers appropriate supplementary training in relation to each employee's areas of work. As a knowledge-based company, it is critical that we are constantly in the know and follow the latest developments in the energy market.

All countries in which we have offices are compliant with legislation concerning employment issues and rights. In 2018, we implemented a policy for employee rights.

### Work health and safety

At the Energi Danmark Group, we prioritise work health and safety. It is essential that we have a workplace where focus is on such parameters as healthy food, exercise and work environment, 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.

Every two years, the Energi Danmark Group conducts an employee satisfaction survey (ESS), including a mental workplace assessment (WPA). The most recent survey was done in 2017. In between these, we also conduct a mini ESS to ensure that we regularly follow up on the results and status. Last but not least, we conduct the mandatory physical workplace assessment every

three years. The mini ESS and the physical WPA are only carried out in Denmark.

Our employees' health contributes to work satisfaction and to the individual's well-being. That is why we are also focused on how we can support a healthy workplace and create good conditions for our employees, so they e.g. can also recommend the Energi Danmark Group as a workplace. In 2018, 84% of our employees said they would recommend Energi Danmark as a workplace. As such, we reached our goal of 80%, which we are very proud of.

[Read more about the results here](#) →

In 2019, we will strive to ensure a strategic focus on employee development and job satisfaction, so that 85% of our employees across the entire Group would recommend the Energi Danmark Group as a workplace. Previous measurements have been based only on employees in the Energi Danmark parent company.

Physical health is something we would really like to support in the Group. Each year, Energi Danmark participates in the DHL races held in Aarhus and Copenhagen. A group of employees has also taken the initiative of creating a running club, which trains once a week after work. Several employees participate in daily resistance training, where 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 in the cafeteria, which in 2018 achieved bronze certification in organic food.

Throughout 2017 and 2018 we focused on the feedback culture in the company, so we ensure constructive

feedback aimed at helping the individual employee. Therefore, in 2019 we will continue our efforts to strengthen cooperation in the organisation with focus on the feedback culture. The aim for 2019 is for 80% of employees to experience better cooperation within the organisation.

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 (only in Denmark) while we work to create long-term results in employee well-being and lower sick leave and ensure that the work does not lead to

injuries and illness. In addition, the work environment organisation helps with sparring and questions.

All employees in the Group generally have an ongoing obligation to identify and reduce the risk of work-related accidents. In the future, we will also work with safety management systems, improved processes and generally work to continue to develop a culture with the ambition of avoiding accidents altogether.

**Employee data security**

In 2018, throughout the Group focus was on achieving compliance with the EU’s personal data regulation GDPR (General Data Protection Regulation), which came into

effect in May 2018. The scheme draws focus on our storage and processing of personal data both vis-à-vis customers, but also in relation to our own employees and job applicants. Therefore, we have put processes in place to ensure that we only save relevant and current personal data. Through our HR Manager systems, we can safely store data and locate data quickly if someone should request access to his or her data. The GDPR work is an ongoing process and therefore an internal GDPR steering committee has been established so issues can be handled swiftly and effectively.

In 2019, HR Manager systems will be implemented throughout the Group, thus grouping all employee data

in a single system. 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.

**Discrimination and inclusion**

At the Energi Danmark Group, there is no tolerance for any form of discrimination based on, e.g. race, skin colour, gender, language, ethnicity, political or other orientations, cast, national or social origin, property, birthplace, union affiliation, sexual orientation, health, age, handicap or other characteristic. We offer the same opportunities for our employees, independently of the above characteristics. In 2018, we also implemented a diversity policy.

# 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 2018, 67% 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 2018, Energi Danmark’s Board of Directors was made up of six people, of whom all were men. At top management level, there were 11 people, of whom one was a woman. There were also three women (14%) at middle management level, which totals 21 people. With regard to women in management, Energi Danmark currently has an underrepresentation on its Board and at top and middle management levels. The aim here 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 top management, which currently consists of 11 people, to be comprised of women in 2021. We will continue to strive to reach the goal of a 72/28 gender distribution at the top management level.



RESULTS FOR THE YEAR 2018

Risks	Focus areas	Goals	Action	Results
> Career and challenges > Employment terms > Remuneration	<b>CAREER AND CHALLENGES</b>  Policy > Employee rights policy	> Career and challenges & employment terms included in new approved Employee rights policy	> Drafted section on Career and challenges & employment terms	> Section on Career and challenges & employment terms in new policy for Employee rights approved
> Work health > Work safety	<b>WORK HEALTH &amp; WORK SAFETY</b>  (diet, exercise, working environment, stress)  Policy > Employee rights policy	> Work health & work safety included in new approved Employee rights policy  > 80% of employees would recommend Energi Danmark as a workplace (ESS)  > HQ canteen obtains bronze certification in organic food use	> Drafted section on Work safety & work health  > Implemented work place initiatives and ESS  > Implemented adaptation in canteen, e.g. in purchasing	> Section on Work health & work safety in new policy for employee rights approved  > 84% of employees would recommend Energi Danmark as a workplace (ESS)  > HQ canteen received bronze certification in organic food
> Data safety	<b>EMPLOYEE DATA SECURITY</b>  Policy > Employee rights policy	> Employee data security included in new approved Employee rights policy  > GDPR implemented with respect to employee data	> Prepared section on Employee data security  > GDPR Steering Committee has implemented new systems and processes	> Section on Employee data security in new Employee rights policy approved  > GDPR implemented with respect to employee data in the HR Manager system
> Discrimination and inclusion	<b>DISCRIMINATION AND INCLUSION</b>  Policy > Employee rights policy > Diversity policy	> Discrimination and inclusion included in new approved Employee rights policy  > Prepare for gender distribution of 70/30 in board of directors at close of 2021  > Gender distribution of 72/28 in top management	> Drafted section on Discrimination and inclusion  > Discussion and identification at board level	> Section on Discrimination and inclusion in new Employee rights policy approved  > Gender distribution of 100/0 (6 men) on board of directors  > Gender distribution of 91/9 (10 men and 1 woman) in top management

GOALS 2019

Risks	Focus areas	Goals	Planned actions
> Career and challenges > Employment terms > Remuneration	<b>CAREER AND CHALLENGES</b>  Policy > Employee rights policy	> Implement New Leadership Agenda	
> Work health > Work safety	<b>WORK HEALTH &amp; WORK SAFETY</b>  (diet, exercise, working environment, stress)  Policy > Employee rights policy	> 85% of employees would recommend the Energi Danmark Group as a workplace (ESS)  > 80% of employees experience better cooperation in the organisation  > Gender distribution of 72/28 in top management	> Implement workplace initiatives and ESS throughout the Group
> Data safety	<b>EMPLOYEE DATA SECURITY</b>  Policy > Employee rights policy	> All employee data gathered in one HR Manager system for the entire Group	> Implementation of single system throughout the Group
> Discrimination and inclusion	<b>DISCRIMINATION AND INCLUSION</b>  Policy > Employee rights policy > Diversity policy	> Prepare for gender distribution of 85/15 in board of directors at close of 2021  > Gender distribution of 72/28 in top management	> Drafted section on Discrimination an inclusion  > Discussion and identification at board level

# RESPONSIBLE OPERATIONS

In 2018, the Energi Danmark Group has prepared an overriding Environment and Climate Policy with a specific focus on energy consumption, both externally when offering environmentally friendly products and internally in terms of minimising our use of scarce resources. 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. Within Responsible Commerce we focus on transparency, electricity consumption, water consumption and waste.

Since 2014, we have been certified in accordance with ISO 14001 and have implemented quality and environmental policies in order to identify all environmental aspects, 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.

## LOCATED IN SUSTAINABLE BUILDINGS

The Energi Danmark headquarters is located in a building that received a sustainability certification upon construction. The building in Aarhus received a gold medal in the 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 at least 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 buildings. Buildings are assessed in 10 categories and specifically in terms of energy, the certification supports the sustainable use of energy in the building and sustainable management of the building's operations. Focus is on improving 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.

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 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 2018, renewable energy accounted for 90% of our total electricity consumption. For 2019, we will have a goal of ensuring that 90% of our electricity consumption is renewable.

For 2019, we will try to get consumption data for all offices. In 2019, we will set up a smart meter in the Norwegian office in Oslo to measure the exact use.

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 2018, 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 2019, we will look into the possibility of locating the numbers for all offices in the Group.

For our headquarters as well as our Finnish offices, we can report the water consumption to be respectively 573.7 and 52.7 m³.

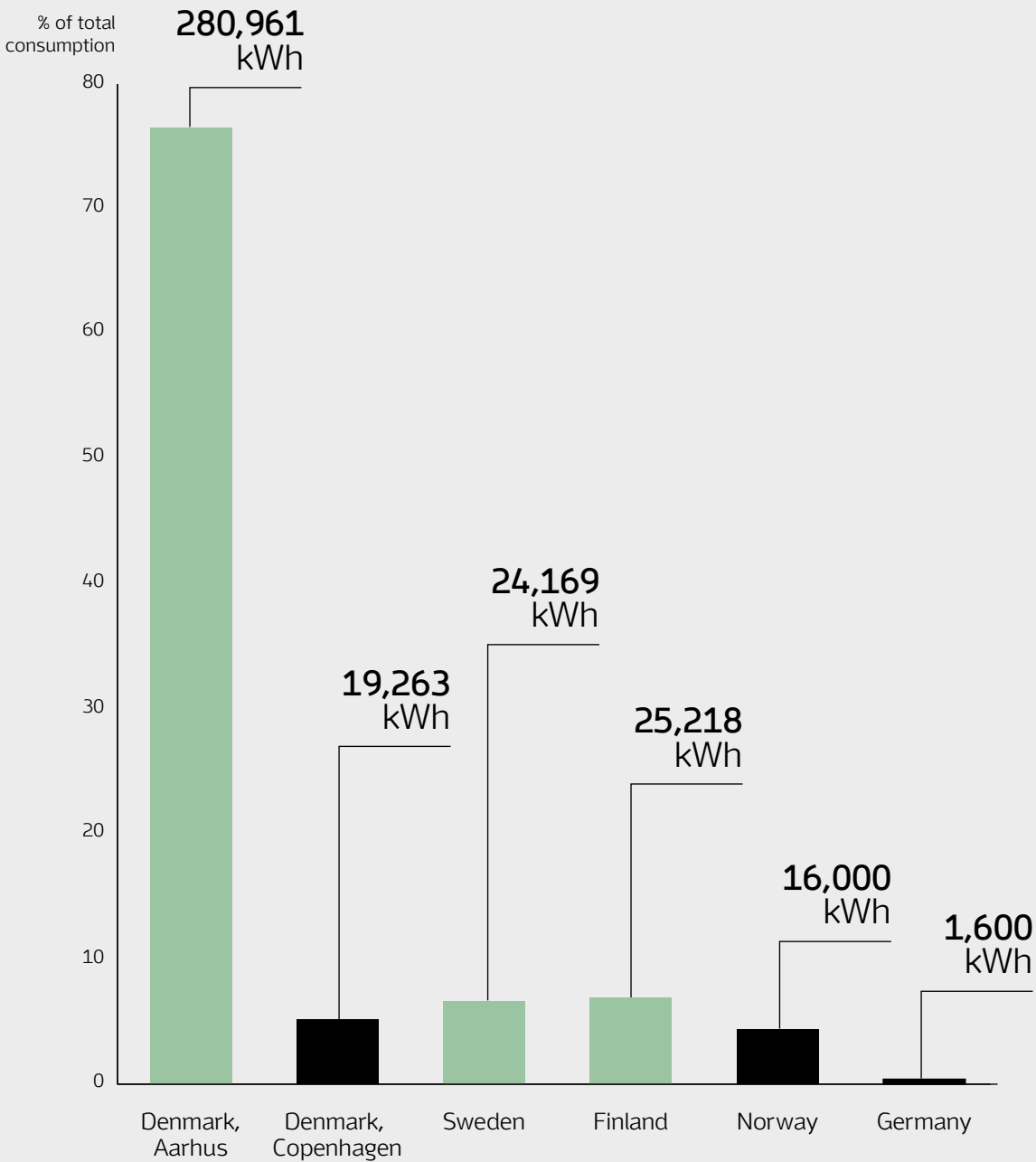
As was the case with our electricity consumption, we have looked into the historic data for our water consumption and here we also see a decrease

from 2015–2018 when measured per employee. However, the trend is not as obvious considering the increase in 2016.

Waste

Our offices are based in shared office buildings with joint waste handling. We of course handle our waste using the categories recommended by the buildings. We are very aware of sorting our waste and exercise vigilance not to throw out more than is necessary. As a minimum we sort paper, cardboard, plastic and glass, and on some locations e.g. bio waste and metal as well.

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



The offices in Denmark (Copenhagen), 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 and Denmark, charging of electric and hybrid cars is also included as part of the consumption. Data for Denmark for 2018 is based on preliminary figures as the final settlement will not be done before the publication of this report. It has not been possible to report on the consumption from our small office in Gothenburg, but the amount of electricity from this office would not dramatically change the outcome of the total consumption.



RESULTS FOR THE YEAR- 2018

Risks	Focus areas	Goals	Action	Results
> Transparency	<b>TRANSPARENCY</b>  Policy > Human rights policy > Environmental policy > Climate policy > Employee rights policy > Diversity policy > Anti-corruption policy	> Transparency included in all new approved policies  > New KPI ready for reporting	> Prepared section on Transparency in each policy  > New KPI established and data collected	> Section on Transparency in all new approved policies  > Plan for key performance indicators (KPI) ready for reporting in annual CSR report
> Electricity consumption	<b>ELECTRICITY CONSUMPTION</b>  Policy > Environmental policy	> Electricity consumption included in new approved Environmental policy  > Internal ISO 14001 audit programme implemented  > External ISO 14001 audit programme implemented at all locations  > Overview of electricity consumption  > Oslo Climate Pact signed	> Drafted section on Electricity consumption  > Internal audit of ISO 14001 implemented  > External audit of ISO 14001 to be implemented at all locations  > Data for electricity consumption collected for all locations  > Sign Oslo Climate Pact together with the City of Oslo	> Section on Electricity consumption in new Environmental Policy approved  > Internal audit of ISO 14001 implemented  > External ISO 14001 audit programme implemented at all locations  > Data for electricity consumption collected for all locations (where possible)  > Agreement entered into with the City of Oslo on the Oslo Climate Pact
> Water consumption	<b>WATER CONSUMPTION</b>  Policy > Environmental policy	> Water consumption included in new approved Environmental policy  > Internal ISO 14001 audit programme implemented  > External ISO 14001 audit programme implemented at all locations  > Overview of water consumption	> Drafted section on Water consumption  > Internal audit of ISO 14001 implemented  > External audit of ISO 14001 to be implemented at all locations  > Data for water consumption collected for all locations	> Section on Water consumption in new Environmental Policy approved  > Internal audit of ISO 14001 implemented  > External ISO 14001 audit programme implemented at all locations  > Data for water consumption collected for all locations (where possible)
> Waste	<b>WASTE</b>  Policy > Environmental policy	> Waste included in new approved Environmental policy  > Internal ISO 14001 audit programme implemented  > External ISO 14001 audit programme implemented at all locations  > Overview of waste	> Drafted section on Waste  > Internal audit of ISO 14001 implemented  > External audit of ISO 14001 to be implemented at all locations  > Data for waste collected for all locations	> Section on Waste in new Environmental Policy approved  > Internal audit of ISO 14001 implemented  > External ISO 14001 audit programme implemented at all locations  > Data for waste collected for all locations (where possible)

GOALS 2019

Risks	Focus areas	Goals	Planned actions
> Transparency	<b>TRANSPARENCY</b>  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	<b>ELECTRICITY CONSUMPTION</b>  Policy > Environmental policy	> Internal ISO 14001 audit programme implemented  > External ISO 14001 audit programme implemented at 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 at all locations  > Data for electricity consumption to be collected for all locations  > Smart meters to be installed in office in Norway
> Water consumption	<b>WATER CONSUMPTION</b>  Policy > Environmental policy	> Internal ISO 14001 audit programme implemented  > External ISO 14001 audit programme implemented at all locations  > Overview of water consumption	> Internal audits of ISO 14001 to be implemented  > External audit of ISO 14001 to be implemented at all locations  > Data for water consumption to be collected for all locations
> Waste	<b>WASTE</b>  Policy > Environmental policy	> Internal ISO 14001 audit programme implemented  > External ISO 14001 audit programme implemented at all locations	> Internal audits of ISO 14001 to be implemented  > External audits of ISO 14001 to be implemented at all locations

# 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 EI

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 & QUALIFICATIONS

### 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.

## 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.

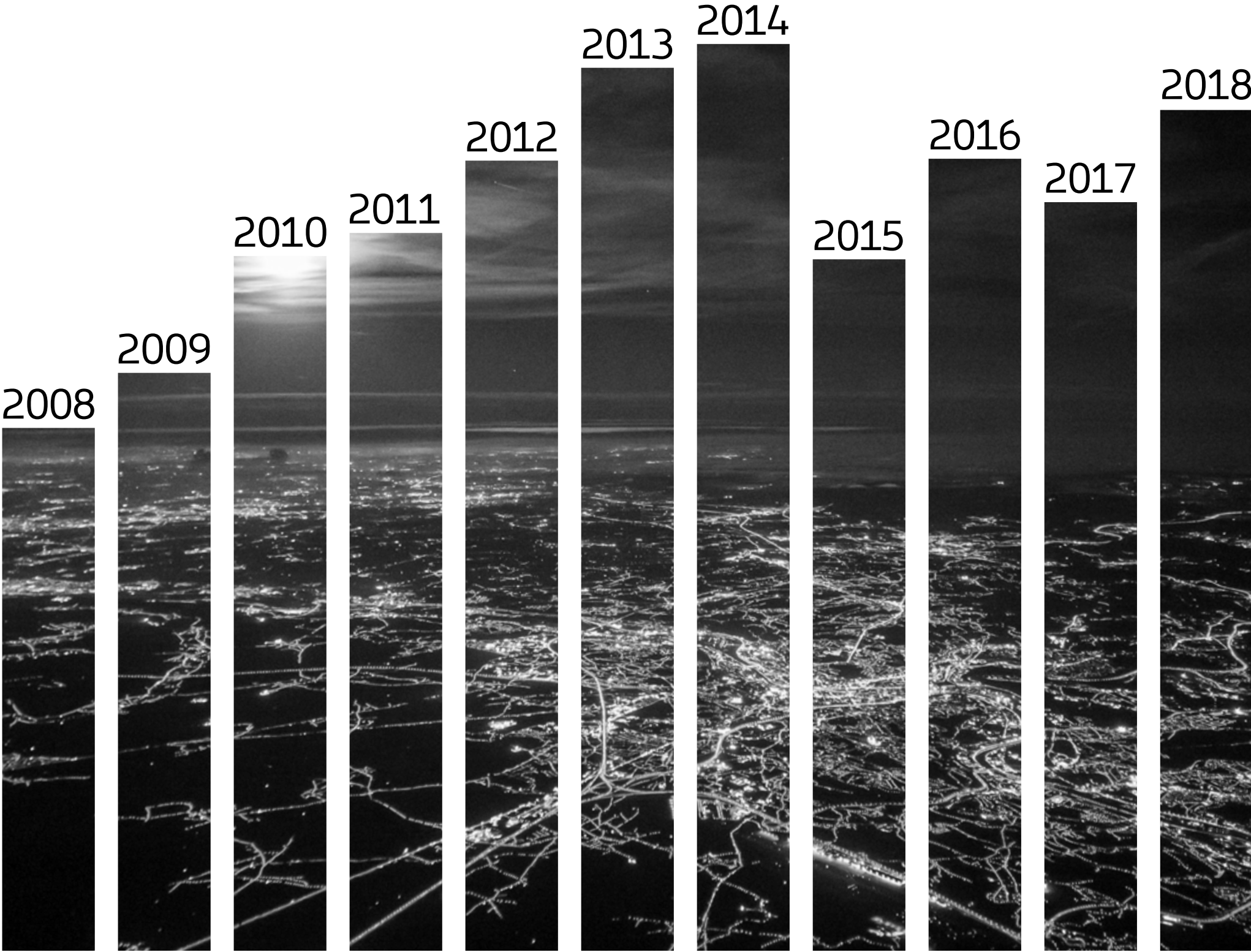
### Water consumption

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.



# 2018

annual  
report



Equity trend  
2008-2014: Danish GAAP.  
2015-2018: IFRS.

← Danish GAAP IFRS →



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INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

Notes	DKK '000	2018	2017
3	Revenue - Sales of power etc.	32,541,064	17,178,672
	Purchase of power	-33,835,554	-17,115,191
	Net income/(loss) from financial instruments	1,861,437	347,278
	Gross profit	566,947	410,759
4	Staff costs	-160,487	-132,965
5, 7	Other external costs	-136,158	-110,314
6	Depreciation	-56,094	-55,121
	Operating profit	214,208	112,359
8	Finance income	4,065	5,867
9	Finance costs	-48,313	-46,839
	Profit before tax	169,960	71,387
10	Tax	-38,832	-14,202
	Profit for the year	131,128	57,185
Attributable to:			
Shareholders of Energi Danmark A/S		131,128	57,185
		131,128	57,185
Statement of other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		-7,083	-6,476
Cash flow hedge		-28,994	0
Tax on cash flow hedge		6,379	0
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		-29,698	-6,476
Total comprehensive income for the year, net of tax		101,430	50,709
Attributable to:			
Shareholders of Energi Danmark A/S		101,430	50,709

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BALANCE SHEET – ASSETS

Notes	DKK '000	2018	2017
Assets			
Non-current assets			
11	Intangible assets	99,972	67,209
12	Tangible assets	788,243	826,547
10	Deferred tax	4,392	6,277
Total non-current assets		892,607	900,033
Current assets			
18	Trade receivables	5,198,879	3,275,182
10	Income tax receivables	5,259	12,122
18, 19	Derivative assets	2,222,099	1,323,674
	Deposits	656,096	397,711
	Other receivables	209,511	126,785
	Cash	298,435	98,343
Total current assets		8,590,279	5,233,817
Total assets		9,482,886	6,133,850



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BALANCE SHEET – LIABILITIES

Notes	DKK '000	2018	2017
Equity			
14	Share capital	221,833	221,833
	Exchange rate reserve	-16,106	-9,023
	Retained earnings	734,636	603,508
	Cash flow hedge	-22,615	0
	Total equity	917,748	816,318
Non-current liabilities			
15,18,19	Corporate bonds	748,708	747,851
10	Deferred tax	54,628	36,862
	Total non-current liabilities	803,336	784,713
Current liabilities			
15,18,19	Credit institutions	401,912	500,270
	Trade payables	3,080,133	1,625,938
10	Income tax payable	0	5,985
18, 19	Derivative liabilities	3,729,477	1,730,206
	Other payables	550,280	670,420
	Total current liabilities	7,761,802	4,532,819
	Total liabilities	8,565,138	5,317,532
	Total equity and liabilities	9,482,886	6,133,850
13	Interest in subsidiaries		
16	Pledges, collateral and contingent liabilities		
17	Operating leases		
20	Related party disclosures		
21	Subsequent events		
22	Standards issued but not yet effective		

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STATEMENT OF CHANGES IN EQUITY

Notes	DKK '000				
	Share capital	Exchange rate reserve	Retained earnings	Cash flow hedge	Total
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
Transactions with the owners					
Dividend distributed	0	0	0	0	0
Transactions with the owners for the period	0	0	0	0	0
Equity 31/12 2018	221,833	-16,106	734,636	-22,615	917,748
Equity 01/01 2017	221,833	-2,547	644,594	0	863,880
Correction of equity 1/1 2017 (after tax)	0	0	-98,271	0	-98,271
Profit for the year	0	0	57,185	0	57,185
Other comprehensive income in 2017					
Foreign currency translation adjustment	0	-6,476	0	0	-6,476
Comprehensive income for the period	0	-6,476	-41,086	0	-47,562
Transactions with the owners					
Dividend distributed	0	0	0	0	0
Transactions with the owners for the period	0	0	0	0	0
Equity 31/12 2017	221,833	-9,023	603,508	0	816,318

During the year dividend of DKK 0.00 per share was paid (2017: DKK 0.00).

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STATEMENT OF CASH FLOWS

Notes	DKK '000	2018	2017
	Operating profit	214,208	112,359
	Adjustments for operating items of a non-cash nature etc.:		
	Cash flow hedge	-28,994	0
	Depreciation and amortisation etc.	56,094	54,863
	Net foreign exchange differences	-7,083	-6,476
	Gain on disposal of tangible assets	-371	-590
	Finance income, received	4,065	5,867
	Finance costs, paid	-48,313	-46,839
	Changes in trade and other receivables	-3,163,233	24,742
	Changes in trade and other payables	3,332,221	396,523
10	Income taxes paid	-9,943	13,985
	Cash flow from operating activities	348,651	554,434
	Purchase of intangible assets	-47,222	-39,946
	Purchase of tangible assets	-3,504	-327,872
	Disposal of tangible assets	525	1,757
	Cash flow from investing activities	-50,201	-366,061
	Issued corporate bond	0	747,417
	Repayment of corporate bond	0	-500,000
	Prepayment of loans	-98,358	250,070
	Cash flow from financing activities	-98,358	497,487
	Cash flow for the year	200,092	685,860
	Cash and cash equivalents at 1 January	98,343	-587,517
	Cash and cash equivalents 31 December	298,435	98,343

Issued corporate bonds amounts to DKK 750m in 2017. Transaction cost of 2.6m has been deducted in the cash flow statement.



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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 consolidated financial statements at 31 December 2018 for Energi Danmark A/S is presented in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and additional requirements in the Danish Financial Statements Act.	
The consolidated financial statements of Energi Danmark A/S and its subsidiaries (collectively, Energi Danmark or the Group) for the year ended 31 December 2018 were authorised for issue in accordance with the directors on 29 March 2019.	
The consolidated financial statements are presented in Danish Kroner (DKK) and all values are rounded to the nearest thousand (DKK 000's), except when otherwise indicated.	
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.	
Basis of consolidation	
The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2018.	
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.	
Only potential voting rights that are considered to be substantive at the balance sheet date are included in the control assessment.	
The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits	
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	

For more information regarding the group structure, please refer to Note 13.

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

The equity as of 1 January 2017 has been changed due to a correction of the financial element of fixed price electricity contracts. The change has not affected the income statement in 2017 or 2018 and will be reversed during subsequent periods. The effect is recognized in the opening balance as of 1 January 2017 in accordance with IAS 8.

**IFRS 15 Accounting policies, new standards**

The Group has adopted IFRS 15, Contracts with revenue from customers. The majority of the Group's revenue arises from sale of electricity. Under IFRS 15, this is, similar to the previous accounting policy recognized over time along with delivery to the customer. A minor part of the Group's revenue arises from sale of gas. Under IFRS 15, revenue from sale of goods is recognized when control passes to the customer. This is generally upon delivery and therefore at the same point in time as under the previous accounting policy.

and losses on transactions between the consolidated entities are eliminated.

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 13.

currency and items included in the financial statements of each entity are measured using that functional currency.

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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.	and the rate in effect at the payment date are recognised in the income statement as financial items.
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	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 recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.
Income statement	
<b>Revenue - sale of power etc.</b> 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.	<b>Other external costs</b> Other external costs include expenditure for sales, marketing, advertising, IT, administration and facilities, etc.
The Groups electricity sales contracts comprises a series of identical goods which are transferred to the customer over time and revenue is recognised at the amount to which the Group is entitled. Therefore, no disclosure about future unfulfilled performance obligations is provided.	<b>Depreciation</b> Depreciation includes amortisation on completed development projects, technical facilities, operating equipment, vehicles, wind turbines and leasehold improvements. Depreciation is recognised based on the amortisation and depreciation profiles determined for the assets.
<b>Purchase of power</b> Purchases of physical and financial electricity, gas and wind power with customers and counterparties are included and accrued in full after delivery.	<b>Finance income and costs</b> "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.
<b>Net income/loss from financial instruments</b> 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.	<b>Tax and deferred tax</b> Energi Danmark A/S is taxed jointly with Energi Danmark Securities A/S and Energi Danmark Vind A/S. The parent company is the management company for the joint taxation and settles all payments with the tax authorities.
<b>Staff costs</b> Staff costs include salaries and wages, as well as social benefits, pensions, etc. for the company's staff.	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 10.

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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.

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

The cost includes the purchase price and any costs directly associated with the acquisition until the asset is ready for use.

Costs for completed development projects are amortised on a straight-line basis over the estimated useful life, based on the expected service life up to a maximum of 10 years.

Tangible assets

Technical facilities, operating equipment and fixtures as well as leasehold improvements etc. are measured at cost less accumulated depreciations. Wind turbines acquired for the purpose of being included in the Group's operating activities are listed as non-current assets. The cost includes the purchase price and any costs directly associated with the acquisition until the asset is ready for use.

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:

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.	

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

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. All other leases are classified as operating leases.

All leases in the Group are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of benefits.

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.



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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 18.

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.

The Group uses the derivative financial instruments for economic hedges only, and thus does not apply hedge accounting except for contracts used to hedge fixed price agreements related to production of electricity from own wind turbines.

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 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.

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.

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 19.

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

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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.

Key Ratios

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

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.

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.

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

Gross margin ratio = 
$$\frac{\text{Gross profit} \times 100}{\text{Net revenue}}$$

Profit ratio (EBIT) = 
$$\frac{\text{Profit from ordinary operating activities} \times 100}{\text{Net revenue}}$$

Equity ratio (solvency) = 
$$\frac{\text{Equity, excluding non-controlling interests, end of year} \times 100}{\text{Total assets, end of year}}$$

Return on equity before tax = 
$$\frac{\text{Profit before tax} \times 100}{\text{Average equity, excluding non-controlling interests}}$$

Return on equity after tax = 
$$\frac{\text{Profit after tax} \times 100}{\text{Average equity, excluding non-controlling interests}}$$

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2	<div><div>Significant accounting judgements, estimates and assumptions</div><div><p>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.</p><p>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.</p><p>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.</p><p>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:</p><ul style="list-style-type: none"><li>&gt; Impairment of wind turbines</li><li>&gt; Fair value of financial and physical contracts</li></ul><p>Other disclosures relating to the Group's exposure to risks and uncertainties includes capital management (Note 14), financial instrument risk management, liquidity risk and sensitivity analysis disclosures (Note 18 and 19).</p><p><b>Impairment of wind turbines</b></p><p>The Energi Danmark Group invests in wind turbines, which are measured at cost less accumulated depreciations. In accordance with the Group's accounting policies the portfolio of wind turbines are tested for impairment, when indications of impairment occurs. Impairment exists when the carrying amount of the wind turbines exceeds the recoverable amount.</p><p>As a consequence of the electricity price level during 2018, the Group has tested whether its wind turbines are impaired. All wind turbines participate jointly in the market for regulating power.</p></div><div><p>Therefore all wind turbines are considered as one cash generating unit. Further the impairment test is based on Management's estimates and assumptions of which the most significant include:</p><ul style="list-style-type: none"><li>&gt; Expected production</li><li>&gt; Future electricity prices</li><li>&gt; Cost for maintenance program</li><li>&gt; Discount rate</li></ul><p>At 31 December 2018, the carrying amount of wind turbines is DKK 777.7m (2017: DKK 815.9m).</p><p><b>Fair value of financial and physical contracts</b></p><p>The Group measures its financial and physical contracts at fair value in accordance with the accounting policies as summarised in note 1.</p><p>Energi Danmark's strategy for measuring the fair value of these energy contracts is to utilise quoted prices in an active trading market.</p><p>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.</p><p>To ensure the validity and accuracy of the models all assumptions and inputs are approved and continuously tested.</p><p>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.</p><p>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 19.</p><p>On physical fixed price contracts the fair value is comprised by the financial element of the contract, which at initial recognition is zero.</p><p>At 31 December 2018, the carrying amount of derivative assets and liabilities amounts to DKK 2,222m (2017: DKK 1,324m) and DKK 3,729m (2017: DKK 1,730m), respectively.</p></div></div>



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3	Operating segments
	<div>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><div>&gt; <b>Energi Danmark Vind:</b> Buys and owns wind turbines and sells electricity from wind production</div><div>&gt; <b>Energi Försäljning Sverige:</b> Sells energy on the Swedish market</div><div>&gt; <b>Energia Myynti Suomi:</b> Sells energy on the Finnish market</div><div>&gt; <b>Energi Salg Norge:</b> Sells energy on the Norwegian market</div><div>&gt; <b>Energie Vertrieb Deutschland EVD GmbH:</b> Sells energy on the German market</div></div> <div><div>&gt; <b>Energi Danmark:</b> Physical and financial energy trading, carbon trading and trading with gas and wind energy. Sells energy to the subsidiaries.</div><div>&gt; <b>Energi Danmark Securities:</b> Delivers portfolio management services, and trade with derivative financial instruments in this relation.</div></div> <div>The reportable segments have been determined without aggregating operating segments.</div>

	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	159,982
Energi Danmark Securities	17,632	6,600	11,032	387	11	6	6,613
Energi Danmark Vind	87,006	44,112	42,894	0	6,165	38,194	25,055
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	38,186,504	5,645,440	32,541,064	9,585	53,833	56,094	229,822
Adjustment and elimination	-5,645,440	-5,645,440	0	-5,520	-5,520	0	-59,862
Consolidated	32,541,064	0	32,541,064	4,065	48,313	56,094	169,960

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

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Notes	DKK '000						
	2017						
	Total revenue	Internal revenue	External revenue	Finance income	Finance costs	Depreciation and amortisation	Reportable segment profit/loss before tax
Energi Danmark	16,741,210	3,950,984	12,790,226	6,181	44,752	19,228	56,765
Energi Danmark Securities	29,754	29,102	652	799	0	5	2,209
Energi Danmark Vind	92,962	41,297	51,665	11	7,049	33,535	38,565
Energi Försäljning Sverige	1,645,796	0	1,645,796	2,258	34	372	62,870
Energia Myynti Suomi	1,337,142	0	1,337,142	743	0	345	1,159
Energi Salg Norge	592,156	0	592,156	194	29	298	-2,722
Energie Vertrieb Deutschland EVD GmbH	761,165	130	761,035	777	71	1,338	-1,840
Total segments	21,200,185	4,021,513	17,178,672	10,963	51,935	55,121	157,006
Adjustment and elimination	-4,021,513	-4,021,513	0	-5,096	-5,096	0	-85,619
Consolidated	17,178,672	0	17,178,672	5,867	46,839	55,121	71,387

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

	2018	2017	2018	2017
	External revenue		Non-current assets (excluding deferred tax asset)	
Denmark*	26,744,682	12,842,543	884,002	888,271
Sweden	2,167,928	1,645,796	215	626
Finland	1,531,702	1,337,142	808	906
Germany	1,077,090	761,035	2,592	3,381
Norway	1,019,662	592,156	598	572
Total	32,541,064	17,178,672	888,215	893,756

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 5,503m (2017: 508m)  
Governments grants: DKK 42.9 m.

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4	Staff costs		
	Wages and salaries	140,710	114,059
	Pensions, defined contribution plans	13,333	13,423
	Other expenses for social security	6,444	5,483
		160,487	132,965
	Average number of employees	209	204
	Number of employees at 31 December	216	214
Remuneration of Board of Directors and Executive Management			
		2018	
		Board of Directors	Executive Management
	Wages and salaries	125	11,725
	The executive management has a bonus scheme that is based on achieved Group earnings.		
		2017	
		Board of Directors	Executive Management
	Wages and salaries	125	8,585
	The executive management has a bonus scheme that is based on achieved Group earnings.		
5	Development project costs		
	Relationship between costs and expensed research and development:		
	Incurred IT-development costs		
	IT-development costs accounted for under intangible assets	47,222	39,946
	IT-development costs for the year in the income statement	0	0



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Notes	DKK '000	2018	2017
6	Depreciation		
	Amortisation of intangible assets	14,452	18,228
	Depreciation of tangible assets	41,642	36,893
		56,094	55,121
7	Fees paid to auditors appointed at the annual general meeting		
	Fee regarding statutory audit	1,095	1,034
	Tax assistance	0	401
	Assurance engagements	0	25
	Other assistance	404	751
		1,499	2,211
8	Finance income		
	Interest income, credit institutions	726	452
	Interest on late payments	2,568	2,086
	Other interest income	771	3,329
		4,065	5,867
9	Finance costs		
	Interest expenses, credit institutions	12,870	14,290
	Interest expenses, corporate bonds	18,312	15,190
	Other interest expenses	17,131	17,359
		48,313	46,839

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Notes	DKK '000	2018	2017
10	Tax		
Tax for the year is composed as follows:			
Tax on profit for the year in the income statement		38,832	14,202
Tax on profit for the year has been calculated as follows:			
Current tax for the year		7,079	8,834
Deferred tax		31,483	5,134
Adjustment of prior-year tax charge		270	234
Specification of the tax on the profit for the year:			
Calculated 22% tax of the profit for the year		37,391	15,705
Adjustment of calculated tax in foreign subsidiaries		-269	722
Non-deductible costs and non-taxable income		1,440	-8,117
Adjustment of prior-year tax charge		270	234
Deferred tax from previous year accounted for		0	5,658
Effective tax		38,832	14,202
Income tax receivable/payable			
Income tax receivable/payable at 1 January		6,137	-8,184
Foreign currency translation adjustments, income tax		442	655
Adjustment of tax, previous years		-270	-234
Transferred from deferred tax		-3,914	36,719
Current tax for the year		-7,079	-8,834
Income tax paid		9,943	-13,985
Income tax receivable/payable at 31 December		5,259	6,137
Income tax is recognised in the balance sheet:			
Income tax receivable		5,259	12,122
Income tax payable		0	-5,985
		5,259	6,137

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Notes	DKK '000	2018	2017
Deferred tax			
	Deferred tax, 1 January	30,585	17,060
	Correction of deferred tax 1/1 2017	0	-27,718
	Foreign currency translation, adjustments, deferred tax	-1,751	-1,054
	Financial contracts	0	39,433
	Adjustments of deferred tax, previous years	-3,914	-2,270
	Adjustment of deferred tax	25,316	5,134
	Deferred tax 31 December	50,236	30,585
Deferred tax relates to:			
	Intangible assets	20,737	3,551
	Tangible assets	77,320	68,429
	Loss allowance on trade receivables	-849	-790
	Foreign accounting policies	-2,998	-3,539
	Tax losses carryforward	-43,974	-37,066
	Carrying amount 31 December	50,236	30,585
Deferred tax is recognised as follows in the balance sheet:			
	Deferred tax asset	-4,392	-6,277
	Deferred tax liability	54,628	36,862
		50,236	30,585

The Group has no unrecognised deferred tax assets.



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Notes	DKK '000			
11	Intangible assets			
		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
<b>Cost 31 December</b>		<b>305,799</b>	<b>3,676</b>	<b>309,475</b>
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
<b>Accumulated amortisations 31 December</b>		<b>209,503</b>	<b>0</b>	<b>209,503</b>
<b>Carrying amount 31 December</b>		<b>96,296</b>	<b>3,676</b>	<b>99,972</b>
		2017		
		Completed development projects	Development projects in progress	Total
Cost 1 January		199,637	23,130	222,767
Foreign currency translation adjustment		-271	0	-271
Additions		0	39,946	39,946
Transfers		15,258	-15,258	0
<b>Cost 31 December</b>		<b>214,624</b>	<b>47,818</b>	<b>262,442</b>
Accumulated amortisations 1 January		178,267	0	178,267
Foreign currency translation adjustment		-1,262	0	-1,262
Amortisations for the year		18,228	0	18,228
<b>Accumulated amortisations 31 December</b>		<b>195,233</b>	<b>0</b>	<b>195,233</b>
<b>Carrying amount 31 December</b>		<b>19,391</b>	<b>47,818</b>	<b>67,209</b>

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.

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12 Tangible assets

	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 31 December	2,662	5,986	779,595	788,243
Depreciation period	10 years	5 years	3-5 years	

	2017			
	Leasehold improvements	Vehicles	Tools and equipment	Total
Cost 1 January	6,596	12,047	608,349	626,992
Foreign currency translation adjustment	-226	-39	146	-119
Additions	0	2,978	324,894	327,872
Disposals	0	-3,766	0	-3,766
Cost 31 December	6,370	11,220	933,389	950,979
Accumulated depreciation 1 January	2,955	5,591	81,974	90,520
Foreign currency translation adjustments	-3	61	-54	4
Depreciations for the year	649	2,151	34,093	36,893
Depreciations, disposals for the year	0	-2,985	0	-2,985
Accumulated depreciations 31 December	3,601	4,818	116,013	124,432
Carrying amount	2,769	6,402	817,376	826,547
Depreciation period	10 years	5 years	3-5 years	-

For assets pledged as security, please refer to note 16.

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

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13	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%
	Energi Danmark Vind A/S	Hedeager 5, 8200 Aarhus N	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%

14Share 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 2018 amounts to 9.7% (31 December 2017: 13.3%)

Share capital

The share capital as of 31 December 2018 consists of 221,833,336 shares of a nominal value of 1 DKK. (2017: 221,833,336 shares of a nominal value of 1 DKK).

All shares have the same voting rights.



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Notes	DKK '000	2018	2017
15	Borrowings		
Credit institutions and borrowings			
Non-current borrowings			
Corporate bonds		748,708	747,851
		748,708	747,851
Current borrowings			
Debt to credit institutions		401,912	500,270
		401,912	500,270
Total borrowings			
Nominal value			
Maturity of non-current and current borrowings			
Less than one year		401,912	500,270
Between one and five years		748,708	747,851
More than five years		0	0
		1,150,620	1,248,121

The interest rate to credit institutions is variable. The variable interest rate is hedged using interest rate swaps. Refer to the description in note 18.

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

Issuer	Nominal value	Interest rate margin	Received	Due	31. December 2018
Energi Danmark A/S*	750,000	2.40%	2017	22. June 2020	748,708

\*The interest rate is set every three months as three-month CIBOR + 2.40%. The listed interest rate was set on 29. December 2018.

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Notes	DKK '000	2018	2017
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	652,386	393,984
	Guarantees		
	Guarantees provided by a financial institute	794,494	723,818
	The Group has provided its portfolio of wind turbines as collateral for the debt which amounts to DKK 401.9m as of 31 December 2018 (2017: DKK 500.3m). The carrying amount of the wind turbines amounts to DKK 777.7m as of 31 December 2018 (2017: DKK 815.9m).		
17	Operating leases		
	Energi Danmark has entered into operating lease contracts of which the main contracts relates to leased offices. The minimum lease periods are in the interval from 1 to 5 years.	Total commitments fall due as follows (undiscounted):	
	Less than one year	9,044	9,780
	Between one and five years	18,562	23,066
	More than five years	0	0
		27,606	32,846
	For 2018 the recognised lease payments are DKK 10.0m (2017: DKK 7.9m)		

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18Risks, financial instruments and recognised transactions

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.

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

When trading electricity, financial contracts, other goods and commodities with customers, counterparts and exchanges Energy Denmark is exposed to a credit risk.

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

The counterparts are typically established companies trading with commodities.

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 daily exposures are calculated and monitored by the Risk Management department.

The daily credit risk regarding counterparties varies significantly due to fluctuations in electricity prices, as well as trading activity with the different counterparts.

Customers

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.

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.

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.

Based on the above description, it is assessed, that the overall credit risk for the Energi Danmark Group is considered to be low.

	2018		2017	
Trade receivable and provisions for impairment:				
	Carrying amount before impairment	Provision for impairment	Carrying amount before impairment	Provision for impairment
Customers not due	5,198,483	2,580	3,271,462	697
Customers in dunning process	3,553	1,767	6,049	2,030
Insolvent customers	5,942	4,752	1,991	1,593
Total	5,207,978	9,099	3,279,502	4,320

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.



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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 change in the use of hedging instruments from forwards to futures has and also will have an impact on the requirement for the cash since the collateral has changed from a guarantee to a cash day-to-day settlement. 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 1% means an increased liquidity draw of DKK 56m.

The liquidity risk is managed and monitored on a daily basis and a cash flow prognosis showing expected future cash movements is maintained. As a result of the above situation, the company has increased their cash resources by receiving new guarantees from the owner companies totaling DKK 550m. In addition, further initiatives have been initiated in the Group to get tied up liquidity released.

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 16. 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 extraordinary reductions in the electricity price Energi Danmark will need additional credit lines.

Contractual maturity incl. interest (cash flow)

	Carrying amount	Total	< 1 year	1-5 years	> 5 years
31 December 2018					
Non-derivative financial instruments					
Borrowings current and non-current	1,150,620	1,121,704	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	8,481,594	7,219,756	1,616,780	-298,358
31 December 2017					
Non-derivative financial instruments					
Borrowings current and non-current	1,248,121	1,204,947	427,947	777,000	0
Trade payables	1,625,938	1,625,938	1,625,938	0	0
Other liabilities	676,405	676,405	676,405	0	0
Derivative financial instruments					
Derivatives	1,730,206	1,730,206	644,628	1,038,291	47,287
Total financial instruments	5,280,670	5,237,496	3,374,918	1,815,291	47,287

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

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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, however hedge accounting are not used. 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 12.2m in the profit and loss before tax and DKK 9.5m on the equity. A corresponding increase in the interest rate would lead to a positive effect of DKK 4.3m in the profit and loss before tax and DKK 3.4m 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.		

	2018			2017		
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	21,819	17,019	5%	18,231	14,220	5%
Currency exchange rate	16,471	12,847	5%	9,350	7,293	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.

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19	Information about financial instruments			
Categories of financial instruments				
	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	5,198,879	5,198,879	3,275,182	3,275,182
Other receivables and deposits	865,607	865,607	524,496	524,496
Cash	298,435	298,435	98,343	98,343
Financial assets measured at amortised cost	6,362,921	6,362,921	3,898,021	3,898,021
Derivative assets	2,222,099	2,222,099	1,323,674	1,323,674
Financial assets measured at fair value through profit or loss	2,222,099	2,222,099	1,323,674	1,323,674
Credit institutions	401,912	401,912	500,270	500,270
Corporate bonds	748,708	758,250	747,851	755,250
Trade payables	3,080,133	3,080,133	1,625,938	1,625,938
Other payables	550,280	550,280	676,405	676,405
Financial liabilities measured at amortised costs	4,781,033	4,790,575	3,550,464	3,557,863
Derivative liabilities	3,729,477	3,729,477	1,730,206	1,730,206
Financial liabilities measured at fair value through profit or loss	3,729,477	3,729,477	1,730,206	1,730,206
			2018	2017
Assets				
Financial			696,053	722,044
Physical			1,526,046	601,630
			2,222,099	1,323,674
Liabilities				
Financial			1,001,295	622,177
Physical			2,728,182	1,108,029
			3,729,477	1,730,206



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Fair value measurement of financial instruments

	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

	2017			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial assets:				
Foreign exchange forward	0	35,083	0	35,083
Commodity derivative	258,791	893,609	136,191	1,288,591
Total	258,791	928,692	136,191	1,323,674

Financial liabilities measured at fair value

Derivative financial liabilities:				
Interest rate swaps	0	18,932	0	18,932
Foreign exchange forward	0	6,824	0	6,824
Commodity derivative	5,026	1,644,699	54,725	1,704,450
Total	5,026	1,670,455	54,725	1,730,206

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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 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.

For valuation of assets and liabilities in level 3, 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 2018 (2% at 31 December 2017).

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 33m. (2017: DKK 19.5m.)

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 27.3m 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.

Level 3	
Opening balance 1 January 2018	81,466
Gains recognised	49,561
Acquisitions	27,287
Total	158,314

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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 2018, the Group has 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

As of 31 December 2017, no contracts were designated as cash flow hedges.

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.

	2018			2017		
	Gross	Netting	Net	Gross	Netting	Net
Offsetting of current derivatives						
Derivative assets	6,602,051	-4,379,952	2,222,099	4,202,519	-2,878,845	1,323,674
Derivative liabilities	-8,109,429	4,379,952	-3,729,477	-4,609,051	2,878,845	-1,730,206
	-1,507,378	0	-1,507,378	-406,532	0	-406,532

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.



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20	Related party disclosures	
Energi Danmark's related parties include the following:		
<b>Controlling interest</b>		
Energi Danmark A/S does not have any related parties with controlling interest.		
<b>Ownership</b>		
The following shareholders are noted in the company's shareholder list and are considered to have significant influence over Energi Danmark A/S:		
	<b>% ownership</b>	
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	
	<b>100.00</b>	
<b>Management</b>		
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 4.		
The Group has had the following transactions and balances with related parties:		
	<b>2018</b>	<b>2017</b>
Sale of power to owners	2,330,504	1,703,101
Purchase of power from key personnel	8,871	9,876
Related-party transactions are made on arm's length terms. Intra-group transactions have been eliminated in the consolidated financial statements.		

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Notes	DKK '000
21	<div>Subsequent events</div> <div>No important events have occurred since the end of the financial year.</div>
22	<div>Standards issued but not yet effective</div> <div><div><div>The IASB has issued the following standards and interpretations, which are not mandatory for Energi Danmark up to the date of issuance of the Group’s consolidated financial statements for 2018:</div><div>Effective from 2019:</div><div>&gt; IFRS 16, leases, Annual Improvements to IFRS Standards 2015-2017 Cycle, &gt; Amendments to IAS 19, &gt; Amendments to IAS 28, &gt; IFRIC 23 Uncertainty over Income Tax Treatments</div><div>Effective from 2020:</div><div>&gt; Amendment to IFRS 3, &gt; Amendments to IAS 1 and IAS 8</div><div>All new standards, amendments and interpretations which are effective from 2019 have been endorsed by EU. The other changes have not yet been adopted by EUIFRS 16. The Group intends to adopt the standards and interpretations, if applicable, when they become mandatory according to the effective date.</div><div>Apart from the impact from adoption of IFRS 16 as discussed below, the Group expects no significant impact from adoption of the new and amended standards and interpretations</div></div><div><div>IFRS 16 Leases</div><div>IFRS 16 Leases was issued in January 2016 and will be effective for annual periods beginning on or after 1 January 2019. The standard will significantly change the accounting treatment of leases that are currently classified as operating leases. IFRS 16 requires that all leases – with few exceptions – are recognised in the balance sheet as an asset with a corresponding liability. Further, the income statements will be affected as the lease expense for all operating leases under IFRS 16 will be split into depreciations and interest expenses, which under the current IAS 17 all is recognised in other external cost.</div><div>The new standard is expected only to have minor impact, as the Group in 2018 has operating lease agreements with minimum payments amounting to DKK 27.6m, which under IFRS 16 potentially should be recognised in the balance sheet. In addition, the annual operating lease payments, which in 2018 amounts to DKK 10.0m, would in accordance with IFRS 16 be presented as cash flow from financing activities – whereas under the current IAS 17 the operating lease payments are presented as cash flow from operating activities.</div><div>The Group expects to adopt IFRS 16 by applying the modified retrospective approach under which the effect of adoption of IFRS 16 is recognized in the opening balance as of 1 January 2019.</div></div></div>

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INCOME STATEMENT

Notes	DKK '000	2018	2017
3	Revenue - Sales of power etc.	32,285,484	16,741,210
	Purchase of power	-33,738,801	-16,875,940
	Net income/loss from financial instruments	1,872,812	375,875
	Gross profit	419,495	241,145
4	Staff costs	-118,359	-92,129
	Other external costs	-115,587	-91.864
5	Depreciation	-15,398	-19,228
	Operating profit	170,151	37,924
	Profit on investments in subsidiaries, net of tax	32,120	57,412
6	Finance income	4,321	6,181
7	Finance costs	-46,611	-44,752
	Profit before tax	159,981	56,765
8	Tax	-28,853	420
	Profit for the year	131,128	57,185

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BALANCE SHEET – ASSETS

Notes	DKK '000	2018	2017
	Assets		
	Non-current assets		
9	Intangible assets	97,943	63,959
10	Tangible assets	8,322	8,376
	Total intangible and tangible assets	106,265	72,335
11	Investments in subsidiaries	795,876	793,454
14	Deferred tax	10,953	28,093
	Total financial assets	806,829	821,547
	Total non-current assets	913,094	893,882
	Current assets		
18	Trade receivables	3,480,672	2,093,150
	Receivables from subsidiaries	858,225	275,424
12	Income tax receivables	4,810	12,122
17,19	Derivative assets	2,006,875	745,967
	Deposits	542,801	325,784
	Other receivables	132,984	76,252
	Total receivables	7,026,367	3,528,699
	Cash	184,602	64,645
	Total current assets	7,210,969	3,593,344
	Total assets	8,124,063	4,487,226



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BALANCE SHEET – LIABILITIES

Notes	DKK '000	2018	2017
Equity			
13	Share capital	221,833	221,833
	Reserve for development costs	71,496	57,680
	Reserve for net revaluation according to the equity method	491,539	466,502
	Cash flow hedge	-22,615	0
	Retained earnings	155,495	70,303
	Total equity	917,748	816,318
Non-current liabilities			
15,18,19	Corporate bonds	748,708	747,851
	Total non-current liabilities	748,708	747,851
Current liabilities			
	Trade payables	2,660,285	1,361,789
	Debt to subsidiaries	175,370	166,243
18,19	Derivative liabilities	3,471,784	1,154,862
	Other payables	150,168	240,163
	Total current liabilities	6,457,607	2,923,057
	Total liabilities	7,206,315	3,670,908
	Total equity and liabilities	8,124,063	4,487,226
16	Pledges, collateral and contingent liabilities		
19	Events after the balance sheet date		

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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 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
Equity 1 January 2017	221,833	29,134	415,566	197,347	0	863,880
Correction of equity 1/1 2017 (after tax)	0	0	0	-98,271	0	-98,271
Foreign currency translation adjustment	0	0	-6,476	0	0	-6,476
Transferred through distribution of net profit	0	28,546	57,412	-28,773	0	57,185
Equity 31 December 2017	221,833	57,680	466,502	70,303	0	816,318

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Notes	
1	<div><div>Accounting policies</div><div><p>The parent financial statements at 31 December 2018 for Energi Danmark A/S is presented in accordance with the provisions of the Danish Financial Statements Act regarding Class C (large) companies.</p><p>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.</p><p>The accounting policies for the separate financial statements are unchanged to last year.</p><p><b>Reserve for development cost</b> The reserve for development costs comprises recognised develop-ment costs. The reserve cannot be used to distribute dividend</p><p>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.</p><p><b>IFRS for financial instruments</b> 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.</p></div></div>
	<div><div>Additional accounting principles for the parent company</div><div><p><b>Profit on Investments in Subsidiaries</b> 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.</p><p><b>Investments in Subsidiaries</b> Investments in subsidiaries are measured according to the equity method. Investments in subsidiaries are measured at the propor-tionate 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.</p><p>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 acqui-sition 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.</p><p><b>Cash flow statements</b> The consolidated financial statements contain a cash flow state-ment 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.</p></div></div>

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NOTES TO THE PARENT FINANCIAL STATEMENTS

Notes		
2	Significant accounting judgements, estimates and assumptions	<div><p>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.</p><p>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.</p><p>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.</p><p>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:</p><ul style="list-style-type: none"><li>&gt; Impairment of wind turbines</li><li>&gt; Fair value of financial and physical contracts</li></ul><p>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 18 and 19).</p><p><b>Impairment of wind turbines</b></p><p>The Energi Danmark Group invests in wind turbines, which are measured at cost less accumulated depreciations. In accordance with the Group's accounting policies the portfolio of wind turbines are tested for impairment, when indications of impairment occurs. Impairment exists when the carrying amount of the wind turbines exceeds the recoverable amount.</p><p>As a consequence of the electricity price level during 2018, the Group has tested whether its wind turbines are impaired. All wind turbines participate jointly in the market for regulating power.</p></div> <div><p>Therefore all wind turbines are considered as one cash generating unit. Further the impairment test is based on Management's estimates and assumptions of which the most significant include:</p><ul style="list-style-type: none"><li>&gt; Expected production</li><li>&gt; Future electricity prices</li><li>&gt; Cost for maintenance program</li><li>&gt; Discount rate</li></ul><p>At 31 December 2018 in the subsidiary Energi Danmark Vind A/S the carrying amount of wind turbines is DKK 778m (2017: DKK 816).</p><p><b>Fair value of financial and physical contract</b></p><p>Energi Danmark measures its financial and physical contracts at fair value in accordance with the accounting policies as summarised in note 1.</p><p>Energi Danmark's strategy for measuring the fair value of energy contracts is to utilise quoted prices in an active trading market.</p><p>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.</p><p>To ensure the validity and accuracy of the models all assumptions and inputs are approved and continuously tested.</p><p>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.</p><p>More detail on the assumptions used in the fair value measurement of the energy contracts and related sensitivities are further described in note 19.</p><p>On physical fixed price contracts the fair value is comprised by the financial element of the contract, which at initial recognition is zero.</p><p>At 31 December 2018, the carrying amount of derivative assets and liabilities amounts to 2,007m (2017: DKK 746m) and DKK 3,472m (2017: DKK 1,155m), respectively.</p></div>



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Notes	DKK '000	2018	2017
3	Revenue		
	Sale of power	26,782,387	16,233,105
	Gas trading	5,503,097	508,105
		32,285,484	16,741,210
	Denmark	26,787,790	12,817,339
	Sweden	1,970,101	1,434,847
	Finland	1,509,221	1,269,408
	Germany	1,065,695	748,907
	Norway	952,677	470,709
		32,285,484	16,741,210
4	Staff costs		
	Wages and salaries	108,502	82,524
	Pensions, defined contribution plans	8,716	8,666
	Other expenses for social security	1,141	939
		118,359	92,129
	Average number of employees	156	149
	Staff costs include salaries to management of 11,725 tDKK. (2017: 8,585 tDKK). Fees paid to external board members for 2018 represent 125 tDKK (2017: 125 tDKK). Other board members have not received any fees. The executive management has a bonus scheme that is based on achieved Group earnings.		
5	Depreciation and amortisation		
	Amortisation of intangible assets	12,770	16,599
	Depreciation of tangible assets	2,628	2,629
		15,398	19,228

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6	Finance income		
	Interest income, credit institutions	711	345
	Interest income, subsidiaries	1,926	93
	Interest income, on late payments	1,380	1,338
	Other interest income	304	4,405
		4,321	6,181
7	Finance costs		
	Interest expenses, credit institutions	6,661	8,412
	Interest expenses, subsidiaries	4,597	3,825
	Interest expenses, corporate bonds	18,312	15,190
	Other interest expenses	17,041	17,325
		46,611	44,752
8	Tax		
	Current tax	11,713	0
	Adjustment of tax, previous years	246	236
	Deferred tax	16,894	-656
		28,853	-420
	Specified as follows:		
	Tax on profit from ordinary activities	28,853	-420
	Effective tax	22.6%	64.8%
	Income tax, received	3,398	16,070

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Intangible assets

	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

	2017		
	Completed development projects	Development projects in progress	Total
Cost 1 January	185,146	23,130	208,276
Additions	0	39,421	39,421
Transfers	14,733	-14,733	0
Cost 31 December	199,879	47,818	247,697
Accumulated amortisation 1 January	167,139	0	167,139
Amortisations for the year	16,599	0	16,599
Accumulated amortisation 31 December	183,738	0	183,738
Carrying amount 31 December	16,141	47,818	63,959

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.

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10	Tangible assets				
		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	
		2017			
		Leasehold improvements	Vehicles	Tools and equipment	Total
	Cost 1 January	6,187	9,660	4,632	20,479
	Additions	0	1,529	388	1,917
	Disposals	0	-2,562	0	-2,562
	Cost 31 December	6,187	8,627	5,020	19,834
	Accumulated depreciation 1 January	2,835	4,328	3,610	10,773
	Depreciations for the year	619	1,659	351	2,629
	Depreciations, disposals for the year	0	-1,944	0	-1,944
	Accumulated depreciations 31 December	3,454	4,043	3,961	11,458
	Carrying amount	2,733	4,584	1,059	8,376
	Depreciation period	10 years	5 years	3-5 years	-



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Notes	DKK '000	2018	2017
11	Investments in subsidiaries		
	Cost 1 January / 31 December	423,691	423,691
	Value adjustments 1 January	369,763	318,827
	Regulation on equity in subsidiaries	-7,083	-6,476
	Cash flow hedge	-22,615	0
	Profit for the year	32,120	57,412
	Value adjustments 31 December	372,185	369,763
	Carrying amount 31 December	795,876	793,454

Name and address	Country of incorporation	Voting right and ownership
Energi Danmark Securities A/S, Sundkrooggade 21, 2., 2100 København Ø	Denmark	100%
Energi Danmark Vind A/S, Hedeager 5, 8200 Aarhus N	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%

The subsidiaries are autonomous legal entities.

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12	Income tax receivable/payable		
	Income tax receivable 1 January	12,122	-12,239
	Adjustment of tax, previous years	0	-236
	Income tax received	-3,398	-16,070
	Transferred from deferred tax	-3,914	40,667
	Income tax receivable 31 December	4,810	12,122
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	32,120	57,412
	Reserve for development costs	13,816	28,546
	Retained earnings	85,192	-28,773
	Total	131,128	57,185
14	Deferred tax		
	Deferred tax, 1 January	28,093	36,883
	Correction of deferred tax 1 January 2017	0	27,718
	Adjustments of deferred tax, previous years	-246	3,503
	Transferred to income tax	0	-40,667
	Adjustment of deferred tax	-16,894	656
	Deferred tax 31 December	10,953	28,093
	Deferred tax relates to:		
	Intangible assets	-20,739	-3,551
	Tangible assets	333	307
	Bad debt provision	849	581
	Tax losses carryforward	30,510	30,510
	Adjustment	0	246
	Carrying amount 31 December	10,953	28,093

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15	Borrowings		
Credit institutions and borrowings			
Non-current borrowings			
Corporate bonds		748,708	747,851
		748,708	747,851

Total borrowings

Nominal value

Maturity of non-current and current borrowings			
Less than one year		0	0
Between one and five years		748,708	747,851
More than five years		0	0
		748,708	747,851

The interest rate to credit institutions is variable. The variable interest rate is hedged using interest rate swaps. Refer to the description in note 18.		Issued bonds consists of corporate bonds issued on First North in Denmark.			
Issuer	Nominal value	Interest rate margin	Received	Due	31. December 2018
Energi Danmark A/S*	750,000	2.40%	2017	22. June 2020	748,708

\*The interest rate is set every three months as three-month CIBOR + 2.40%. The listed interest rate was set on 29. December 2018.

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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	540,756	323,741
	Guarantees		
	Guarantees provided by a financial institute	794,494	723,818
	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 receivables from the Danish tax authorities amount to DKK 4.8m as at 31 December 2018 (2017: DKK 12.1m). 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.
17	Operating leases		
	Less than one year	5,475	4,788
	Between one and five years	16,011	19,117
	More than five years	0	0
		21,486	23,905
	For 2018 the recognised lease payments are DKK 5.3m (2017: DKK 5.0m)		



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18	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.		markets (B2B). Counterparts are typically established companies trading with commodities.		
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.		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.		
<b>Credit risk and counterparts</b> When trading electricity, financial contracts, other goods and commodities with customers, counterparts and exchanges, Energi Danmark is exposed to a credit risk.		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:				
		2018		2017
		Carrying amount before impairment	Provision for impairment	Carrying amount before impairment
				Provision for impairment
Customers not due		3,480,106	1,000	2,090,343
Customers in dunning process		2,764	1,531	3,698
Insolvent customers		1,662	1,329	1,750
Total		3,484,532	3,860	2,095,791
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.				

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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 change in the use of hedging instruments from forwards to futures has and also will have an impact on the requirement for the cash since the collateral has changed from a guarantee to a cash day-to-day settlement. 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 1% means an increased liquidity draw of DKK 56m.

The liquidity risk is managed and monitored on a daily basis and a cash flow prognosis showing expected future cash movements is maintained. As a result of the above situation, the company has increased their cash resources by receiving new guarantees from the owner companies totaling DKK 550m. In addition, further initiatives have been initiated in the Group to get tied up liquidity released.

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 16. 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 extraordinary reductions in the electricity price Energi Danmark will need additional credit lines.

Contractual maturity incl. interest (cash flow)

	Carrying amount	Total	< 1 year	1-5 years	> 5 years
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	325,538	325,538	325,538	0	0
Derivative financial instruments					
Derivatives	3,471,784	3,471,784	2,951,016	798,510	-277,743
Total financial instruments	7,206,315	7,234,607	5,954,839	1,557,510	-277,743
31 December 2017					
Non-derivative financial instruments					
Borrowings current and non-current	747,851	795,000	18,000	777,000	0
Trade payables	1,361,789	1,361,789	1,361,789	0	0
Other liabilities	406,406	406,406	406,406	0	0
Derivative financial instruments					
Derivatives	1,154,862	1,154,862	528,858	532,983	93,021
Total financial instruments	3,670,908	3,718,057	2,315,053	1,309,983	93,021

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## Notes DKK '000

<p>Interest rate risk</p> <p>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.</p>	<p>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.</p>
<p>Market risk</p> <p>The market price for electricity has proven to be quite volatile and subject to changes and events that can not be predicted.</p> <p>The spot price is determined hourly on the physical exchanges and forms the basis for financial trading of electricity on futures and forward contracts.</p> <p>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.</p> <p>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</p>	<p>consumption is monitored on a regular basis in order to predict and adjust the corresponding hedging position.</p> <p>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.</p> <p>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).</p>

	2018			2017		
	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	8,828	6,886	5%	15,232	11,881	5%
Currency exchange rate	11,476	8,951	5%	9,350	7,293	5%

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

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19	Information about financial instruments			
Categories of financial instruments				
	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	3,480,672	3,480,672	2,091,199	2,091,199
Trade receivables from associates and subsidiaries	858,225	858,225	277,375	277,375
Other receivables and deposits	675,785	675,785	402,036	402,036
Cash	184,602	184,602	64,645	64,645
Financial assets measured at amortised cost	5,199,284	5,199,284	2,835,255	2,835,255
Derivative assets	2,006,875	2,006,875	745,967	745,967
Financial assets measured at fair value through profit or loss	2,006,875	2,006,875	745,967	745,967
Corporate bonds	748,708	758,250	747,851	755,250
Trade payables	2,660,285	2,660,285	1,361,789	1,361,789
Other payables etc.	325,538	325,538	406,406	406,406
Financial liabilities measured at amortised costs	3,734,531	3,744,073	2,516,046	2,523,445
Derivative liabilities	3,471,784	3,471,784	1,154,862	1,154,862
Financial liabilities measured at fair value through profit or loss	3,471,784	3,471,784	1,154,862	1,154,862
			2018	2017
Assets				
Financial			785,870	360,103
Physical			1,221,005	385,864
			2,006,875	745,967
Liabilities				
Financial			1,119,666	283,711
Physical			2,352,118	871,151
			3,471,784	1,154,862



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Notes	DKK '000				
Fair value measurement of financial instruments					
		2018			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Derivative financial assets:					
Foreign exchange forward		0	46,487	0	46,487
Commodity derivative		669,098	1,025,917	265,373	1,960,388
<b>Total</b>		<b>669,098</b>	<b>1,072,404</b>	<b>265,373</b>	<b>2,006,875</b>
Financial liabilities measured at fair value					
Derivative financial liabilities:					
Interest rate swaps		0	12,093	0	12,093
Foreign exchange forward		0	54,603	0	54,603
Commodity derivative		12,529	3,284,741	107,818	3,405,088
<b>Total</b>		<b>12,529</b>	<b>3,351,437</b>	<b>107,818</b>	<b>3,471,784</b>

if electricity prices changes with 5% the net level 3 value will change with DKK 33m.

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.

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.

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Financial liabilities measured at fair value				
Derivative financial liabilities:				
Interest rate swaps	0	18,932	0	18,932
Foreign exchange forward	0	38,137	0	38,137
Commodity derivative	5,026	1,038,043	54,724	1,097,793
<b>Total</b>	<b>5,026</b>	<b>1,095,112</b>	<b>54,724</b>	<b>1,154,862</b>

If electricity prices changes with 5% the net level 3 value will change with DKK 19.5m.

<b>Level 3</b>	
<b>Opening balance 1 January 2018</b>	80,593
Gains recognised	49,675
Acquisitions	27,287
<b>Total</b>	<b>157,555</b>

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NOTES TO THE PARENT FINANCIAL STATEMENTS

Notes

DKK '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.

	2018			2017		
	Gross	Netting	Net	Gross	Netting	Net
Offsetting of current derivatives						
Derivative assets	5,952,104	3,945,229	2,006,875	2,704,037	-1,958,070	745,967
Derivative liabilities	-7,417,013	-3,945,229	-3,471,784	-3,112,932	1,958,070	-1,154,862
Total	-1,464,909	0	-1,464,909	-408,895	0	-408,895

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.

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NOTES TO THE PARENT FINANCIAL STATEMENTS

Notes	
20	Subsequent events
	No important events have occurred since the end of the financial year.



# 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 2018.

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 2018 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 2018.

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, 29 March 2019

## Executive Board

Jørgen Holm Westergaard	Jesper Nybo Stenager
CEO	CFO

## Board of Directors

Jesper Hjulmand	Martin Romvig Jensen
Chairman	Deputy Chairman
Jacob Vittrup	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 2018 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2018 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 2018 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2018 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 2018, 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, 29 March 2019

**PricewaterhouseCoopers**  
Statsautoriseret Revisionspartnerselskab  
CVR No 33 77 12 31

<b>Claus Lindholm Jacobsen</b>	<b>Heidi Brander</b>
State Authorised Public Accountant	State Authorised Public Accountant
mne-no. 23328	mne-no. 33253





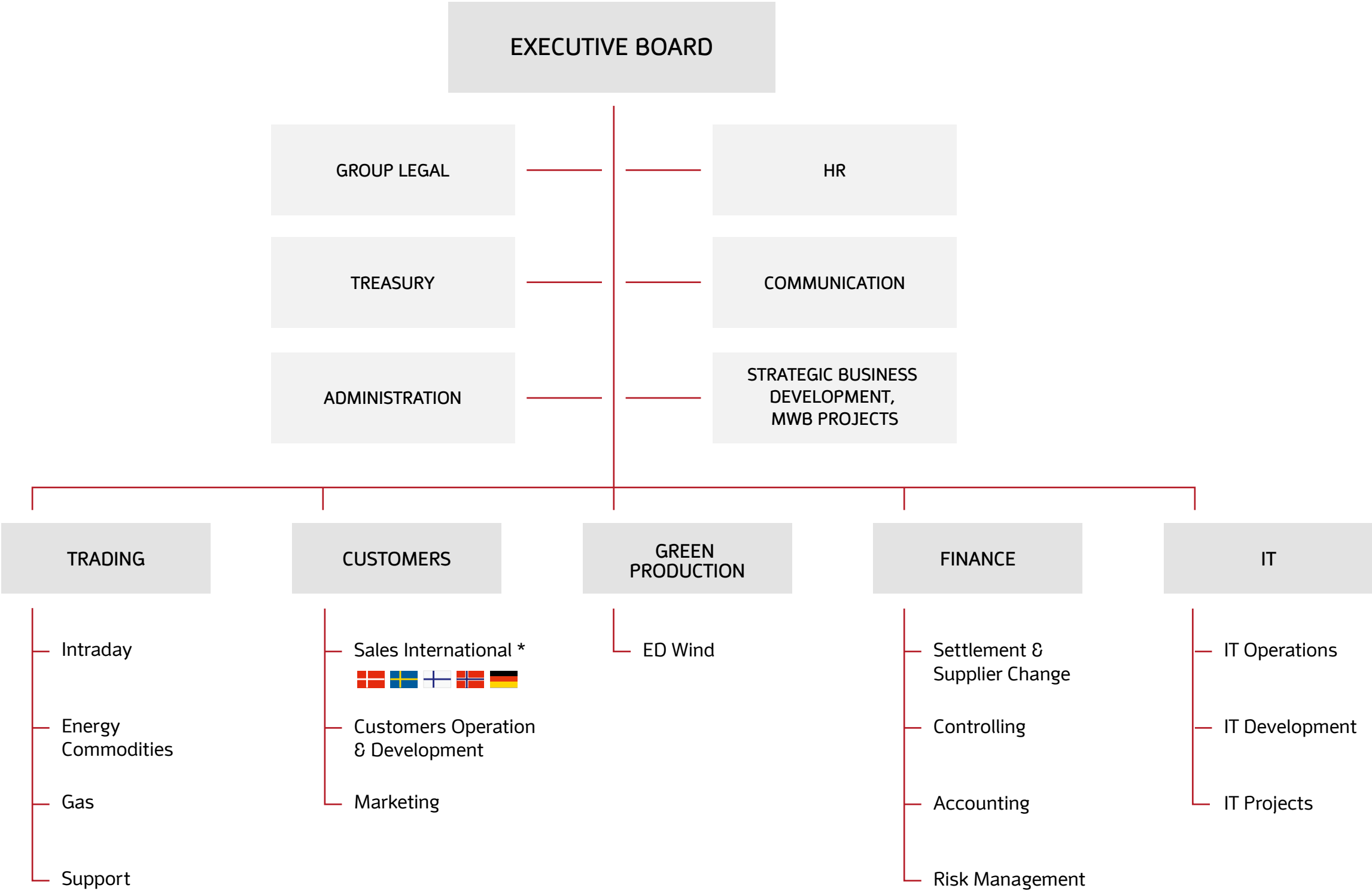
# ORGANISATION

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



# ORGANISATIONAL CHART

- \* SUBSIDIARIES**
- |                               |               |
|-------------------------------|---------------|
| Energi Danmark Securities:    | Jan Rigtrup   |
| Energi Danmark Vind:          | Hans Hensberg |
| Energi Försäljning Sverige:   | Ulf Dahlin    |
| Energia Myynti Suomi:         | Olli Puranen  |
| Energi Salg Norge:            | Espen Fjeld   |
| Energie Vertrieb Deutschland: | Colin Wulff   |



# CORPORATE INFORMATION

**Energi Danmark A/S**  
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DK-8200 Aarhus N  
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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 Martin Romvig Jensen, Eniig
- > CEO Jacob Vittrup, NRGi
- > CEO Lars Bonderup Bjørn, EWII
- > CEO Anders Jørgen Banke, SEF
- > Director, Jens Otto Veile

## THE EXECUTIVE MANAGEMENT COMMITTEE

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

**Trading**  
Thomas Bjørn Houllind,  
Director, Markets

**Customers**  
Peter Lønbro Lehm,  
Director, Customers

**IT**  
Thomas Bech Pedersen,  
Systems Manager

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

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

**Law Firm**  
Bech-Bruun

**Main Bank**  
Nordea Bank Danmark A/S

**Annual General Meeting**  
The Annual General Meeting is to be held on 12 April 2019.



Jesper Hjulmand



Martin Romvig Jensen



Jacob Vittrup



Lars Bonderup Bjørn



Anders Jørgen Banke



Jens Otto Veile



Jørgen Holm Westergaard



Jesper Nybo Stenager

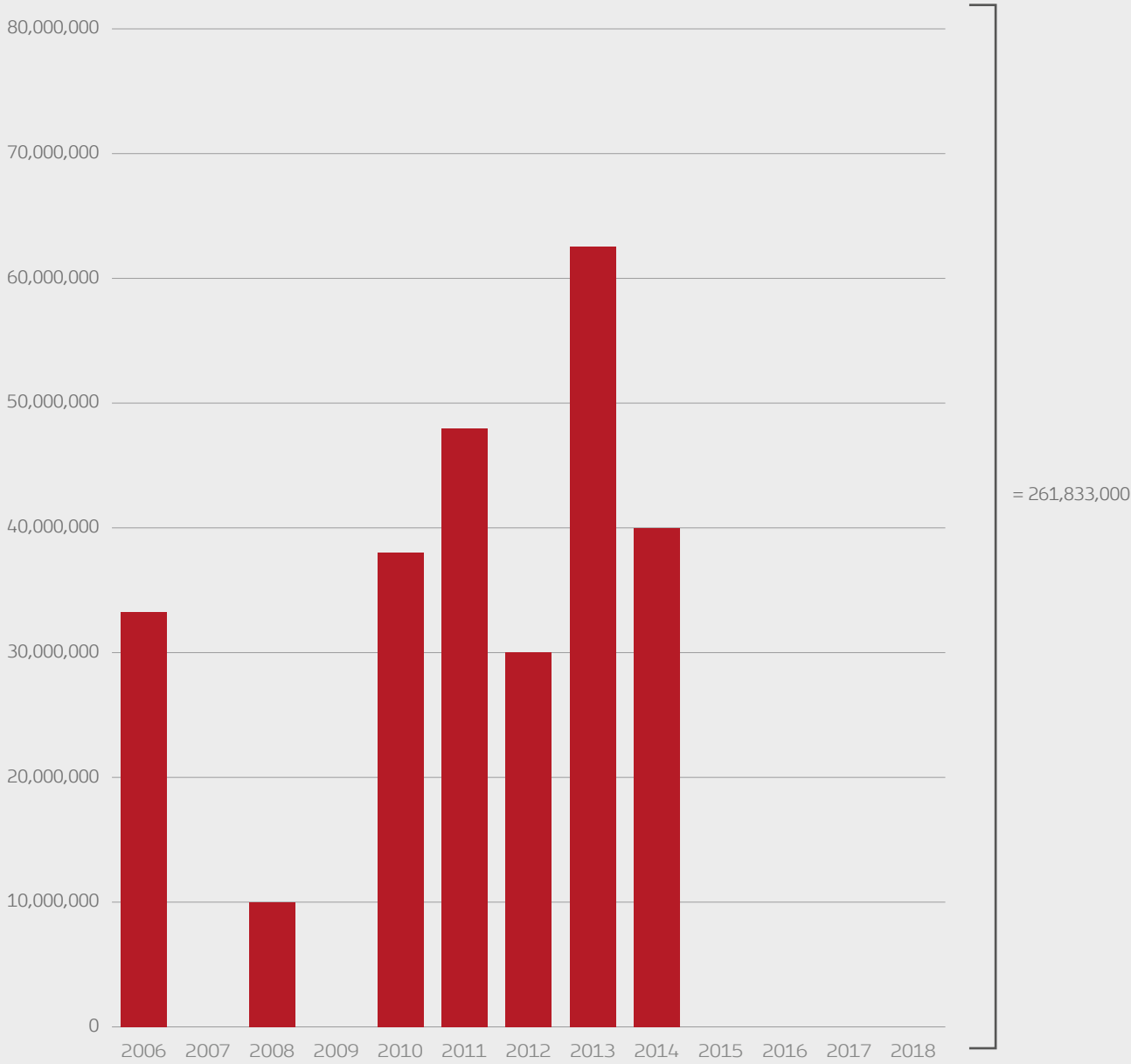
# OWNERSHIP

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 at 31 December 2018, 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)
- > Cerius A/S (Chairman)
- > Fibia P/S (Chairman)
- > Employer's Association for Danish Energy and Utility Companies
- > DEA (Chairman)
- > Tryghedsgruppen s.m.b.a. (Deputy Chairman)
- > TRYG A/S
- > Dansk Industri Hovedbestyrelse (Executive committee)

#### Committee memberships:

- > TRYG A/S audit and risk committee
- > Supervisory board in Dansk Energi
- > Supervisory board in Tryghedsgruppen
- > Supervisory board in Forenet Kredit

### Martin Romvig Jensen

CEO of Eniig  
MBA  
Date of birth: 23.10.1969  
Member of the Board since: 15.10.2014

#### Board memberships, honorary offices:

- > Energi Danmark A/S (Deputy chairman)
- > Business Institute Accreditation
- > Dansk Energi

- > Dansk Industri Committee for Energy and Climate policy

### 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 Rådgivning 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

### 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)

### 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)

### 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)
- > Investeringselskabet 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)
- > Energi Danmark Vind A/S (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
- > Energi Danmark Vind A/S
- > Energia Myynti Suomi Oy
- > Energi Salg Norge AS
- > Energie Vertrieb Deutschland EVD GmbH



# CORPORATE INFORMATION, SUBSIDIARIES



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