

Energi Danmark®

Trust us to manage your risks

# 2016

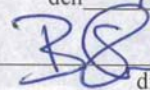
annual report



**Til Erhvervsstyrelsen**

Årsrapporten er fremlagt og godkendt på selskabets ordinære  
generalforsamling

den 4/9 2017



dirigent



# 2016

annual report

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# Business foundation

The Energi Danmark Group is one of Northern Europe's leading energy trading groups with activities ranging from physical and financial energy trading, carbon trading and trading with gas and wind energy to currency hedging, portfolio management, portfolio contracts and associated trading in derivative financial instruments.

The customers of the Energi Danmark Group comprise much of the business market as well

as public sector enterprises in the Nordic region, and the Group is currently expanding its activities to new countries in Northern Europe, most recently Germany. Energi Danmark is also actively expanding its physical and financial trading activity and now covers over 20 countries in Europe. The Energi Danmark Group wishes to provide its customers with services typified by a high level of quality and adapted to the customers' wishes and needs.

This is ensured by highly-educated, professional employees and the intensive application of information technology and advanced auxiliary applications.

The Energi Danmark Group continues to develop its business activities as opportunities emerge, provided that it is possible to obtain satisfactory profitability and thus create added value for shareholders.

## Business concept

With energy trading as its starting point, the Energi Danmark Group is an important player in securing and further developing an efficient electricity and energy-trading market in Northern Europe.

## Business values

The Energi Danmark Group's market efforts are based on the Group's five core values:

- > Creating added value for customers and shareholders
- > Setting high standards of professionalism and quality
- > Being punctual and meticulous
- > Being a knowledge-based business
- > Being available.

## Vision

The vision of the Energi Danmark Group is to be the preferred partner of business customers and public sector enterprises wishing to obtain financial benefits in deregulated energy markets.

## Mission

The mission of the Energi Danmark Group is to provide the competitiveness generated by consultancy advice, support and the right prices.

- > Performance management based on visible targets
- > Cost-effectiveness
- > Being a reliable business partner
- > Being committed to teamwork
- > Being committed to continued skills enhancement.

# Financial highlights for the Group

DKK million	IFRS		Danish GAAP		
	2016	2015	2014	2013	2012
<b>Key figures, Group</b>					
Revenue	15,082.8	14,538.3	12,409.9	10,239.4	8,982.5
Gross profit	472.2	339.6	394.4	417.4	356.0
Operating profit	184.7	50.9	143.7	195.7	167.5
Profit from financial items	-39.3	-34.1	-27.1	-18.4	-10.7
<b>Profit before tax</b>	<b>145.4</b>	<b>16.8</b>	<b>116.6</b>	<b>177.3</b>	<b>156.8</b>
Tax	-31.3	-5.1	-26.5	-37.6	-36.8
<b>Profit for the year</b>	<b>114.1</b>	<b>11.7</b>	<b>90.1</b>	<b>139.7</b>	<b>120.0</b>
Balance sheet total	5,737.0	5,344.3	3,524.9	3,219.6	2,660.8
Of this, investment in non-current assets	-39.1	-272.7	-139.2	-4.1	-177.7
<b>Equity</b>	<b>863.9</b>	<b>754,0</b>	<b>988.8</b>	<b>963.1</b>	<b>861.7</b>
Cash flow from operating activities	-191.2	79.7	103.9	-259.1	-151.5
Cash flow for investing activities	-8.5	-272.7	-139.2	-4.1	-177.7
Cash flow from financing activities	0.0	-40.0	437.4	-30.0	-41.2
<b>Total cash flow</b>	<b>-199.6</b>	<b>-233.0</b>	<b>402.1</b>	<b>-293.2</b>	<b>-370.4</b>
<b>Key ratios, Group</b>					
Gross margin ratio	3.1 %	2.3 %	3.2 %	4.1 %	4.0 %
Profit ratio (EBITA)	1.2 %	0.4 %	1.2 %	1.9 %	1.9 %
Equity ratio (solvency)	15.1 %	14.1 %	28.1 %	29.9 %	32.4 %
<b>Return on equity before tax</b>	<b>18.0 %</b>	<b>2.2 %</b>	<b>12.0 %</b>	<b>19.4 %</b>	<b>19.1 %</b>
Return on equity after tax	14.1 %	1.5 %	9.2 %	15.3 %	14.6 %
Average number of full-time employees	180	177	158	133	119

The key ratios were calculated according to the 'Recommendations and Financial Ratios 2015' 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 2012-2014 are not comparable with the figures and ratios from 2015-2016.

# Board of Directors & Management review 2016

**2016 was a very satisfactory year for the Energi Danmark Group, with a profit before tax of DKK 145.4 million and a revenue of DKK 15.1 billion. The Group achieved record revenues in terms of the number of kWh sold, as a result of an excellent influx of customers. The sales order portfolio at the end of 2016 was 69 TWh in total for delivery in the period 2017-2020, corresponding to more than double the annual electricity consumption in Denmark.**

The Energi Danmark Group realised a profit before tax of DKK 145.4 million in 2016 compared with DKK 16.8 million the previous year, calculated using the 'International Financial Reporting Standard' (IFRS), which the Group started using in 2016. Based on the previous accounting policies, profit before tax would have been DKK 172.4 million compared with DKK 43.7 million the previous year.

As a whole, 2016 has been both a challenging and a positive year for the Energi Danmark Group. The profit before tax was better than expected for several different reasons: A sustained growth in our portfolio management, a satisfactory result in the Swedish market and increased optimisation of the balance markets more than made up for the negative effects of the Wholesale Model. The Wholesale Model was implemented in Denmark during spring 2016 and involved a number of challenges relating to settlement, poor data quality, etc., across the entire energy industry. There were problems associated with settlement, especially for customers paying net, but all customers received statements within the year, albeit some with an unfortunate delay.

In spite of generally falling consumption among customers, the Group once more achieved record revenue in terms of the number of kWh sold as a result of the influx of customers in 2016. Group revenue was DKK 15.1 billion, which is around DKK 545 million higher than in 2015 and corresponds to an increase of 4 %.

The Energi Danmark Group's balance sheet total rose to DKK 5,737 million in 2016, an increase of just over 7 % compared to 2015, when the balance sheet total was DKK 5,344 million.

Energi Danmark's market share was consolidated very satisfactorily in the segment areas over the course of 2016. At the end of 2016, the Group had a total sales order portfolio of just over 69 TWh for delivery in the Nordic countries and Germany in the years up to 2020. 28.7 TWh of this is due for delivery in 2017, which means that the Group could cover 85 % of Denmark's overall annual electricity consumption of 34 TWh.

## Changed accounting policies

The Group's accounting policies changed during the year, and the 2016 annual report is presented in accordance with the International Financial Reporting Standards (IFRS). This policy change has been made in order to accommodate the many international stakeholders in the form of exchanges, counterparts, customers, etc., in line with increased international growth.

Among other things, the policy change means that the Group is moving from recognising the profit margin (Day 1 profit) on physical and financial contracts at the time at which the contract is entered

into to recognition at the time of delivery. As of 1 January 2015 this has resulted in equity being reduced by DKK 208.1 million.

The policy change also means that sales contracts and associated hedging can only be offset to a limited extent, and the balance sheet total has therefore increased by DKK 1,291.1 million as of 31/12 2016 and by DKK 1,667.5 million as of 31/12 2015. As a result of the policy change, the balance sheet total is therefore affected by the difference between the average sales price, the price of hedging and the current price.

The transition to IFRS has been implemented retrospectively, and the comparison figures have been adjusted correspondingly. Please refer to note 22 'First time adoption' for an in-depth explanation of the effect that the changed accounting policies have had on the accounts.

## Subsidiaries

In terms of sales, the Group experienced a challenging year in Sweden in 2016. Energi Försäljning Sverige AB achieved sales of just over 5.7 TWh in 2016, which corresponds to only half of the sales in 2015. Revenue amounted to SEK 2,183.3 million, and the company realised a satisfactory profit before tax of SEK 32.9 million.

The Group's Finnish company, Energia Myynti Suomi Oy, achieved sales of 6 TWh in 2016, a noticeable increase of 62 % compared to sales of 3.7 TWh in 2015. The company delivered a revenue of EUR 177 million and realised a satisfactory profit before tax of EUR 0.1 million following a pre-tax loss in 2015.



The Group's Norwegian company, Energi Salg Norge AS, achieved record sales of 7.7 TWh in 2016. The company realised a revenue of NOK 422.2 million and a profit before tax of NOK -7.4 million. 2015 was a year characterised by restructuring in the company and in 2016 Energi Salg Norge AS was ready to provide customers with new, proven solutions, which have contributed strongly to the excellent sales in 2016.

Energie Vertrieb Deutschland EVD GmbH, with its head office in Hamburg, has done very well from the start in 2014 and achieved sales of 3.4 TWh in 2016 and a revenue of EUR 60.1 million. Profit before tax amounted to EUR -0.409 million. Throughout 2016 the company has continued to focus on establishing contact with customers in the industrial sector and participating in public tenders.

Energi Danmark Securities A/S continued a very satisfactory development in 2016 with its total portfolio volume increasing by approximately 10 % and its portfolio concept now being firmly anchored in all Nordic countries and Germany. The company achieved a very satisfactory profit before tax of DKK 30.8 million and a revenue including other ordinary income of DKK 29.3 million.

Energi Danmark's Northern European concept – One Stop Shop – is still doing particularly well. This concept gives the Energi Danmark Group substantial scaling potential across its full systems as well as significantly more cost-effective solutions for Group customers throughout Northern Europe.

Energi Danmark Vind A/S had a less satisfactory year in 2016 and achieved a profit before tax of DKK

2.2 million. Among other things, earnings have been challenged due to falling settlement prices for wind-produced electricity and the fact that the energy content of the wind fell below the norm. In 2016, the company did not carry out any projects and the portfolio is therefore unchanged.

### Corporate bond

In 2014, Energi Danmark issued a corporate bond of DKK 500 million, which was well received by the market. During 2016, there were 42 trades on the bond, which ended the year at a price of DKK 100.5. The bond expires in June 2017 and Energi Danmark therefore anticipates issuing a new corporate bond during 2017.

### The legal case against DONG Energy

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 (now DONG Energy) 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 DONG Energy, claiming a refund of the difference between a reasonable price and the unreasonably high prices charged between 1 July 2003 and 31 December 2006.

DONG Energy appealed the competition authorities' decisions to the Maritime and Commercial Court (substantive case) in 2007, but on 30 August 2016 the Maritime and Commercial Court pronounced judgement, in which the Competition Appeals Tribunal's ruling was upheld.

DONG subsequently appealed the decision to the Supreme Court, which rejected the case and the case was referred to the High Court of Western Denmark, which is currently considering the case.

So far, the compensation case has been awaiting a final decision in the substantive case, but the Maritime and Commercial Court has decided that the compensation case will be considered in parallel with the High Court of Western Denmark's consideration of the substantive case. We expect that there will be a ruling in the compensation case in 2019 at the latest.

### Allocation of dividends for 2016

In 2008, the Board of Directors formulated a dividend policy that both considers the Group's need for equity consolidation as a result of continued growth and ensures a dynamic, attractive dividend level when circumstances allow. Based on the dividend policy, the Board recommends that a dividend is not paid for the 2016 financial year.

Overall, the Group has paid an amount corresponding to a total of DKK 261.8 million to shareholders in dividends since its formation. At the same time, the Group has an equity of around DKK 863.9 million and a revenue that has increased by more than DKK 15 billion since 1999.

Provided that market conditions are satisfactory, 2017 is expected to be a satisfactory year for the Group. A profit before tax in the region of DKK 130 million is therefore expected.

Aarhus, 22 March 2017

**Jesper Hjulmand,**  
Chairman of the Board

**Jørgen Holm Westergaard,**  
Chief Executive Officer

# The year in brief

2016 was a very satisfactory year for the Energi Danmark Group:

- > The Energi Danmark Group achieved a profit before tax of DKK 145.4 million.
- > Consolidated revenue was DKK 15.1 billion in 2016.
- > In the last five years, Energi Danmark has achieved an average return on equity before tax of 14.1 %.
- > For the last 18 years since 1999, Energi Danmark has achieved an average return on equity before tax of 24.1 %.
- > In the last five years, the Energi Danmark Group has experienced an annual growth in sales of approximately 10 %.
- > Energi Danmark's successful One Stop Shop concept is still doing particularly well and provides significantly more cost-effective solutions for the Group's customers across all of Northern Europe.
- > At the end of 2016, the Group had a total sales order portfolio of 69 TWh for future delivery in the Nordic countries and Germany.
- > 28.7 TWh of this is due for delivery in 2017, which

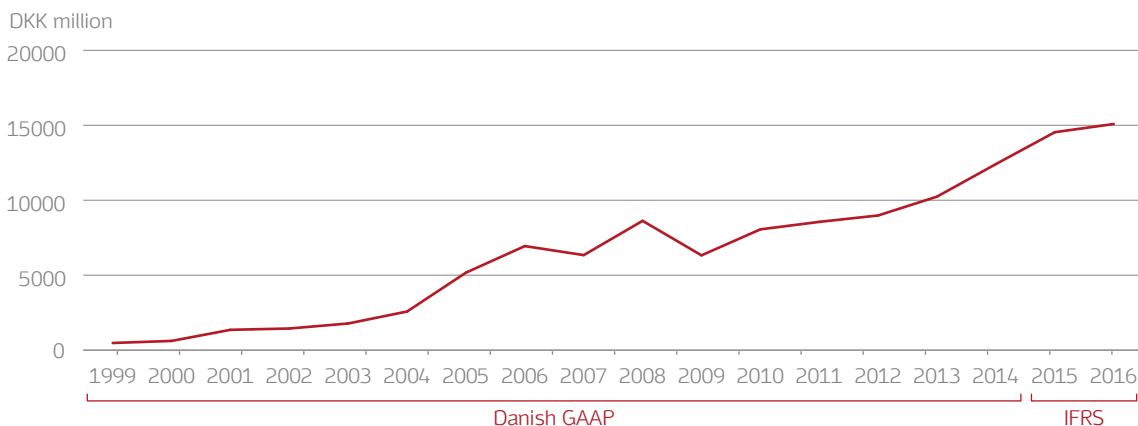
corresponds to just over 85 % of Denmark's overall annual electricity consumption.

- > Energi Salg Norge AS achieved record sales of just over 7.7 TWh, which is 286 % more than the previous sales record in Norway back in 2012 and the highest sales in any of the Group's companies in 2016.
- > The implementation of the Wholesale Model resulted in a number of challenges for the entire electricity industry but will benefit customers and consumers going forward.
- > Energi Danmark has launched new, flexible and user-friendly websites across the entire Group.

At the end of the year, we had approximately 184 dedicated employees in the Energi Danmark Group, and we are ready to continue earning the right to be our business customers' preferred provider within the supply and hedging of risks in kWh in Northern Europe – thank you for your confidence.

**Jørgen Holm Westergaard,**  
Chief Executive Officer

## Revenue Trend 1999–2016





Overview of the  
Energi Danmark Group's  
performance 2016

Profit before tax

**145.4**

DKK million

Revenue

**15.1**

DKK billion

Growth in revenue

**3.7 %**

Delivered  
TWh in 2016

**27.4**

TWh sold for  
delivery in 2017

**28.7**

Return on equity  
before tax

**18 %**



# Port of Hamburg – a new customer in Germany

In 2016 Energie Vertrieb Deutschland EVD GmbH signed a contract with the Port of Hamburg. Thus the success of 2015 in Germany continued into 2016 – here, Head of Sales Andreas Lindhorst and Port of Hamburg comment on the upcoming collaboration.

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We accommodate an easy process for buying energy for our customers and at the same time ensure that it is easy to understand the contract, and read the invoices.

Andreas Lindhorst, Head of Sales at EVD

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2016 has been another great year in Germany and Energie Vertrieb Deutschland (EVD) has signed contracts with several major customers. One of these big customers is Hamburger Hafen und Logistik AG (HHLA). Being able to sign a contract with this size of customer is made possible by being a part of a well-established group. The structure of the Group ensures that EVD is able to offer competitive prices and complete solutions, where all back office functions are handled in Aarhus. This leaves EVD free to handle the needs and requests of major customers such as HHLA.

#### **Signing the contract with HHLA**

EVD is very pleased to have signed an agreement with HHLA. HHLA published the tender for electricity at the beginning of May 2016. EVD participated in the public tender and after some meetings, an agreement was reached. EVD is very happy to enter into this partnership and looks forward to serving a large and well-established customer.

#### **Extensive knowledge about the energy market**

"When it comes to our customers it is very important that we are always available and able to share our knowledge of the energy market," says Andreas Lindhorst. He goes on: "We accommodate an easy process for buying energy for

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In EVD we found a partner who allows us to enjoy the advantages of the wholesale market. What is more, EVD offered us very flexible and transparent terms and conditions.

Hamburger Hafen und Logistik AG (HHLA)

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our customers and at the same time ensure that it is easy to understand the contract."

HHLA explained their motivation for choosing EVD as their energy supplier as follows: "We were looking for a supplier with knowledge of, and competence in, the European energy market. In EVD we found a partner who allows us to enjoy the advantages of the wholesale market. What is more, EVD offered us very flexible and transparent terms and conditions."

#### **Experienced and trusted energy advisor**

For EVD it is a great honour to supply the largest port in Germany and the 2nd largest port in Europe. With a customer as big as HHLA, it is important that the transition process is well prepared. EVD is experienced in transitions with big customers such as Hamburg City, Bundeswehr and other important industrial customers in Germany and can therefore ensure a smooth transition process. This was also an important factor in HHLA's choice of energy supplier: "EVD is a competent advisor in all energy-related matters. Our load profile fits perfectly with the strategy solution that they offered. As such, we feel that we are in a very comfortable position to realise a flexible and cost-effective way forward for our portfolio."

# The financial platform

## – expanding business

In 2016 the Energi Danmark Group had great success with expanding the financial platform to the Nordic countries. The financial platform is a flexible solution where customers can trade on their own using the platform and the price determination that Energi Danmark provides. The platform creates opportunities for both the customer and the Energi Danmark Group.

The financial platform is best described as a 'lite' version of our Online price and risk estimation tool. Customers can use the financial platform to trade on their own. This lets Energi Danmark and the customer enter into a partnership where Energi Danmark provides

an efficient tool, which includes price determination, and the electricity supplier, e.g. takes on the risks associated with distributing the electricity. Online therefore becomes a hedging tool towards an electricity supplier.

### Refined platforms for the subsidiaries

The financial platform, as a product, is still in its initial phase, which means that the customers are slowly being introduced to the concept. During 2016 the platform was also adjusted for each subsidiary in the Group, making it even more country-specific and flexible. In 2016 the Group had great success with the platform

in all of the Nordic countries. In Norway, for example, there seems to be wide-ranging potential.

### Reaching new customer segments

In the Norwegian market, constellations mean that Energi Salg Norge has several options when it comes to entering into a partnership with, e.g. an electricity supplier. Here, the solution with the financial platform is ideal. To give an example, housing associations in Norway sell electricity as a product to their tenants, as opposed to housing associations in Denmark where the association is responsible for paying for the electricity. In reality this means that Energi Salg Norge, as a third party supplier, is able to reach new customers such as smaller and private customers. This opens up a new market where we are able to reach a new customer segment.

The financial platform is an efficient sales tool and Energi Danmark is constantly trying to refine the platform.

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With the financial platform adapted to each country in the Energi Danmark Group and as a third party supplier, we have the opportunity to reach a new customer segment, which we were not able to access previously.

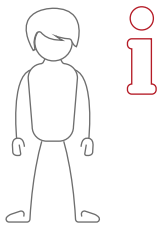
Peter Lønbro Lehm, Director, Customers

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During 2016 the platform was adjusted for each subsidiary in the Group, making it even more country-specific and flexible. In 2016 the Group had great success with the platform in all of the Nordic countries.

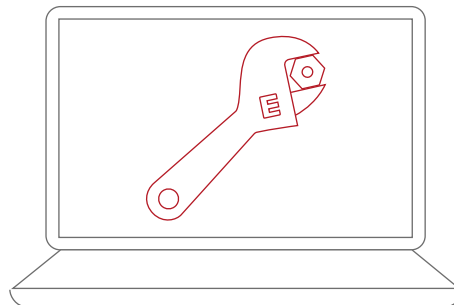
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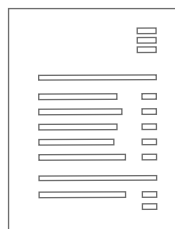
Customer information



The customer's client data



Energi Danmark's financial platform



The contract

We  
handle the  
↑ forces  
of nature



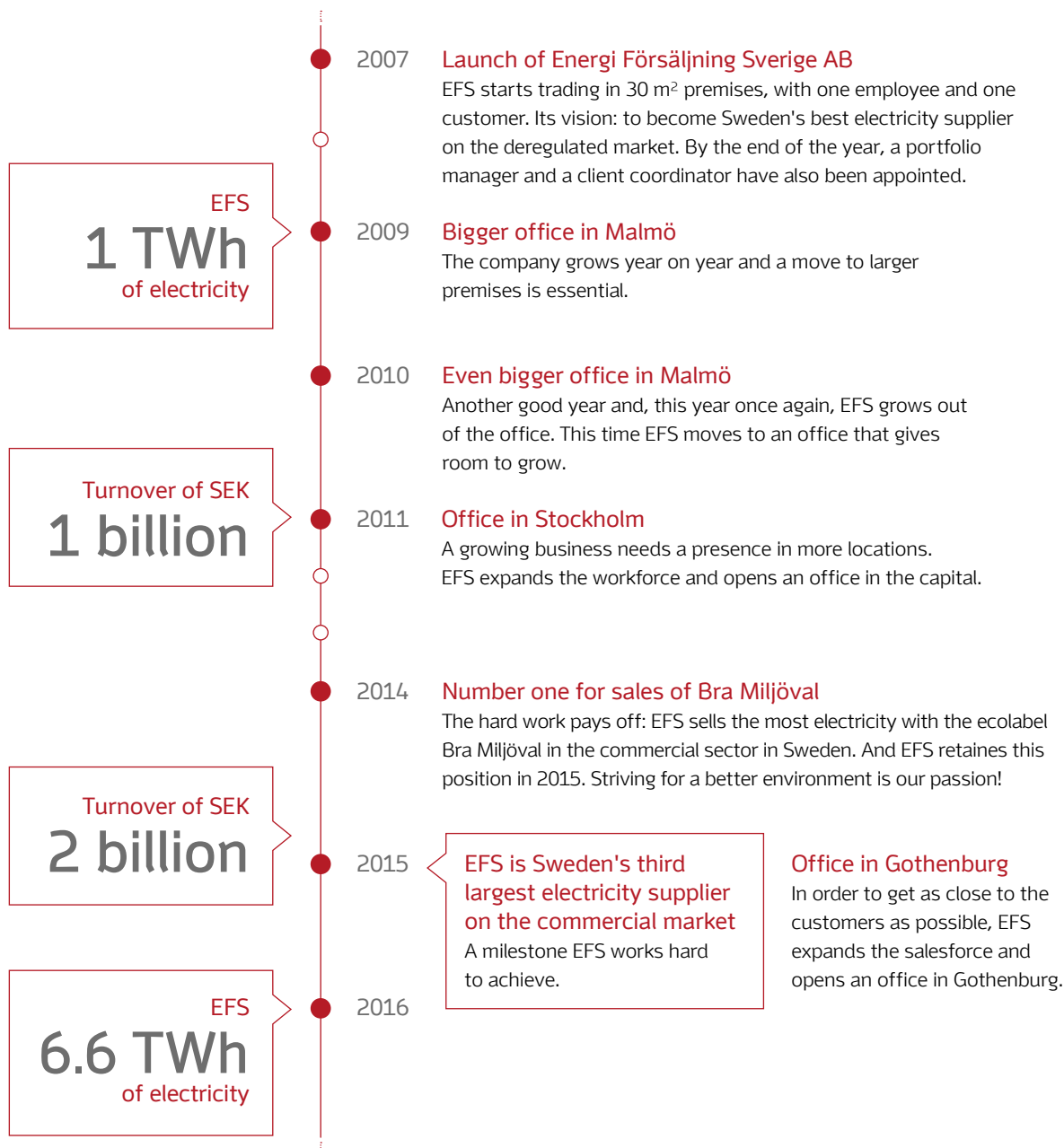


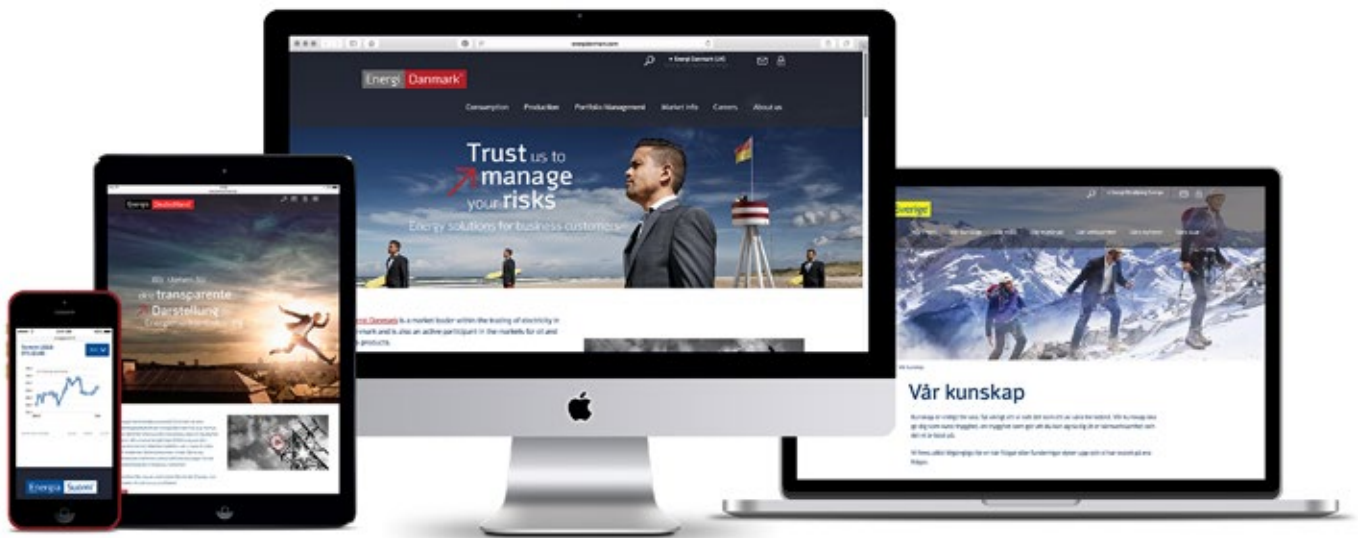
# Milestones

## for Energi Försäljning Sverige AB

Energi Försäljning Sverige AB (EFS) began trading at the turn of the year 2006–2007. EFS is part of the Energi Danmark Group and, over the past 10 years, has grown into a major player on the Swedish electricity market.

By 2015, EFS was the third largest electricity supplier in Sweden in the commercial sector. EFS currently has offices in Stockholm, Gothenburg and Malmö.





# Six new country websites – flexibility and coherence

In the autumn of 2016 the Energi Danmark Group released six new websites with the aim of providing a more flexible and user-friendly platform for its customers. The layout of the new country websites is naturally connected and users can easily navigate between the different sites and pages. With the new layout, each country has the flexibility to highlight different products, news, campaigns and other relevant elements. With our daily market news visible on all front pages, customers get quick and easy access to the latest news.

What is more, the market info pages, which are available on all websites, have had a makeover to provide customers with a more user-

friendly and accessible interface. These are just some of the new beneficial features on the websites. With the coherence in the layout, the navigation and the search functions, the Group wants to accommodate both new and existing customers and users, as well as strengthening the international Group's profile. With this in mind, the website launches are also in line with the One Stop Shop concept and the idea of providing services across borders.

# New organisational structure

In January 2016, the Energi Danmark Group restructured in order to achieve the strategic goals which were derived from the Group strategy.

The overriding purpose of the reorganisation was to create a clear and transparent structure for the Energi Danmark Group, focusing on Customers and Trading. This means that our Trading department has consolidated with both Intraday and Forecasting and Operations, bringing all our shift teams together. Furthermore, our Analysis team has relocated to the Trading department. The aim is to support the trading and the shift teams, which have a growing need for analysis.

We have gathered all subsidiaries, including Energi Danmark Securities, under the Customers department. This move was made in order to simplify the decision-making structure. Furthermore, our Customers department has consolidated, managing both production and consumption customers, which means that our Production department has relocated to the Customers department.

These adjustments were made to strengthen the Group both internally and externally by focusing on the main areas of our business - supporting our customers and profit performance.



## Meet Olli Puranen, Managing Director Energia Myynti Suomi Oy

Olli Puranen started as Managing Director at Energia Myynti Suomi (EMS) in June 2016. He is responsible for executing and implementing the Energi Danmark Group's strategic direction and vision in day-to-day management in Finland. The aim is therefore to lead and organise sales and administration in such a way that EMS successfully can achieve its short and long term goals.

With the support of the Energi Danmark Group, his job is to ensure that EMS remains competitive by developing the business in collaboration with customers, and continuously providing unique solutions. Before joining Energi Danmark Group in 2014, Olli had worked for the energy sector and financial institutions in Finland for almost 10 years.

On 1 April 2016 the Wholesale Model was implemented after extensive preparations in 2015. Implementing the Wholesale Model has been a challenging task for both Energi Danmark and the industry as a whole. However, the process is complete and the customers can now benefit from the new structure.

# The Wholesale Model – implementation and completion

Energi Danmark and the industry spent 2015 preparing themselves for the Wholesale Model and the associated structural changes. For Energi Danmark this meant, among other things, approval by Energinet.dk as both a balance responsible and an energy supplier, as well as an adaptation of IT systems and processes. Everything that took place had the objective of moving tasks from the grid companies to the energy suppliers and making the market more transparent for customers, which is the essence of the Wholesale Model.

## **Challenging processes and adjustments**

Since 1 April 2016, Energi Danmark has been fully focused on adapting to the new structure which the Wholesale Model gave rise to. In reality, this means taking on the responsibility of being the customers' single point of contact. Where invoices from the energy supplier and grid company were previously sent as two invoices, Energi Danmark now has full responsibility for settling energy consumption, energy taxes, PSO and transport in one invoice. In reality,

this means that Energi Danmark has undertaken the credit liability and therefore bears new risks and expends more resources in the settlement process. The Wholesale Model and the following structural changes and obligations have been expensive both financially and in relation to resources.

Overall, the settlement of customers has been quite challenging for both Energi Danmark and the industry. Energi Danmark has met challenges with IT systems that did not fully support the Wholesale Model, electricity companies with the same problem, and an industry where not all regulations were determined from the start. In spite of start-up difficulties, we were happy to announce that the few customers who could not be settled for a long period over the summer of 2016 were settled by the end of 2016. Processes are now getting easier and the last step of being the single point of contact for customers has been implemented, with the establishment of a new customer service system dedicated to the Wholesale Model.

One of the positive effects of the Wholesale Model is that it makes the market more transparent for the customer. And with only one invoice and a single point of contact, customers have an easy access to information and support.

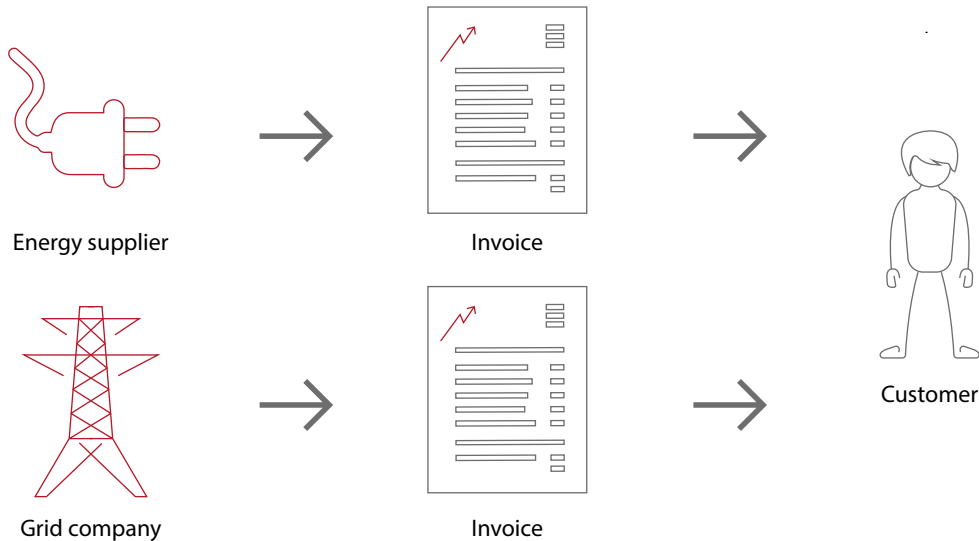
### Future DataHubs in the Nordic countries

In the future, there will still be some adjustments to the process in Denmark; however, the implementation of the Wholesale Model is now com-

plete. The next step is the implementation of the DataHub in the Nordic countries, which is the front-runner system for the Wholesale Model. The DataHub is expected to be implemented in Norway in October 2017. In Finland, the DataHub is expected in 2019; however in Sweden there has been no decision as to when the DataHub will be implemented.

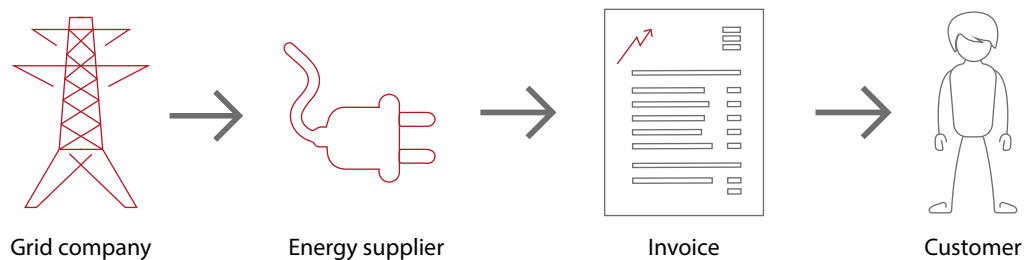
### Before 1 April 2016

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### After 1 April 2016

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# Demand Response

## - adaptation of sustainable energy

Sustainable energy is gaining a foothold on the energy market. It is getting more difficult to balance the demand and supply of energy, as they have to be in continuous balance and sustainable energy sources, such as wind, vary a lot. Energi Danmark saw a potential solution to accommodate this requirement. As a result, a project called the Demand Response was initiated in 2016 which aims to develop the possibility of managing the balance through adaptive consumption. The aim is to make consumption units act in the same way as production units.

Energi Danmark's Production department regulates production for the production customers in accordance with the energy requirements in the market. The aim of Demand Response is to regulate using consumption units, in the same way as in the consumption market. This should create balance in the energy market and therefore balance in demand and response.

The balance markets are handled in the Forecasting and Operations department. The TSO's always ensure that there is balance in the market and, with Demand Response, it is now also possible to activate the consumption customers, which is profitable for Energi Danmark. This is a new and effective way of managing the balance of energy.

"Demand Response is a way of getting the flexibility out to the customer and through that flexibility, helping the whole electricity system", says Thomas Elgaard Jensen, Director of Strategic Business Development.

### Future plans for Demand Response

Demand Response will continue in 2017, as Energi Danmark has some demo sites in which the system is being tested continuously. After the testing period in 2017, Energi Danmark will evaluate and then initiate an implementation plan in 2018.

"In alignment with Energi Danmark's strategy, there is a huge amount of potential in this new product and we have great expectations for this, both in Denmark and in the countries where our subsidiaries are located in the years to come", says Peter Lønbro Lehm, Director, Customers.

### How Demand Response works

With Demand Response, Energi Danmark is able to manage the consumption of energy for consumption customers. As such, when there is an imbalance in the network (for example a shortage) you would normally get energy from other countries or start more production. With Demand Response we can turn off unnecessary consumption, in return for financial compensation to the customers, and thereby restore the balance.

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Demand Response is a way of getting the flexibility out to the customer and through that flexibility, helping the whole electricity system and benefiting the customer.

Thomas Elgaard Jensen,  
Director of Strategic Business Development.

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# E-world energy & water trade fair 2016

In February 2016 Energi Danmark Group was represented once again at the E-world energy & water trade fair in Essen, Germany. This year, we participated as an exhibitor for the first time.

E-world is the leading trade fair for the European energy industry and in 2016 it had 650 exhibitors from 25 nations. The fair attracted over 24,000 visitors from 71 countries, according to [www.e-world-essen.com](http://www.e-world-essen.com). Employees from Energie Vertrieb Deutschland, Energi Danmark Securities and Energi Danmark participated in the fair in order

to present the Energi Danmark Group, our Online system and our PBA-software to the German market, as well as making contact with potential German customers. The representatives from Energi Danmark got the opportunity to talk to many different stakeholders in the German energy market, which also gave them a chance to find out more about the competition and conditions on the German market. Overall, the fair was a very positive experience and Energi Danmark and Energie Vertrieb Deutschland was also represented at E-world in February 2017.

# The energy markets in 2016

Following several years of falling prices, Nordic electricity prices rose in 2016, both on the spot and forward markets.

## Spot prices rose from record low

In 2016, the Nordic spot prices experienced an upside after three years of steady decline. The average system price for the year was 26.91 EUR/MWh, a noticeable increase compared to the 20.98 EUR/MWh average for 2015. The highest price level of the year came in January, when a cold wave led to a new consumption record in several parts of the Nordic region. Meanwhile, the hydro balance, after actually starting the year in a surplus, changed to a major deficit, adding pressure to the supply side of the market as well. This led to a very expensive month, culminating 21 January, when the system price came out at 80.99 EUR/MWh. This was the highest system price seen on the market for almost four years.

### Lower wind production

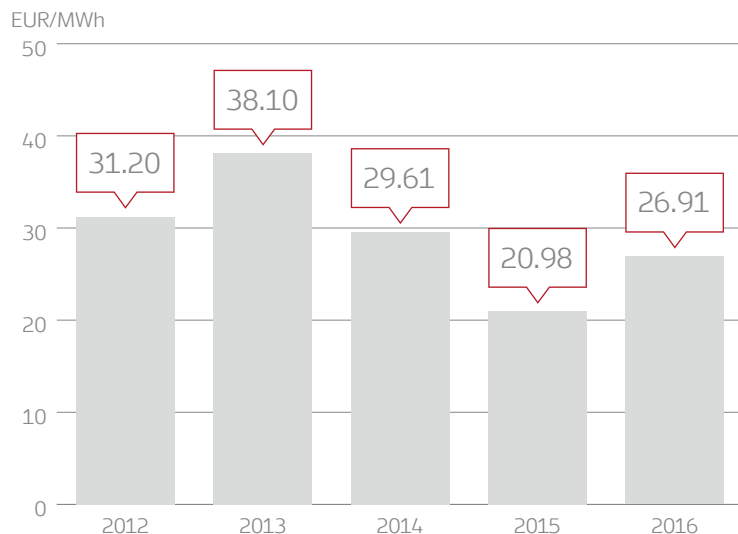
For the first time in more than a decade, total Nordic wind power production declined from 2015 to 2016. Total production in 2016 was 33.60 TWh, down 6 % from 34.75 TWh in 2015. Part of the reason for this was that Sweden and Denmark, the traditional front-runners in the wind power sector, are not expanding their wind capacity as much as they have done in previous years.

Furthermore, there was much less wind in 2016 compared to 2015, something which naturally leads to less wind power production. The decreasing wind output was a major factor behind the almost 30 % higher system prices of 2016 compared to the previous year. Hydro power production in 2016 was also under pressure: 10 TWh lower than in 2015, according to analyst company MKOnline.

### Nuclear crisis in France

On top of the low wind power production, the hydro balance had a large deficit for most of the year. In autumn, the market was heavily influenced by the nuclear power crisis in France, which spread to the rest of Europe. We will discuss this topic in depth later. Despite the fact that spot prices rose in 2016, it is worth noting that the level was still the second lowest of the last 15 years.

Average System Price for the year





# Bullish year on the forward markets

It was not only on the spot market that prices increased during 2016. The forward market also saw gains, both on the short end and the long end of the curve. The year did, however, start out as 2015 ended, with further losses, and the bottom was reached in mid-February. The annual contract for 2017 reached its lowest point 11 February, when it settled at 16.30 EUR/MWh. This price was so low that it was actually at the same level as the marginal costs for nuclear power production. From then on, the markets only pointed upwards, and there were several reasons for the gains during the year.

The Nordic region experienced a dry springtime, which caused the hydro balance to drop into quite a

large deficit. This was a new situation for the Nordic area, where the preceding years had been very wet and characterised by a very high hydrological surplus. The fuel markets also started to edge upwards, and when spring turned into summer, the forward markets had seen their first big gains since the previous autumn.

## Brexit halted the upside

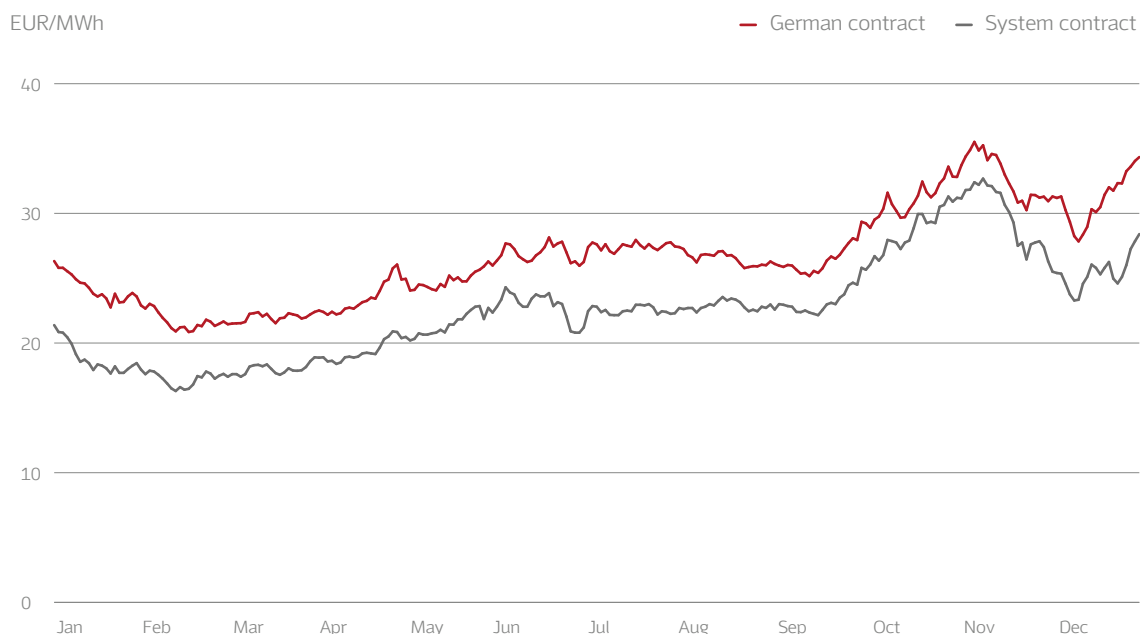
Following several months of gains, the upside on the Nordic power market was temporarily halted in June, when a shock hit Europe. Despite all polls indicating the opposite, the United Kingdom voted to leave the European Union. The decision led to losses on both the financial markets and the electricity markets and, even though the downside was

not as big in the Nordic area, it still caused the otherwise upwards trend to be broken.

## Doubled prices

The bullish sentiment did, however, return during autumn, as the French nuclear power crisis hit the markets. The fuel markets also continued to edge upwards, with the most notable events including decreasing Chinese coal production and reduced oil output amongst the OPEC member countries. The market entered what could almost be described as a perfect storm and in November, the Nordic forward market peaked for the year when the annual contract for 2017 peaked at 32.68 EUR/MWh. This meant that the price had exactly doubled compared to the level back in February.

## Price trends for Forward Contracts 2017



## French nuclear power crisis stunned markets

If one single event that affected the markets in 2016 should be mentioned, it would be the French nuclear power crisis, which suddenly hit the markets, starting in late spring. The French energy sector is very dependent on nuclear power, with 90 % of French power demand covered by nuclear power in a normal year. Therefore, it came as a shock for the markets when more than 20 reactors, equaling approximately a third of the total, were shut down indefinitely due to security concerns in the autumn. The crisis was triggered by a scandal about

falsified security checks on the reactors and caused widespread criticism of the French nuclear operator EDF.

### Big deficit in supply

The outage of more than a third of the French reactors led to a very large and sudden deficit in electricity supply, a deficit which also affected the rest of Europe. The demand needed to be covered by other and more expensive electricity sources, like coal and gas, something which also caused the price of these fuels to rise. France had to import elec-

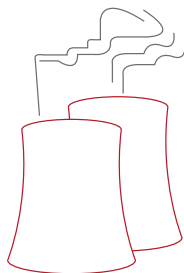
tricity through cables from the surrounding countries, causing prices to surge in most of Europe, including the Nordic area. The nearest monthly contracts, the first quarterly contracts for 2017 and the annual contracts for 2017 were the most affected and the gains from this event overshadowed all other fluctuations on the market during the year. The crisis affected the spot markets as well, especially in France, where prices soared at certain points, but also in other parts of Europe including the Nordic area.

At the end of the year the situation improved a bit in France, with some of the reactors back in production. However, the markets continued to be influenced by the shockwaves caused by the crisis for the rest of the year.

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The French energy sector is very dependent on nuclear power, with 90 % of French power demand covered by nuclear power in a normal year.

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## Hydro balance in deficit most of the year

A major factor in the gains on the Nordic power market throughout most of 2016 was the fact that the Nordic area faced a completely different hydrological situation this year to that of the previous year. Hydro power is still by far the biggest source for electricity production in the Nordic area. In 2016, it accounted for 56 % of the total production.

At the beginning of the year, the analysis bureau Reuters estimated the Nordic hydro balance to be in a surplus of approximately 12 TWh, but this situation changed quickly during the spring. Several very dry months, influenced by high pressure and low precipitation levels, caused the surplus to disappear and by March, the balance was in a deficit of 10 TWh.

### Biggest deficit in three years

Except for a few weeks during the summer, the hydro balance remained in deficit throughout the rest of the year. During autumn, another period of dry weather caused the balance to drop to a deficit of 26 TWh, the lowest level since the spring of 2013. The lack of hydro reserves compared to normal added to the pressure on

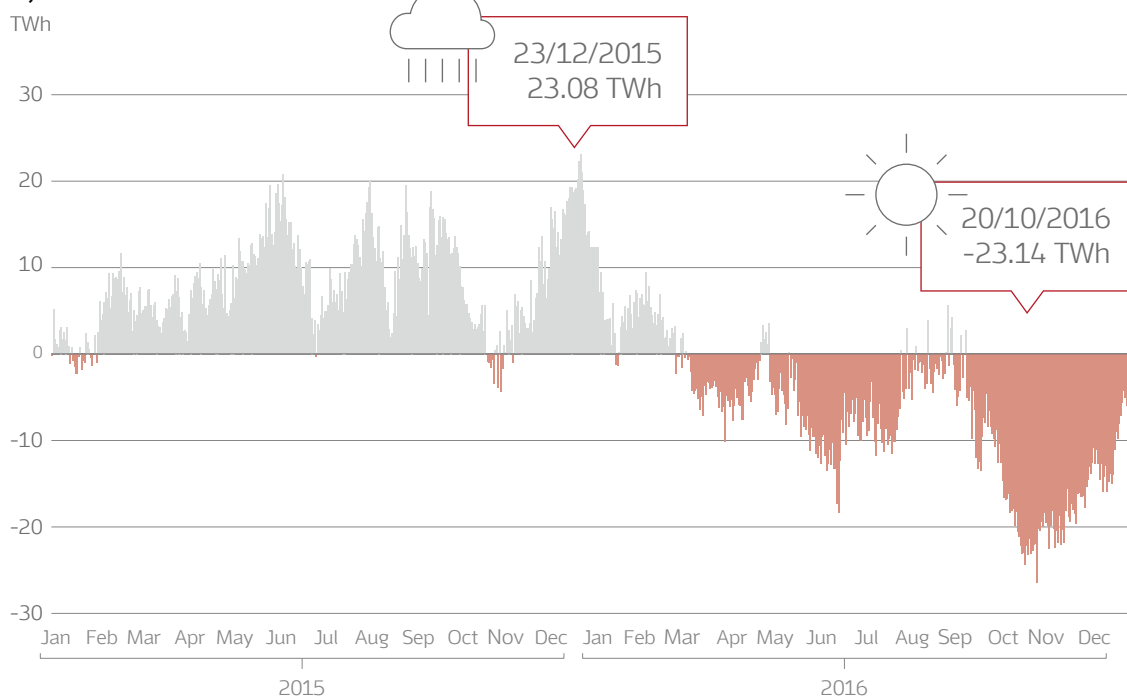
the Nordic power market, while the French nuclear power crisis was already causing a bullish tendency. The situation was also a challenge for the spot market and was one of the main reasons for the 30 %

rise in Nordic spot prices between 2015 and 2016.

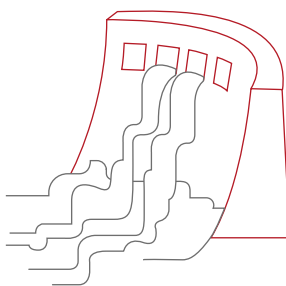
In December the balance improved a bit and at the beginning of 2017, hydro power producers are looking

at a hydrological situation which is not under the same degree of pressure as was the case a few months ago.

### Hydro balance



Hydro power is still by far the biggest source for electricity production in the Nordic area. In 2016, it accounted for 56 % of the total production.



# Oil prices recovered in 2016

After declining steadily for around two years, 2016 became the year in which the international oil market rebounded to some extent. The long-lasting decline culminated in mid-January when a barrel of Brent-oil was traded at a 13-year low of 27.88 USD. Since then, the market has improved, with a mixture of production cuts and supply issues in several parts of the world.

## OPEC managed to reach an agreement

For several years, the oil market has focused on the oil cartel OPEC, and the attempts of the organisation's member states to reach an agreement to cut production in order to secure higher prices. Negotiations were underway for most of 2016 and throughout spring, summer and autumn, rumours of an upcoming

agreement were constantly affecting prices. The market was, however, sceptical as OPEC had earlier engaged in negotiations which ended in failure.

However, in late November, after a long process of negotiation, OPEC managed to agree to cut production by around 4 %, from 33.6 million barrels per day to 32.5 million barrels per day. Saudi Arabia, the largest producer within the organisation, agreed to make the largest reductions, while others of the rich Gulf states also took a share of the cuts. Some member states were allowed to maintain production due to various circumstances, first and foremost Iran, who were still working on optimising production following the removal of sanctions against the country.

## Turmoil limited production

Another reason for the general upwards trend on the market during the year was the fact that several countries saw limited production due to political issues and unrest. Iraq, one of the biggest producers within OPEC, is still affected by a civil war and insurgency and faced severe issues with oil production in 2016. The situation is the same in two of the largest producers in Africa, Libya and Nigeria. Also, in South America, Venezuela had to limit production due to huge protests against the country's president and power cuts due to the chaotic situation in the country. At the end of the year, the oil price had more than doubled and Brent-oil was traded at around 57 USD/bbl on the last trading day of the year.

Price trends in 2016 for Brent Crude



# Future of the carbon market put in doubt

The European market for carbon emissions has experienced another highly volatile year, where the entire future of the market was questioned. Brexit hit several commodity markets hard, but the European emissions market was probably one of the worst affected. The British decision to leave the EU left several big questions regarding the future of the market and whether or not the Britons would continue to be a part of the European quota system.

Following the referendum, the carbon price dropped by more than 30 % in only one and a half months and insecurity remained high on the market throughout the rest of the year.

## Lower marginal costs

Another reason behind the general downside on the market during the year was the fact, that the marginal costs for coal and gas were very close to each other. When this is the

case, it becomes more profitable to produce electricity using gas, something which leads to lower demand on the carbon market. EU lawmakers engaged in negotiations to strengthen green ambitions, but nothing which was able to generate any long-lasting upside on the market. At the end of the year, the benchmark carbon contract had fallen by 22 % and the last closing price of the year was 6.39 EUR/t.

Price trends for Carbon Contract 2016



# Coal prices rose throughout the year

As with the oil market, international coal prices hit their lowest point in early 2016, but then recovered throughout the rest of the year. In mid-February, the front year-contract for a ton of coal was traded at 36.55 USD, but did rise to a level of approximately 70 USD at the end of the year. The market has been oversupplied for several years, but this situation changed during 2016, where production cuts in China and higher demand in Europe due to the French nuclear power crisis

in particular led to a better ratio between supply and demand.

## Chinese production cuts

China is by far both the largest consumer and producer of coal, and therefore fluctuations in Chinese production can easily affect the global market. This happened in 2016 when the Chinese government, as part of wider industrial rescheduling, decided that the Chinese coal producers could only produce on a limited basis. This meant that the Chinese

had to import coal from other countries to meet demand, causing prices to rise throughout the world. Later in the year, the Chinese allowed domestic producers to increase production, but this was not enough to cause any noticeable downside on the market. Global supply was tight in the last part of the year due to issues in big coal-producing countries like South Africa and Colombia and the high demand in Europe as the French nuclear power crisis kept prices high throughout the year.

We pave  
**the way** for  
a **valuable**  
↗ partnership



# Expectations

## – Northern European economy 2017

Following several years in which growth in the EU was nowhere near as large as expected, economic progress was more positive in 2016. The European Commission expects that growth will decline slightly in 2017, with the level expected to be 1.5 %. 2016 was affected by a high degree of insecurity, first and foremost because of Britain's decision to leave the EU.

Overall growth in the EU in 2016 was 1.8 %, which was the exact figure that the European Commission had estimated at the beginning of the year. The fact that growth actually turned out to be as high as hoped was a bit of a surprise, considering that this had not been the case in previous years, which had been far more disappointing. As a result, 2016 must be regarded as quite a successful year for the EU economically, although there were several events which disrupted the positive sentiment.

The most significant event on the European financial markets in 2016 was Brexit, the British decision to leave the EU. The markets were shocked by the decision, and questions about the details and how quickly the British will leave the union will continue to be a big topic in 2017. The British Prime Minister Theresa May had suggested a hard and quick Brexit, but when the country's Supreme Court decided that the Prime Minister needed the backing of the Parliament to see this through, further insecurity hit the markets.

Despite the efforts of the European Central Bank, which continues its bond purchasing to try and stimulate the economy, inflation in the EU is still disappointingly low. The level was 0.3 % in 2016, but the European Commission has an optimistic forecast for 2017, when it expects the level to be 1.7 %. This number does seem a

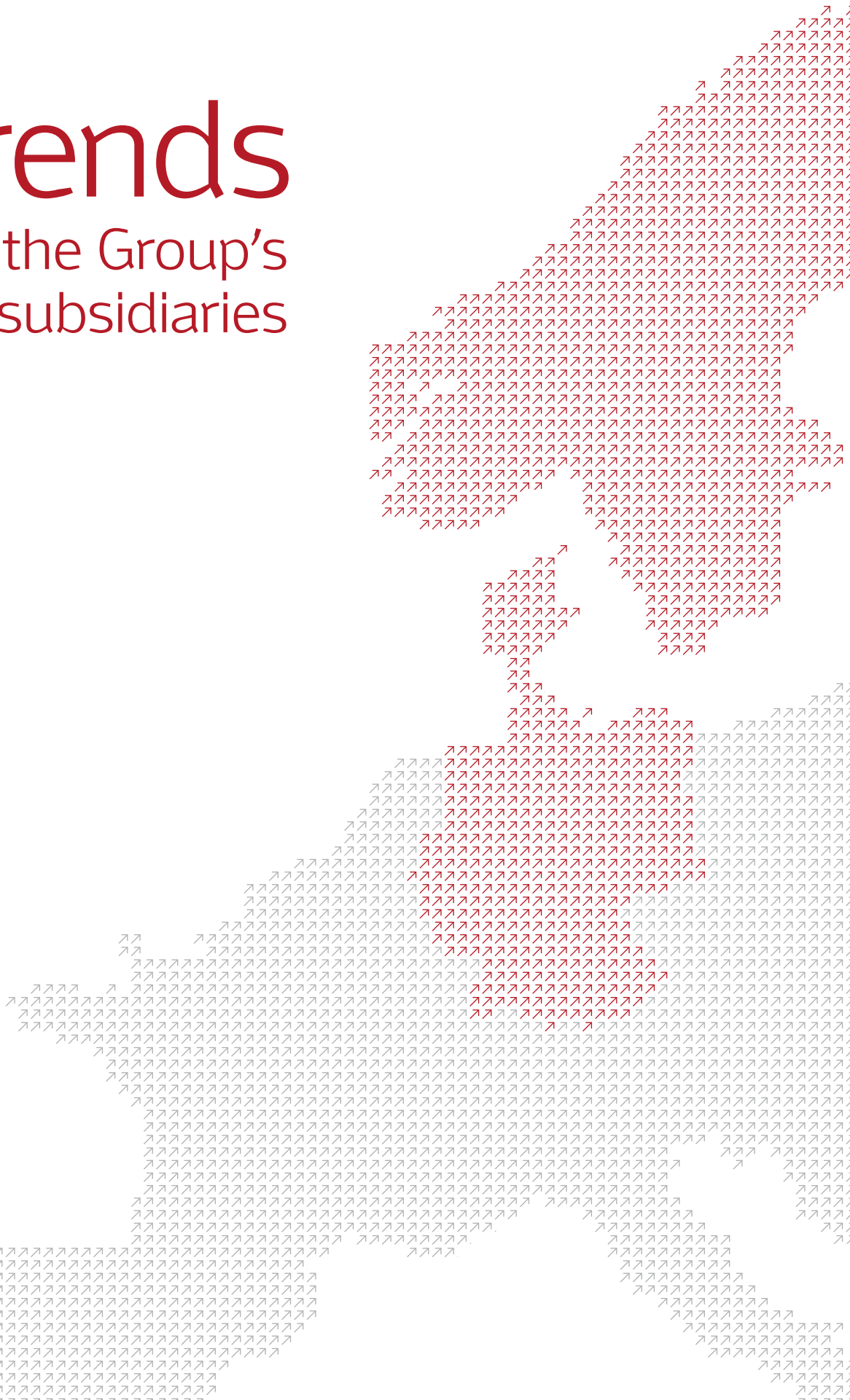
bit too optimistic, given how - despite the efforts of previous years - it has not been possible to increase inflation.

The Nordic countries are still better off than the EU in general where unemployment is concerned. While the average unemployment rate in the union in 2016 was 8.3 %, the level was noticeably lower in the Nordic countries. The economic growth expectation for 2017 in the Nordic countries is very like that of the EU in general, with hopes of a lower level of unemployment and an increase in consumer spending.

Even though economic growth is expected in the Nordic countries in 2017, it is far from certain that this will lead to an increase in electricity consumption. For several years now, electricity consumption has remained steady or slightly decreased despite economic growth and increasing consumer spending. Consumption in Denmark has remained largely unchanged over the last few years, and even though the Danish TSO Energinet.dk expects consumption to increase as we head towards 2020, this forecast is somewhat uncertain.

# Trends

in the Group's  
subsidiaries





# Securities

Energi Danmark Securities A/S (EDS) can add another year to its run of years with positive results, as in 2016 it realised pre-tax profits of DKK 30.8 million, which is very satisfactory. In recent years, the company has experienced a significant increase in gross profit, which is due, in large part, to a solid customer approach by the Nordic region and, recently, the German market as well. The company's total portfolio volume grew by approximately 10 % in 2016, and the com-

pany's portfolio concept is now firmly anchored in all the Nordic countries, as well as being off to a good start in Germany, since EDS provides portfolio management for all companies in the Energi Danmark Group.

In recent years the company has built up a skillful international team of qualified and motivated employees. At the same time, the development of EDS primary revenue sources through expan-

sion of the product palette has been positive. The company's growth and the clear synergy benefits in relation to the rest of the Group mean that EDS will be consolidated and its equity will be expanded in line with the positive results. This will mean additional resources that will enable EDS to continue its growth, continue its positive development and create additional value for Danish, Nordic and other international customers.

Amounts in DKK million	IFRS		Danish GAAP		
	2016	2015	2014	2013	2012
<b>Key figures, Energi Danmark Securities</b>					
Revenue – Sales of power etc.	29.3	31.3	40.4	36.9	31.6
Gross profit	46.9	30.7	40.1	37.3	36.3
<b>Operating profit</b>	<b>29.6</b>	<b>15.7</b>	<b>24.6</b>	<b>23.7</b>	<b>25.4</b>
Profit from financial items	1.2	2.0	2.1	1.5	1.1
<b>Profit before tax</b>	<b>30.8</b>	<b>17.7</b>	<b>26.7</b>	<b>25.2</b>	<b>26.5</b>
Tax	-6.8	-4.2	-6.6	-6.3	-6.6
<b>Profit for the year</b>	<b>24.0</b>	<b>13.5</b>	<b>20.1</b>	<b>18.9</b>	<b>19.9</b>
Balance sheet total	378.0	861.4	194.3	189.2	151.2
Of this, investment in non-current assets	0.0	0.0	0.2	0	-0.5
<b>Equity</b>	<b>179.0</b>	<b>163.5</b>	<b>160.1</b>	<b>143.9</b>	<b>129.9</b>

## Key ratios, Energi Danmark Securities

Gross margin ratio	159.9 %	98.1 %	99.3 %	101.1 %	115.1 %
Profit ratio (EBITA)	101.0 %	50.2 %	60.8 %	64.4 %	80.6 %
Solvency ratio	47.4 %	19.0 %	82.4 %	76.1 %	85.9 %
<b>Return on equity before tax</b>	<b>18.0 %</b>	<b>10.9 %</b>	<b>17.6 %</b>	<b>18.4 %</b>	<b>21.6 %</b>
Return on equity after tax	14.1 %	8.3 %	13.2 %	13.8 %	16.2 %
Average number of full-time employees	12	11	6	6	5

Due to the change in accounting principles from Danish GAAP to IFRS the key figures and ratios from 2012-2014 are not comparable with the figures and ratios from 2015-2016.

# Wind

2016 has been a less satisfactory year for Energi Danmark Vind A/S (EDV), and EDV considers the total profit of DKK 2.18 million before tax to be unsatisfactory. A below-average wind yield (- 9.80 %) and low market value on wind-produced electricity have also challenged EDV in 2016. The company's hedging positions for interest rates and electricity sales have amassed a negative income of DKK -14.61 million. This might

have been improved if a greater proportion of production had been hedged earlier. The falling settlement prices encountered have surprised EDV and the market in general. The market prices for electricity generated by wind are within the range of 10–20 øre/kWh, depending on the area and hedging period. In the past, it has been possible to hedge production for prolonged contracts here up to approximately 50 øre/kWh.

In terms of operating activities, 2016 was satisfactory and the availability of the company's plants was high during the course of the year. On average the availability was 97.4 percentage points, which is 0.4 percentage points over the budgeted target.

In 2017, the aim will be to continue to expand the portfolio of land-based wind turbines. 33 MW is in the pipeline for 2017.

Amounts in DKK million	IFRS		Danish GAAP		
	2016	2015	2014	2013	2012
<b>Key figures, Energi Danmark Vind</b>					
Revenue – Sales of power etc.	59.7	72.2	41.7	58.9	70.5
Gross profit	35.8	76.6	32.8	42.8	10.9
<b>Operating profit</b>	<b>10.2</b>	<b>51.6</b>	<b>19.2</b>	<b>27.6</b>	<b>3.4</b>
Profit from financial items	-8.0	-11.1	-5.1	-5.7	-3.2
<b>Profit before tax</b>	<b>2.2</b>	<b>40.5</b>	<b>14.1</b>	<b>21.9</b>	<b>0.2</b>
Tax	0	-8.3	-1.9	-0.3	1.5
<b>Profit for the year</b>	<b>2.2</b>	<b>32.2</b>	<b>12.2</b>	<b>21.6</b>	<b>1.7</b>
Balance sheet total	559.5	607.5	380.8	284.7	308.7
Of this, investment in non-current assets	-0.3	-220.8	-104.3	22.5	-155.0
<b>Equity</b>	<b>236.2</b>	<b>234.1</b>	<b>201.8</b>	<b>189.6</b>	<b>93.0</b>
<b>Key ratios, Energi Danmark Vind</b>					
Gross margin ratio	60.1 %	106.1 %	78.5 %	72.7 %	15.4 %
Profit ratio (EBITA)	17.0 %	71.5 %	46.1 %	46.9 %	4.8 %
Solvency ratio	42.2 %	38.5 %	53.0 %	66.6 %	30.1 %
<b>Return on equity before tax</b>	<b>0.9 %</b>	<b>18.6 %</b>	<b>7.2 %</b>	<b>15.5 %</b>	<b>0.3 %</b>
Return on equity after tax	0.9 %	14.8 %	6.3 %	15.3 %	1.9 %
Average number of full-time employees	1	1	1	1.5	1.5

Due to the change in accounting principles from Danish GAAP to IFRS the key figures and ratios from 2012–2014 are not comparable with the figures and ratios from 2015–2016.

# Sweden



Energi Försäljning Sverige AB (EFS) managed to deliver 6.6 TWh of electricity in 2016. EFS is the third largest electricity supplier on the corporate market in Sweden. This means that EFS is well on its way to meeting its target of achieving a market share of 10 %.

EFS is pleased to have satisfied customers and our ambition is to be the natural first choice of partner for customers.

Since the company's formation, EFS has sold environmentally-friendly electricity in collaboration with the Swedish Society for Nature Conservation (Bra Miljöval). It was announced once again that EFS was the electricity supplier that had sold the most environmentally-friendly electricity in Sweden in 2015, totalling 1.35 TWh, which was very satisfactory.

EFS currently has sales offices in three cities in Sweden, located in

Stockholm, Gothenburg and Malmö. From these starting points we reach out to new and existing customers all over Sweden.

Annual profit before tax of SEK 32.9 million demonstrates that EFS' earnings remain stable at a good level, in spite of extensive investments to strengthen the company's brand and a strong continued focus on growth.

Amount in millions SEK.	IFRS		Danish GAAP		
	2016	2015	2014	2013	2012
<b>Key figures, Energi Försäljning Sverige</b>					
Revenue – Sales of power etc.	2,183.3	1,829	2,921.3	2,750.7	2,418.2
Gross profit	72.1	72.3	68.6	94.6	80.6
<b>Operating profit</b>	<b>31.5</b>	29.6	32.2	55.0	48.5
Profit from financial items	1.4	0.4	-0.4	0.8	1.1
<b>Profit before tax</b>	<b>32.9</b>	30.0	31.8	55.8	49.6
Tax etc.	-7.2	-6.6	-9.9	-12.5	-14.9
<b>Profit for the year</b>	<b>25.7</b>	23.4	21.9	43.3	34.7
Balance sheet total	1,061.9	957.3	734.6	647.4	659.1
Of this, investment in non-current assets	-0.6	-0.3	-0.9	-0.9	-0.4
<b>Equity</b>	<b>221.9</b>	196.2	245.5	223.6	180.3
<b>Key ratios, Energi Försäljning Sverige</b>					
Gross margin ratio	2.2 %	2.6 %	2.3 %	3.4 %	3.3 %
Profit ratio (EBITA)	1.0 %	1.0 %	1.1 %	2.0 %	2.0 %
Solvency ratio	20.9 %	20.5 %	33.4 %	34.5 %	27.4 %
<b>Return on equity before tax</b>	<b>15.7 %</b>	16.3 %	13.6 %	27.6 %	30.4 %
Return on equity after tax	9.6 %	9.7 %	9.3 %	21.4 %	21.3 %
Average number of full-time employees	18	21	23	21	16

Due to the change in accounting principles from Danish GAAP to IFRS the key figures and ratios from 2012-2014 are not comparable with the figures and ratios from 2015-2016.

# Finland

In 2016, Energia Myynti Suomi Oy's (EMS) results before tax was tEUR 80.8 (tEUR 717.6 more than in 2015). Revenue increased by 3 % on the previous year to EUR 177.0 million. Economic development in Finland is still lagging behind other Nordic countries, but the situation started to show signs of improvement during the year. For the first time since 2012, industrial output turned into growth and temperature-adjusted electricity

consumption increased in Finland. Total consumption was 85.1 TWh.

2016 was exciting for EMS in many ways. First, the successful arranging of an Energi Danmark Group gathering in Finland, a new managing director from the beginning of June and successful results with significant growth in sales volumes. This is the result of excellent cooperation within the Energi Danmark Group and

professional personnel working for the same goal.

In 2017, EMS is determined to continue striving for profitable growth and strengthening its presence in Finland with new solutions. Despite increasing competition, EMS will continue to offer better competitiveness for business customers and institutions by providing the most productive solutions.

Amounts in EUR thousand	IFRS		Danish GAAP		
	2016	2015	2014	2013	2012
<b>Key figures, Energia Myynti Suomi</b>					
Revenue – Sales of power etc.	176,966.4	171,814.6	180,632.5	116,353.7	67,349.8
Gross profit	1,384.8	1,540.8	4,088.3	3,576.3	2,248.7
<b>Operating profit</b>	<b>53.8</b>	-374.8	2,393.5	1,461.6	299.0
Profit from financial items	27.0	-262.0	-318.7	-44.2	-92.7
<b>Profit before tax</b>	<b>80.8</b>	-636.8	2,074.8	1,417.4	206.3
Tax	5.8	121.1	-414.8	-356.2	-50.4
<b>Profit for the year</b>	<b>86.6</b>	-515.7	1,660.0	1,061.2	155.9
Balance sheet total	109,880.1	247,945.8	43,572.5	44,066.2	20,733.2
Of this, investment in non-current assets	-8.5	-50.7	-42.5	-54.2	-93.7
<b>Equity</b>	<b>6,601.8</b>	5,721.9	7,984.0	6,324.0	5,262.8

## Key ratios, Energia Myynti Suomi

Gross margin ratio	0.8 %	0.9 %	2.3 %	3.1 %	3.3 %
Profit ratio (EBITA)	0.0 %	-0.2 %	1.3 %	1.3 %	0.4 %
Solvency ratio	6 %	2.3 %	18.3 %	14.4 %	25.4 %
<b>Return on equity before tax</b>	<b>1.3 %</b>	-10.4 %	29.0 %	24.5 %	4.0 %
Return on equity after tax	1.4 %	-8.5 %	23.2 %	18.3 %	3.0 %
Average number of full-time employees	6	6	6	4.5	5

Due to the change in accounting principles from Danish GAAP to IFRS the key figures and ratios from 2012-2014 are not comparable with the figures and ratios from 2015-2016.

# Norway

In the past year Energi Salg Norge AS (ESN) delivered a Group loss of NOK -7.4 million before tax. At the end of the year ESN had equity of NOK 47.4 million. 2016 was characterised by the building of a new organisation and the penetration of new markets.

One of our targets for 2016 was to market our services to the energy trading companies. New market regulations are forcing these companies to look for new ways to purchase electricity. In this context, ESN has proved to offer very attractive solu-

tions. Over the course of the year ESN signed contracts with five energy trading companies with a combined annual revenue of approximately 1.2 TWh. Common to all these companies is that they have a strong growth strategy, and the solutions offered by ESN enable faster growth.

ESN signed agreements for a total of 7.7 TWh in 2016 for future delivery. The volume was distributed with approximately a third in the retail & property segment, a third in the industry segment and a third in the

energy trading companies segment. Of the 7.7 TWh, 2.5 TWh will be delivered in 2017. The rest will be distributed in the period 2018-2021.

ESN's target for 2017 is to continue its growth in the energy trading company segment. Alongside this, we will continue to achieve a wider customer mix and the company aims to target larger customers that demand a wider product mix, as well as customers with branches in several countries that are attracted by the Group's One Stop Shop concept.

Amount in millions (NOK)	IFRS		Danish GAAP		
	2016	2015	2014	2013	2012
<b>Key figures, Energi Salg Norge</b>					
Revenue – Sales of power etc.	422.2	347.0	374.0	356.5	78.2
Gross profit	8.5	20.4	31.0	20.2	11.3
<b>Operating profit</b>	<b>-7.7</b>	6.9	17.4	10.2	3.5
Profit from financial items	0.3	0.4	0.3	0.4	0.5
<b>Profit before tax</b>	<b>-7.4</b>	7.3	17.7	10.6	4.0
Tax	1.8	-2.0	0.9	-3.0	-1.0
<b>Profit for the year</b>	<b>-5.6</b>	5.3	18.6	7.6	3.0
Balance sheet total	258.0	109.2	107.3	113.5	55.5
Of this, investment in non-current assets	-0.5	-0.5	-0.8	-0.5	-0.1
<b>Equity</b>	<b>47.4</b>	53.0	68.7	50.1	42.5

## Key ratios, Energi Salg Norge

Gross margin ratio	2.0 %	5.9 %	8.3 %	5.7 %	14.4 %
Profit ratio (EBITA)	-1.8 %	2.0 %	4.7 %	2.9 %	4.5 %
Solvency ratio	30 %	48.5 %	64.0 %	44.2 %	76.6 %
<b>Return on equity before tax</b>	<b>-14.7 %</b>	14.5 %	29.8 %	22.8 %	9.6 %
Return on equity after tax	-11.1 %	10.5 %	31.3 %	16.4 %	7.3 %
Average number of full-time employees	8	9	8	6	4

Due to the change in accounting principles from Danish GAAP to IFRS the key figures and ratios from 2012-2014 are not comparable with the figures and ratios from 2015-2016.

# Germany

Energie Vertrieb Deutschland EVD GmbH (EVD) is becoming an important player on the German market. 2016 has been a successful year with an order intake of 3.389 TWh. During a difficult year the company was able to sign contracts with high-profile customers. The pre-tax result shows loss of EUR -0.41 million.

Due to the strong relationship with the customers EVD has been able to extend several contracts for the next few years. It is worthy of special mention that the natural gas storage company Storengi based in Berlin,

decided to award their new contract to the company once again. Furthermore, the public organisation which manages German job centres, the Bundesagentur für Arbeit, has also decided to take up the option to extend the existing contract until 2018.

To ensure that the company has a more local presence in Germany's industrial areas, EVD launched a sales office in Leipzig towards the end of the year. The salespeople on-site will get in touch with medium-size companies in the area to present the product portfolio. Leipzig is one

of the areas in Germany where EVD sees significant growth in the market. The city is located close to Berlin and Dresden and has excellent infrastructure. There are plans to launch another sales office in the western part of the country between Hamburg and Düsseldorf in 2017.

The main goals for 2017 are to intensify contacts with industrial clients and to continue to introduce portfolio management to them. EVD will take all possible opportunities to continue its successful growth in Europe's biggest energy market into the next few years.

Amounts in EUR thousand	IFRS		Danish GAAP	
	2016	2015	2014	2013
Revenue – Sales of power etc.	60,144.3	29,212.7	0.0	0.0
Gross profit	761.4	-30.4	1,066.0	0.0
<b>Operating profit</b>	<b>-538.9</b>	<b>-889.0</b>	<b>580.0</b>	<b>-3.0</b>
Profit from financial items	130.2	500.0	-3.0	0.0
<b>Profit before tax</b>	<b>-408.7</b>	<b>-389.0</b>	<b>577.0</b>	<b>-3.0</b>
Tax	131.8	125.5	-186.0	0.0
<b>Profit for the year</b>	<b>-276.9</b>	<b>-263.5</b>	<b>391.0</b>	<b>-3.0</b>
Balance sheet total	262,577.5	133,330.0	23,454.0	25.0
Of this, investment in non-current assets	-114.4	-146.0	-447.0	0.0
<b>Equity</b>	<b>9,125.3</b>	<b>9,402.2</b>	<b>10,388.0</b>	<b>22.0</b>

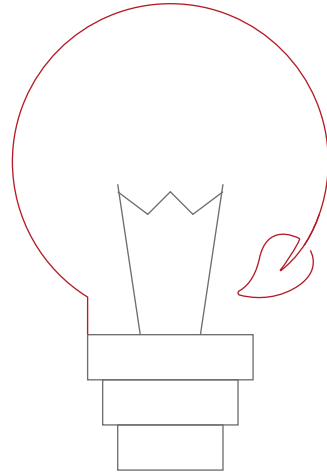
## Key ratios, Energie Vertrieb Deutschland EVD GmbH

Gross margin ratio	1.3 %	-0.1 %	N/A	N/A
Profit ratio (EBITA)	-0.9 %	-3.0 %	N/A	N/A
Solvency ratio	3.5 %	7.1 %	44.3 %	88 %
<b>Return on equity before tax</b>	<b>-4.5 %</b>	<b>-4.1 %</b>	<b>11.1 %</b>	<b>N/A</b>
Return on equity after tax	-3.0 %	-2.8 %	7.5 %	N/A
Average number of full-time employees	5	3	1	0

Due to the change in accounting principles from Danish GAAP to IFRS the key figures and ratios from 2012-2014 are not comparable with the figures and ratios from 2015-2016.

# Focus on a sustainable future





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# Sustainability

This 2016 Sustainability Report is a statutory report on the 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 Energi Danmark's website in addition to a more extensive overview of the sustainability activities that the parent company Energi Danmark A/S has implemented.



# Statement from the CEO

In 2016, the Energi Danmark Group underwent a change process, both strategically and organisationally, for the purpose of focusing on the key business areas of the Group – Customers and Trading. The changes underpin the Group's desire to ensure long-term sustainability – financial, social and environmental. Our CSR focus has also undergone changes in 2016, and going forward it will be closely linked to the core business itself.

For a number of years, the Energi Danmark Group has been working on sustainable activities across the countries in which it is present. So far, our work has, among other things, focused on the expansion of renewable sources of energy, support for children and adolescents, health and safety and sustainable consumption. We will continue to work on all of these areas, but this year we have chosen to redefine our CSR strategy in order to bring our focus areas much closer to the business. Through greater support of the sustainable initiatives in processes close to our business, we believe that the initiatives will make a difference – internally and

externally. This strategic approach is also part of the extension of the "People, Planet, Profit" philosophy that we have based our work on over the last few years and will continue to focus on.

In the new CSR strategy, we have chosen to focus our work on six different areas that are all integral parts of the way in which we think and trade in the Energi Danmark Group – the areas form part of Energi Danmark's DNA and we cannot exist without any of them. The six areas are aimed both at our internal processes and values and externally at our customers, investors, partners and society at large.

We believe that sustainability that is integrated in our everyday core areas will be substantially more motivating to work with for both managers and employees. This allows us to ensure that CSR becomes a natural and obvious thing to work with every day. We also believe that a closer link between the sustainable strategic initiatives and the core business will contribute positively to the financial bottom line, thereby creating long-term value for the Group's stakeholders.

Regards

**Jørgen Holm Westergaard**  
CEO of the Energi Danmark Group



# Energi Danmark

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 Energi Danmark 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 your company's energy investment while also providing you with 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 your energy bill. We are awake and alert. Always.*



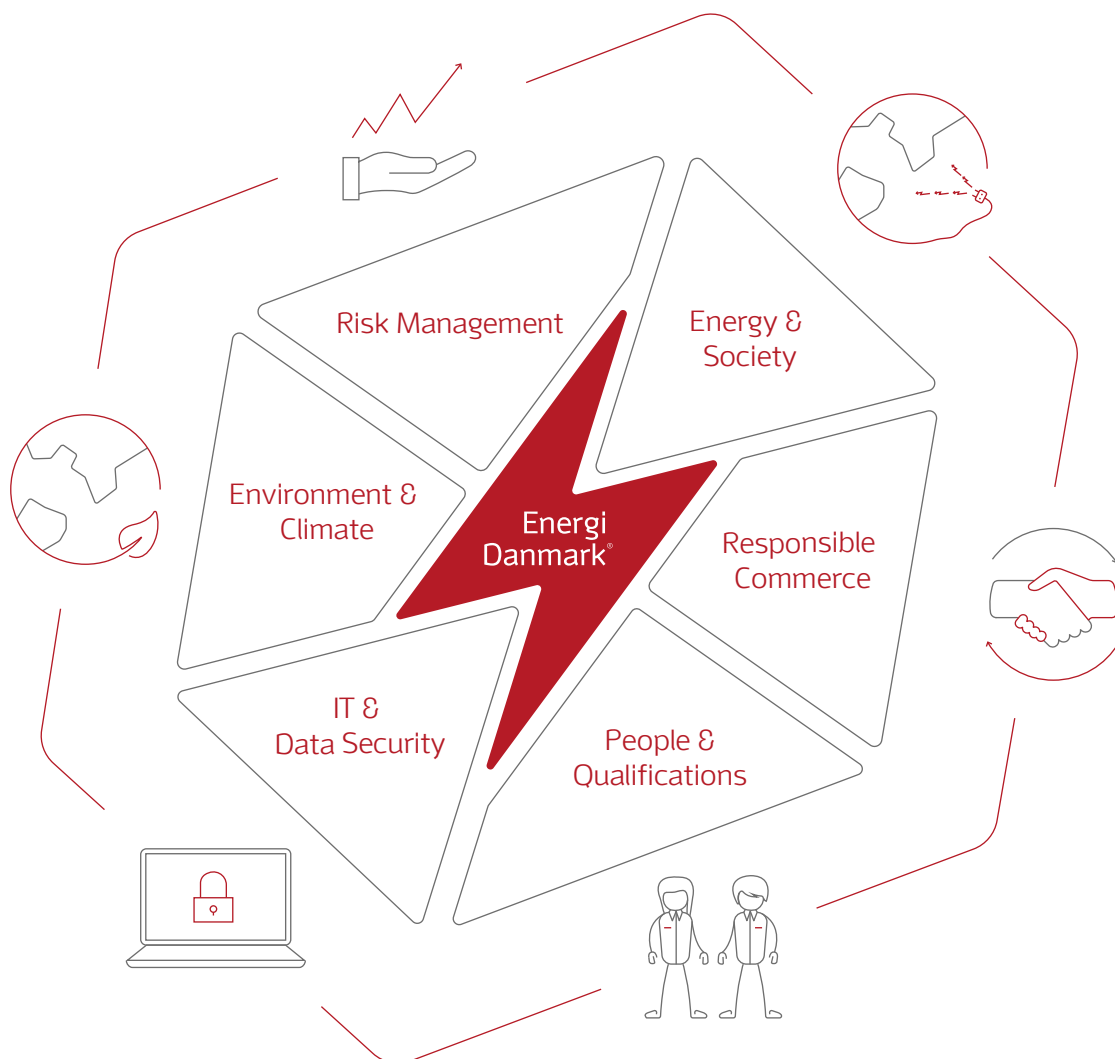
# Introduction

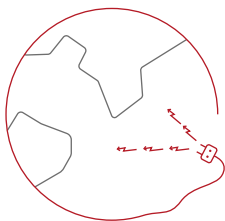
## – Our sustainable prioritisations

Energi Danmark 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 taken a close look at the 17 goals, and initially 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. Using UN goal 7 as the

guideline, we base our CSR strategy on the following six strategy points: Energy & Society, Responsible Commerce, People & Qualifications, IT and Data Security, Environment & Climate and Risk Management.





Sustainability

# Energy & Society

Energi Danmark is conscious of its social responsibility. Our business is based on healthy and responsible business activities. We want to contribute to society through the creation of jobs and consideration of nature and the environment as well as by supporting projects involving future generations. Energi Danmark 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.

## Regulation power in wind turbines

During spring 2016, Energi Danmark launched a new product for its wind turbine customers, allowing the turbines to participate in the regulation power market. The product is an important part of the company's sustainable focus as it makes it more attractive to own a wind turbine while also ensuring optimal utilisation of the wind energy in the grid.

The regulation power market is used by Energinet.dk to maintain the physical balance in the grid, hour by hour. During operating hours when there is a surplus of

electricity in the grid, electricity producers have the option to buy back their planned electricity production at a compensation price lower than the spot price. In other words, electricity producers are offered a compensation price for the downward regulation of their planned electricity production.

Turbine owners enter into an agreement with Energi Danmark with regard to the compensation price they require to stop their wind turbines. In a given operating hour, supply and demand will determine which wind turbines are stopped.

Naturally, the turbines that demand the lowest compensation price will be stopped first. Regulation power in wind turbines allows Energi Danmark to stop wind turbines and help maintain balance in the grid. The turbine owner gives Energi Danmark permission to remotely control each turbine and stop the turbine electricity production when the market price is adequately high. So far, the product has been well received by customers and has also contributed to increasing the overall settlement of accounts.

Regulation power for wind turbines is aimed at both existing and new customers. Energi Danmark's subsidiary, Energi Danmark Vind, also participates in the regulation power market with its own turbines. However, the possibility of regulation power is mainly relevant to new turbines, in which the technology allows Energi Danmark to access the turbine data.

Regulation power for wind turbines allows Energi Danmark to future-proof the Group. Everything indicates that the volume of renewable sources of energy will grow in the future and, all else being equal, this would increase the need for

The demand for regulation power has grown in line with a greater proportion of electricity production being supplied from renewable sources of energy such as wind and solar. In order to maintain the balance between electricity consumption and electricity production in the grid, it is more relevant than ever before to regulate electricity production during the operating day.

Anders Møller Sørensen, Account Manager, Wind Power

electricity production that can be regulated. In the event that regulation power requirements are introduced in the future, Energi Danmark will be in a strong

position in the market. Energi Danmark hopes that more existing and new customers will make use of the product in 2017.

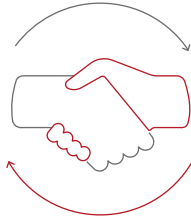
## We support future generations

Our sustainable ambition to improve everyday life for children and young people is still something we are focusing heavily on. This is done, among other things, through our strategic partnerships with organisations in Denmark and the other Nordic countries. As a Northern

European energy trading company, we believe that it is crucial to take a collective responsibility across the Nordic region and have a shared goal of providing for future generations. We are all dependent on creating the best conditions to give future potential employees the best start in life.

All our efforts are characterised by a shared goal to work with children and young people. Throughout the past year, we have become involved in various activities and partnerships in order to realise our sustainable ambition of being able to make a difference for future generations. In the past year, for example, we have provided financial support to the Danish Red Cross Youth, Stiftelsen Stefan Paulssons Cancerfond and Star for Life in Sweden, and the Sykehusbarn organisation in Norway that attends to the needs and wellbeing of children in hospitals. Finland has also made a donation to Finnish Red Cross Youth.





## Sustainability

# Responsible Commerce

In energy trading groups such as Energi Danmark, 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. We also focus on responsible trade with suppliers and partners within renewable energy.

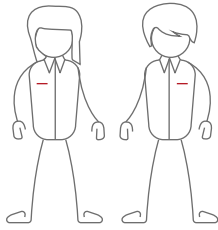
Our customer advice is based on our customers' individual risk profiles and desires. We deliver tailored, transparent solutions to customers, whether they are international groups, public sector entities or smaller companies.

Trade in the European power exchange is managed by our extensive Trading department, which has specialist expertise within all relevant areas, including Short and Long Term Trading,

Cross Border and Intraday Trading. This means that all trading areas are monitored by experienced specialists on behalf of our customers.

Sustainable energy is a central fulcrum for substantial parts of our business, including within the subsidiary Energi Danmark Vind and in connection with products such as Miljøvenlig El and Bra Miljøval. In connection with these areas, we are very aware of our collaboration and trade agreements

with suppliers, whether relating to the delivery of complete wind turbines or guarantees of origin for hydropower and wind power. With regard to international collaboration, we also have an obligation to undertake ethical trade based on the UN's Global Compact, including anti-corruption, human rights and social matters.



## Sustainability

# People & Qualifications

At Energi Danmark, our most important resource is our employees and, in order to prepare for the future, it is essential for our employees to have the energy skills of the future. We therefore prioritise supporting employees' skills development and maintain a good, efficient working environment.

We want to create a working environment in which employees can excel and also develop and strengthen professional and personal skills. Energi Danmark aims to be a good place to work, where employees are inspired and motivated to do their best. We have a continuous focus on employee satisfaction, professionally and socially.

In 2016, for the fourth year in a row, we completed a Group-wide Employee Satisfaction Survey (ESS). Senior management and all departments and teams have actively worked with the results from the ESS and there has been valuable dialogue between management and employees. Based on this dialogue, we have developed action plans and focus areas at department level.

Based on the ESS results, the Executive Management Committee (EMC) has also established two Must Win Battles focusing on employees. In 2017, there will therefore be internal initiatives

focusing on communication and a great working environment. These initiatives will be an integral part of everyday work on our goal performance management. We believe that focused measures within the action areas will strengthen the Energi Danmark Group and also create positive developments in a clear direction.

In 2016, we have been actively working towards the goal performance we initiated in 2015. This work has resulted in several initiatives, including the organisational change in January. Furthermore, one of our focus

areas has been to strengthen the cross-organisational cohesion between Energi Danmark and our subsidiaries. This work will continue, as we believe that strong cohesion across the organisation also ensures the best possible service to our customers across country borders. As part of strengthening the cross-organisational collaboration, goal performance will be implemented in the subsidiaries in 2017.

# 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 energy industry, and therefore most employees of the Energi Danmark Group are also men.

Energi Danmark 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 labour 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. Energi Danmark recruits its employees solely on the basis of talent and personality, and offers the same opportunities to all employees, regardless of nationality, religion, political convictions, gender and age. We want to 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

As at 31 December 2016, Energi Danmark's Board of Directors is made up of six people, all of whom are men. At top management level, there were nine people, of whom one was woman (11 %). There were also four women (27 %) at middle management level, which totals 15 people.

With regard to women in management, Energi Danmark currently has an under-representation 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. These goals were divided into visions for 2017 and 2021 respectively, the aim being to have:

- > An 85/15 distribution on the Board of Energi Danmark, requiring at least one woman to be elected onto the Board before 2017. It is also an ambition to achieve a gender distribution of 70/30 on the Board before 2021, requiring the election of another woman onto the Board.
- > 28% of Energi Danmark's top management, which currently consists of nine people, to be comprised of women in 2017.

The goal of an 85/15 gender distribution on the Board was not achieved in 2016, as there were no replacements in the Board.

The goal of a 72/28 gender distribution at the top management level was also not achieved in 2016, as the organisational changes resulted in a constellation where the top management almost solely existed

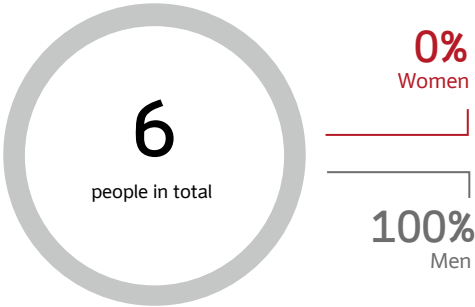


of men, as they were already managers in the focus areas Customers, Trading, Finance, IT and Strategic Business Development.

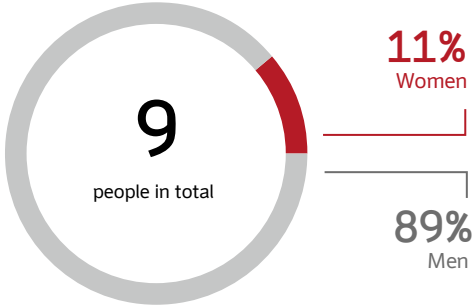
Energi Danmark appoints and promotes managers based on the attitude that the most suitable person is always appointed regardless of gender. We want to inspire all employees to be a part of the management,

and as a consequence we offer our employees the opportunity to develop professional and personal skills through participation in relevant courses etc. Energi Danmark's aim here is for women and men to take equal advantage of these opportunities.

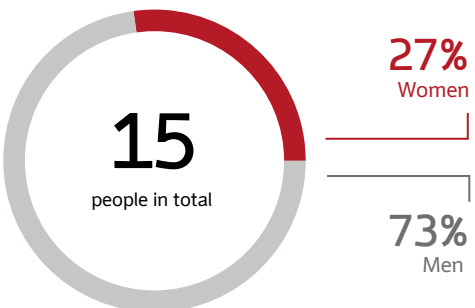
### Board of Directors



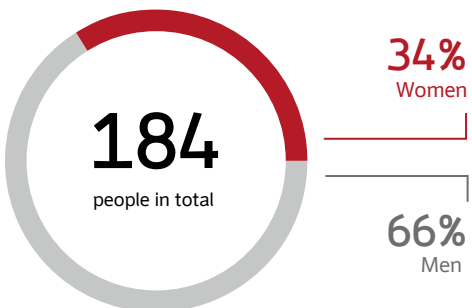
### Top Management



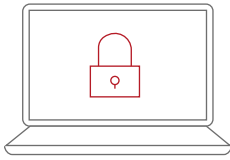
### Middle Management



### Energi Danmark Group



## Sustainability



# IT & Data Security

IT & Data Security are two crucial areas for an energy trading group such as Energi Danmark, for several reasons. As an energy supplier, we must be present in the markets 24/7 in order to monitor and act on behalf of our customers. We therefore need to make sure that our IT platforms, for internal and external use, remain operational round the clock, and that all data in our systems is reliable.

As an international energy group with trading activities across more than 20 European borders, a turnover of more than DKK 15 billion and the management of data from approximately 130,000 measuring points in five countries, the Energi Danmark Group sets out strict requirements concerning IT & Data Security day and night, all year round.

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 Energi Danmark 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.

At Energi Danmark, we are very aware of the IT & Data Security legislation that is about to be implemented. We welcome the stricter legislation, that in the future will help ensure that all companies prioritise and deal with the challenges – ensuring both a higher general IT and data standard within the sector as well as more equal terms for all parties in the energy markets.

In brief, our aim in IT & Data Security is to protect – to protect our customers, employees, shareholders and other stakeholders, as well as the company itself, against attacks on our systems and data. We do this, among other things, by focusing on compliance with the coming Act on Processing of Personal Data and the legislation relating to IT contingency for the electricity and natural gas sectors. We currently use, and will continue to do so, a great deal of resources to implement this across our business and our underlying systems.





Sustainability

# Environment & Climate

Energi Danmark takes responsibility for climate issues. We have an overriding Environment & Climate policy of contributing to the development of renewable energy in Denmark. To be able to convert this aim into concrete action, we choose to invest in, construct and operate wind turbine projects through our subsidiary Energi Danmark Vind. Allowing us to evolve from exclusively being a financial 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.

## First place once again with Environmentally Friendly Electricity

This is the second year in a row that Energi Försäljning Sverige AB (EFS) has topped the list of companies that have sold the most environmentally friendly electricity, in the form of Bra Miljöval, in Sweden. EFS succeeded in increasing the sale of Bra Miljöval from 1,2 TWh to 1,35 TWh. Thanks to our customers' environmentally friendly purchases and our sales of Bra Miljöval, SEK 3.7 million has been allocated to environmental improvement projects and energy efficiency measures. Money that will further improve our environment and our environmental focus.

"The more we strive for the sustainable, environmentally

friendly energy generation, the more knowledge we acquire. We are keen to pass that knowledge on to our customers to help them create sustainability in their businesses," says Ulf Dahlin, CEO at EFS.

Under a Bra Miljöval supply contract, electricity is obtained from renewable sources such as wind power, hydro power, biomass and solar power. The renewable electricity generation process must take into account the environment, the climate, animals, plants and people. For every kWh of Bra Miljöval sold, money goes to various projects to repair environmental damage and reduce electricity consumption through energy efficiency measures.

EFS' objective is always to be top for Bra Miljöval and, as a result, always to be the electricity supplier in Sweden that sells the most environmentally friendly electricity. We are working towards a sustainable future.



Bra Miljöval

# Consumption overview 2016

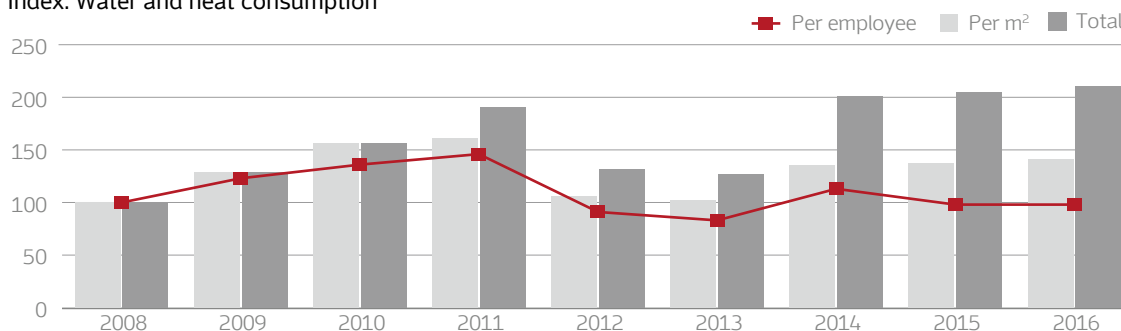
New owners took over Company House III in 2016, which is why it has not been possible to collect exact figures regarding our heating and water consumption in time. We do expect consumption to be at a stable level. When updated figures are ready, these will be made accessible on our website [www.energidanmark.dk](http://www.energidanmark.dk) under CSR. However, we have estimated our consumption for 2016.

We are constantly aware of how our consumption affects the environment. In 2016 we continued to sort

our waste, and we used only FSC and Nordic Ecolabel paper in accordance with our Pure Purchasing Project.

As we reported last year, our ambition is to follow up on data quality with our building administrators. As we have got new building administrators, this has not been possible in 2016. Our ambition remains to establish a quarterly report system in the future, so that we will receive information on an ongoing basis to compare with the overall data overview at the end of the year.

Index: Water and heat consumption

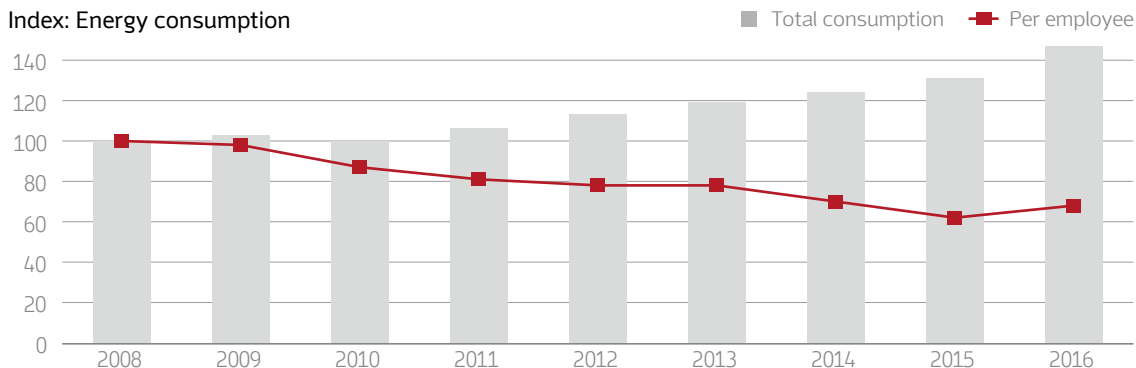


## Electricity consumption

The electricity consumption for the parent company has increased by 6 % if we look at the average consumption per employee. The number of employees in Aarhus increased by 2.7 % (from 126 to 129) in 2016, and electricity consumption increased by 12 percent. This is partly due to the fact that we increasingly offer employees and customers to use our car charging stands. As a part of our sustainable strategy we support the use of electric cars.

The electricity consumption per employee shows a slight downward trend from 2008 to 2015, and this is a trend of which we are proud. Electricity consumption per employee increased a little in 2016 however, which is why we want to continue focusing on keeping it stable as well as reducing our own consumption in the coming years.

Index: Energy consumption



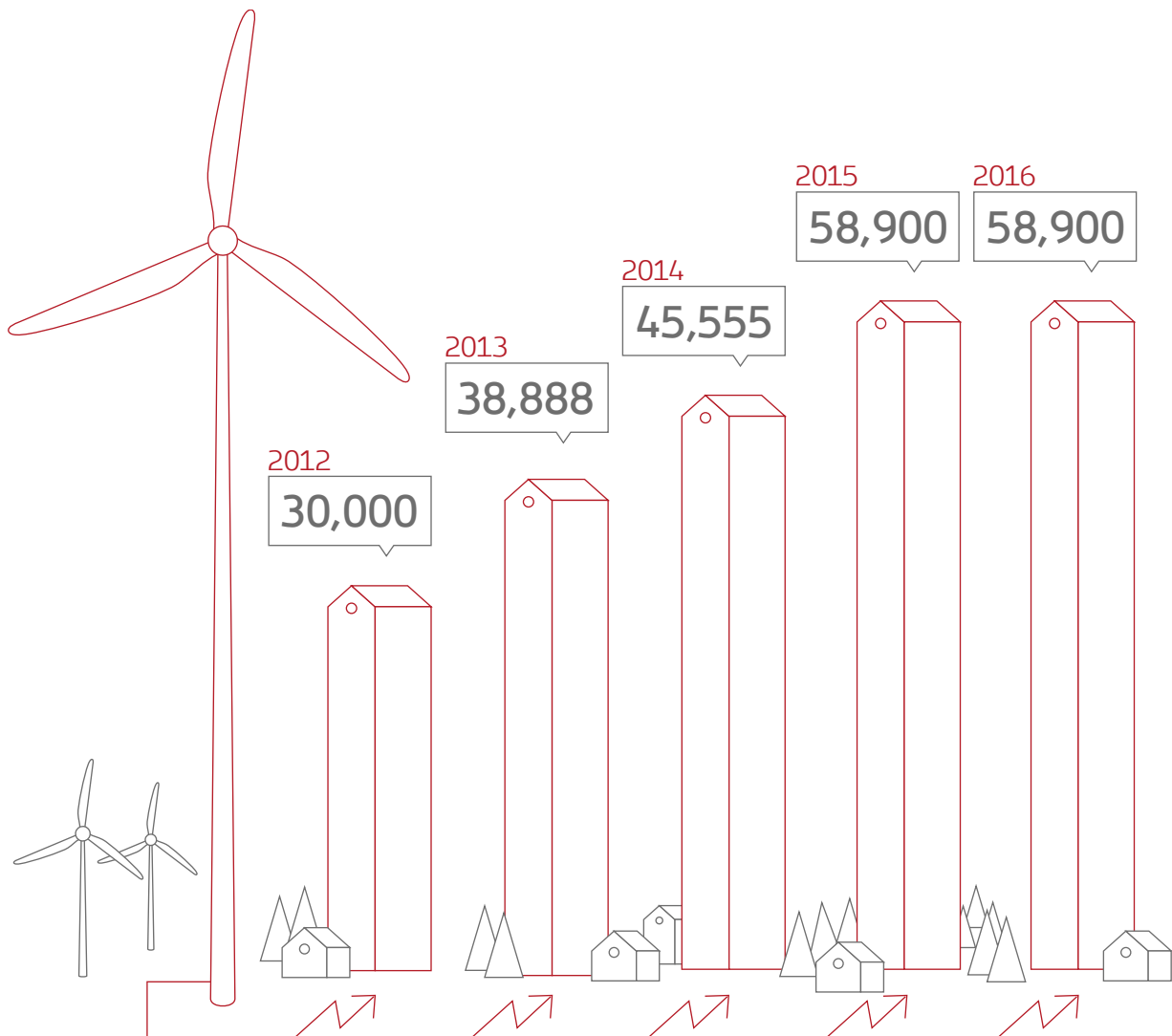
## Electricity for almost 60,000 households

In 2016, EDV generated approximately 129,000 MWh from wind energy, which equates to the energy consumption of 28,000 households. This development took place in a year where wind energy levels have been approximately 8 % below the norm and the availability of the company's installations was high, at an average of 97.4 percentage points, which is 0.4 percentage points over the budgeted target. Since its start-up in 2009, EDV has taken part in the

implementation of new wind power installations in the Danish electricity supply grid corresponding to annual production of 265,000 MWh, which is equivalent to the consumption of around 58,900 households.

EDV is aware that sustainability increasingly means how the company focuses on cultivating and realising projects that are sustainable for the environment as well as the economy.

In 2017, the aim will be to continue to expand the portfolio of land-based wind turbines.





Sustainability

# Risk Management

Risk Management is at the core of everything we do within the Group – the core of the products we supply to our customers and the core of everyday thinking and operations. Without professional Risk Management in the short and long term, we cannot achieve a sustainable Group which can deliver excellent results now and in the future, as well as good service to our customers and investors. Sustainability depends on good Risk Management and results in a financially sound and well-functioning Group that is well-equipped for future challenges.

The Energi Danmark Group business model is based on being one of the leading Northern European energy trading companies. Our activities include:

- > Selling electricity – both physically and financially, especially to customers in Denmark, Sweden, Norway, Finland and Germany
- > Buying electricity – both physically and financially – from Nord Pool, Nasdaq, other exchanges, counterparts, decentralised power plants, wind turbines etc.
- > Carbon certificates trading
- > Gas trading
- > Portfolio management and counselling
- > Green certificates trading
- > Operation of own wind turbines
- > Cross-border trading of electricity in Europe
- > Trading on balancing markets
- > Buying and selling other energy-related commodities.

When trading energy products on various markets, Risk Management becomes a very important part of the

business model. The Energi Danmark Group is exposed to different kinds of risks including (among others) market risks, liquidity risks, credit risks, volume risks, currency exchange risks, operational risks and interest rate risks.

In order to handle these risks, the parts of the organisation responsible for sales, purchasing and trading have included relevant Risk Management procedures and internal controls in their daily operations.

The responsibility, however, for measuring and evaluating risk exposure levels and monitoring adherence to risk lines sits with the Risk Management department. The Risk Management department is independent of the departments managing the risks.

The Board of Directors has set the lines within which exposure to risk is permitted. The Risk Management department compares actual exposure levels with the lines given by the Board on a daily basis.

In case of a breach, the Board should be informed immediately and exposure is to be reduced to below these lines.

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.

### Market risk

The market price for electricity has proven quite volatile and subject to changes and events that cannot be predicted.

The spot price is determined hourly on the physical exchanges and forms the basis for financial trading of electricity on futures and forward contracts.

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.

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 consumption volumes in order to avoid ineffective hedging positions. Combined customer consumption is monitored on a regular basis in order to predict and adjust the corresponding hedging position.

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 minimising the risk.

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 in-house 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).

### Liquidity risks

In Energi Danmark, many of the working capital requirements from trading activities exist due to funding the purchase of electricity for delivery to our customers. Especially since the Wholesale Model was implemented, the liquidity requirement 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.

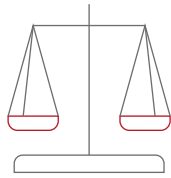
The liquidity risk is managed and monitored on a daily basis and a cash flow prognosis showing expected future cash movements is maintained.

The company bonds will expire in June 2017 and there are plans to issue new bonds in the market.

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When trading energy products on various markets, Risk Management becomes the business model.

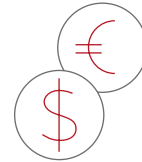
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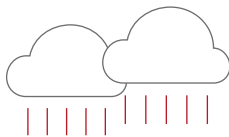
> Balance between supply and demand



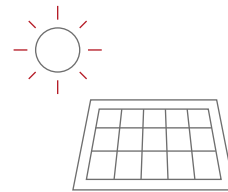
> The marginal cost of fossil fuels



> Financial business trends



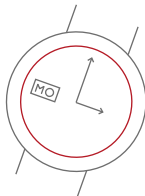
> The weather and precipitation levels and the water reservoir levels in Norway and Sweden



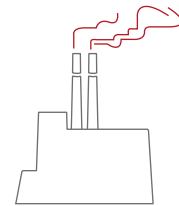
> Number of solar cells installed



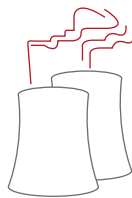
## THE SPOT PRICE



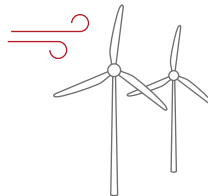
> The time and day of the week – e.g. consumption is much lower at night and at weekends



> Central power plants that can quickly be brought into operation



> Nuclear power has great capacity but is slow to bring into operation



> Wind power production

## What determines spot prices?

Electricity trading is conducted on various power exchanges in Europe, which in the case of the Nordic countries takes place on the Nord Pool Spot in Oslo, and Nasdaq OMX in Stockholm, which covers the Nordic countries except Iceland. The exchanges basically permit two types of electricity trading: either on the spot market or further in advance, via forward and future contracts.

Since the spot price, which is determined on an hourly basis, serves as the underlying price for forward contracts, it is important to understand the trends in the contracts, and what determines the spot price. The factors affecting electricity prices largely depend on regional, geographic and political factors that can vary from one country to another.



When trading electricity on the exchanges, there is usually a requirement for margin calls to be covered by collateral. The amount to be covered is calculated by the exchanges 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 has sufficient liquidity and collateral lines to support the business.

### Credit risk

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

The credit risk exposure depends on the credit-worthiness of the customers and counterparts. The customers are primarily to be found within the public sector, utility sector and across business markets (B2B). Counterparts are typically established companies trading with commodities.

All customers and counterparts are subject to a credit rating before starting to trade. Existing customers and counterparts are also reevaluated on an ongoing basis, especially when new contracts are due to be signed. To do the credit rating Energi Danmark uses a credit rating score model from an external party. If the score is below

certain predefined levels a manual credit rating is done as well, either accepting the new contract or asking for additional security before signing. Counterparts are all evaluated and given a line of exposure within which daily exposures are calculated and monitored by the Risk Management department.

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

### Interest rate risk

Energi Danmark is partly financing its operation with loans from banks. The loans are subject to a variable interest rate. Cash flows and interest rate levels are monitored on a regular basis.

Part of the interest rate risk is hedged using interest rate swaps. The corporate bond interest rate is based on CIBOR + fixed margin.

#### Important events after the end of the financial year

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

#### R&D activities

Energi Danmark A/S has not incurred any R&D expenses in 2016, but the company continues to develop its technological platforms and products on an ongoing basis.

#### Uncertainty regarding recognition and measurement

Reference is made to the description of *significant accounting judgements, estimates and assumptions* in note 2.

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:

- > Impairment of wind turbines
- > Fair value of financial and physical contracts
- > Amortisation of initial margin (day-1 profit or loss)

# Responsible behaviour

The UN Global Compact calls on companies to recognise, support and implement a set of core values in the area of human rights, labour standards, environment and anti-corruption.

The Energi Danmark Group has operations in Denmark, Sweden, Finland, Norway and Germany. We do not have a separate policy in the area of human rights, but as one of the leading energy trading companies in Northern Europe, we are committed to the 10 principles in the UN Global Compact on human rights, environment and anti-corruption. These principles form the basis for the standards we employ in our everyday operations as well as our cooperation with other businesses such as suppliers etc. By committing to these principles, we act in accordance with the conventions of the UN, ILO and OECD.

## UN Global Compact

The UN Global Compact is a corporate responsibility initiative built around universal principles regarding human rights, labour standards, the environment and anti-corruption. It was originally proposed by UN Secretary-General Kofi Annan to the World Economic Forum (Davos forum) in 1999. Businesses can pledge to support these principles at their own free will.

The 10 principles that we will focus on when it comes to potential future international partners are:

### Human Rights

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and

**Principle 2:** make sure they are not complicit in human rights abuses.

The Human Rights provision includes prohibitions against slavery, debt bondage, the use of human trafficking and forced prison labour, as well as the right to free movement during an employment relationship, including a prohibition on withholding identity cards, travel documents, etc.

### Labour Standards

**Principle 3:** Businesses should uphold freedom of association and effective recognition of the right to collective bargaining;

**Principle 4:** the elimination of all forms of forced and compulsory labour;

**Principle 5:** the effective abolition of child labour; and

**Principle 6:** the elimination of discrimination in respect of employment and occupation.

### Environment

**Principle 7:** Businesses should support a precautionary approach to environmental challenges;

**Principle 8:** undertake initiatives to promote greater environmental responsibility; and

**Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

### Anti-Corruption

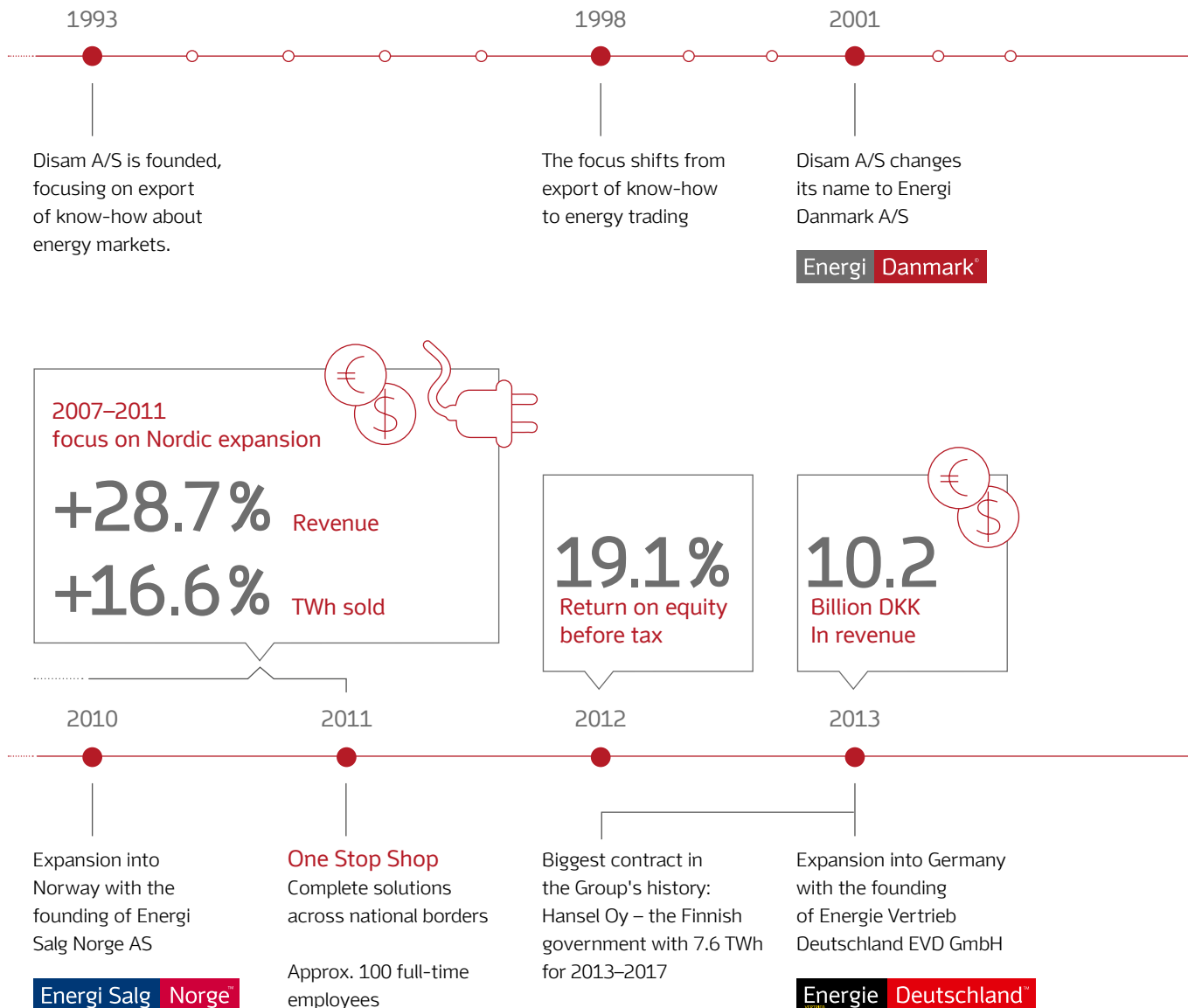
**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.



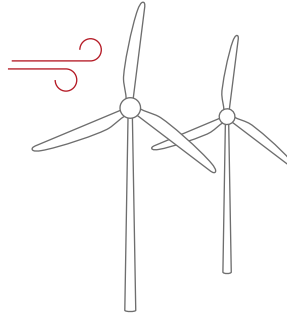
We  
**handle** the  
 **forces**  
of **nature**

# Milestones in the Energi Danmark Group

Energi Danmark A/S was founded in 1993. Over the years, it has grown from being a small company with relatively few employees to being a Nordic Group with approximately 184 employees distributed across Denmark, Sweden, Finland, Norway and Germany. Shown below is the development of the Group's history.



**5.2**  
Billion DKK  
in revenue



2005

2007

2008

2009

Portfolio management is added with the start-up of Energi Danmark Securities A/S

Expansion into Sweden with the founding of Energi Försäljning Sverige AB

Focus on wind power with the founding of Energi Danmark Vind A/S

Expansion into Finland with the founding of Energia Myynti Suomi OY



**988.8**  
Million DKK  
in equity

More than  
**15**  
Billion DKK  
In revenue

**1.8**  
TWh delivered  
to the German  
market

2014

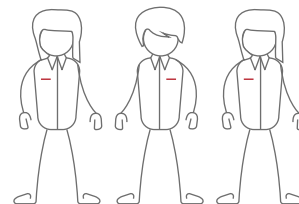
2015

2016

Certified in accordance with the ISO 9001 and ISO 14001 standards

24.9 TWh delivered in 2015

Approximately 184 full-time employees





# 2016

annual report

2007

2008

2009

2010

2011

2012

2013

2014

2015

2016

Equity trend. 2007-2014: Danish GAAP. 2015-2016: IFRS

A man in a dark suit and white shirt is rappelling down a rocky, snow-dusted mountain peak. He is wearing a white helmet and holding a rope. Beside him, another man in climbing gear, including a blue jacket, red and blue patterned scarf, and white helmet, is also rappelling. The background shows a vast, snow-covered mountain range under a blue sky with light clouds.

Trust us to  
↗ manage  
your risks

Michael, Portfolio Management  
Energi Danmark Group



A woman in climbing gear, including a white helmet, a red and blue patterned scarf, and a backpack, stands on a snowy mountain peak. She is holding a climbing rope and looking towards the camera. The background shows a vast, snow-covered mountain range under a cloudy sky.

## Consolidated financial statements

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Hege, Customer Service  
Energi Danmark Group

Experience  
**control**  
↗ and **focus**



# Income statement and other comprehensive income

Notes	DKK '000	2016	2015
3	Revenue - Sales of power etc.	15,082,773	14,538,298
	Purchase of power	-14,555,400	-12,906,480
	Net income/loss from financial instruments	-55,151	-1,292,180
	<b>Gross profit</b>	<b>472,222</b>	<b>339,638</b>
4	Staff costs	-133,846	-126,359
5, 7	Other external costs	-105,229	-113,858
6	Depreciation	-48,385	-48,530
	<b>Operating profit</b>	<b>184,762</b>	<b>50,891</b>
8	Finance income	3,477	12,232
9	Finance costs	-42,816	-46,310
	<b>Profit before tax</b>	<b>145,423</b>	<b>16,813</b>
10	Tax	-31,327	-5,140
	<b>Profit for the year</b>	<b>114,096</b>	<b>11,673</b>
<b>Attributable to:</b>			
	Shareholders of Energi Danmark A/S	114,096	11,673
		<b>114,096</b>	<b>11,673</b>
Other comprehensive income			
<b>Items that may be reclassified to profit or loss in subsequent periods</b>			
	Exchange differences on translation of foreign operations	-4,173	1,626
	<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>-4,173</b>	<b>1,626</b>
	<b>Total comprehensive income for the year, net of tax</b>	<b>109,923</b>	<b>13,299</b>
<b>Attributable to:</b>			
	Shareholders of Energi Danmark A/S	109,923	13,299

## Balance sheet – assets

Notes	DKK '000	2016	2015	01/01 2015
<b>Assets</b>				
<b>Non-current assets</b>				
11	Intangible assets	44,500	29,137	25,015
12	Tangible assets	536,472	560,626	363,837
10	Deferred tax	1,856	1,309	399
	Bonds	0	30,639	7,231
	<b>Total non-current assets</b>	<b>582,828</b>	<b>621,711</b>	<b>396,482</b>
<b>Current assets</b>				
18	Trade receivables	3,237,435	1,892,562	2,022,500
	Trade receivables from associates	1,672	1,083	3,568
10	Income tax receivables	0	17,313	3,400
18, 19	Derivative assets	1,308,618	2,266,404	1,362,286
	Deposits	384,677	400,651	257,913
	Other receivables	215,692	126,655	176,061
	Cash	6,070	17,904	111,745
	<b>Total current assets</b>	<b>5,154,164</b>	<b>4,722,572</b>	<b>3,937,473</b>
	<b>Total assets</b>	<b>5,736,992</b>	<b>5,344,283</b>	<b>4,333,955</b>

## Balance sheet – liabilities

Notes	DKK '000	2016	2015	01/01 2015
	<b>Equity</b>			
14	Share capital	221,833	221,833	221,833
	Exchange rate reserve	-2,547	1,626	0
	Retained earnings	644,594	530,498	518,825
	Proposed dividend	0	0	40,000
	<b>Total equity</b>	<b>863,880</b>	<b>753,957</b>	<b>780,658</b>
	<b>Non-current liabilities</b>			
15,18,19	Corporate bonds	0	499,125	498,542
10	Deferred tax	18,916	16,986	8,988
	<b>Total non-current liabilities</b>	<b>18,916</b>	<b>516,111</b>	<b>507,530</b>
	<b>Current liabilities</b>			
15,18,19	Credit institutions	843,787	655,999	516,854
	Trade payables	1,433,054	780,662	745,015
	Debt to associates	0	2,499	0
15,18,19	Corporate bonds	499,709	0	0
10	Income tax payable	8,184	899	8,761
18, 19	Derivative liabilities	1,387,319	1,990,965	1,115,663
	Other payables	682,143	643,191	659,474
	<b>Total current liabilities</b>	<b>4,854,196</b>	<b>4,074,215</b>	<b>3,045,767</b>
	<b>Total liabilities</b>	<b>4,873,112</b>	<b>4,590,326</b>	<b>3,553,297</b>
	<b>Total equity and liabilities</b>	<b>5,736,992</b>	<b>5,344,283</b>	<b>4,333,955</b>

# Statement of changes in equity

Notes DKK '000

	Share capital	Exchange rate reserve	Retained earnings	Dividends	Total
<b>Equity 01/01 2016</b>	221,833	1,626	530,498	0	753,957
Profit /(loss) for the year	0	0	114,096	0	114,096
<b>Other comprehensive income in 2016</b>					
Foreign currency translation adjustment	0	-4,173	0	0	-4,173
<b>Comprehensive income for the period</b>	<b>0</b>	<b>-4,173</b>	<b>114,096</b>	<b>0</b>	<b>109,923</b>
<b>Transactions with the owners</b>					
Dividend distributed	0	0	0	0	0
Proposed dividend	0	0	0	0	0
<b>Transactions with the owners for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Equity 31/12 2016</b>	<b>221,833</b>	<b>-2,547</b>	<b>644,594</b>	<b>0</b>	<b>863,880</b>
<b>Equity 01/01 2015</b>	221,833	0	518,825	40,000	780,658
Profit /(loss) for the year	0	0	11,673	0	11,673
<b>Other comprehensive income in 2015</b>					
Foreign currency translation adjustment	0	1,626	0	0	1,626
<b>Comprehensive income for the period</b>	<b>0</b>	<b>1,626</b>	<b>11,673</b>	<b>0</b>	<b>13,299</b>
<b>Transactions with the owners</b>					
Dividend distributed	0	0	0	-40,000	-40,000
Proposed dividend	0	0	0	0	0
<b>Transactions with the owners for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-40,000</b>	<b>-40,000</b>
<b>Equity 31/12 2015</b>	<b>221,833</b>	<b>1,626</b>	<b>530,498</b>	<b>0</b>	<b>753,957</b>

During the year dividend of DKK 0.00 per share was paid (2015: DKK 0.18).

# Statement of cash flows

Notes	DKK '000	2016	2015
	Operating profit	184,762	50,891
	Adjustments for operating items of a non-cash nature etc.:		
	Depreciation and amortisation etc.	48,385	48,530
	Net foreign exchange differences	-5,319	0
	Gain on disposal of tangible assets	-509	-165
	Finance income, received	3,477	12,232
	Finance costs, paid	-42,816	-46,310
	Changes in trade and other receivables	-460,156	-864,443
	Changes in trade and other payables	85,199	897,165
10	Income taxes paid	-4,178	-18,224
	<b>Cash flow from operating activities</b>	<b>-191,155</b>	<b>79,676</b>
	Purchase of intangible assets	-36,112	-26,036
	Purchase of tangible assets	-2,994	-223,218
	Purchase of financial assets	0	-23,408
	Disposal of financial assets	30,639	0
	<b>Cash flow from investing activities</b>	<b>-8,467</b>	<b>-272,662</b>
	Dividends paid	0	-40,000
	<b>Cash flow from financing activities</b>	<b>0</b>	<b>-40,000</b>
	<b>Cash flow for the year</b>	<b>-199,622</b>	<b>-232,986</b>
	Cash and cash equivalents at 1 January	-638,095	-405,109
	Currency translation adjustments	0	0
	<b>Cash and cash equivalents 31 December</b>	<b>-837,717</b>	<b>-638,095</b>

Flexibility,  
strength and  
perfect balance





# Notes to the consolidated financial statements

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# Notes to the consolidated financial statements

## Notes

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### 1 Accounting policies

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#### Basis of preparation

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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 2016 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.

For all periods up to and including the year ended 31 December 2015, the Group prepared its consolidated financial statements in accordance with the Danish Financial Statements Act. For information on the effect of transitioning to IFRS, please refer to Note 22.

The consolidated financial statements of Energi Danmark A/S and its subsidiaries (collectively, Energi Danmark or the Group) for the year ended 31 December 2016 were authorised for issue in accordance with the directors on 22 March 2017.

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.

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

#### Basis of consolidation

---

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2016.

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 and losses on transactions between the consolidated enterprises 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.

#### Early adoption of IFRS 9

---

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9 and is effective for annual periods beginning on or after 1 January

2018, with early adoption permitted. The Group has adopted the new standard on the date of transition to IFRS with retrospective application. The impact of the adoption of IFRS 9 is described in Note 22.

#### Foreign currency translation

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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

# Notes to the consolidated financial statements

## Notes

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

Receivables, debt and other monetary items denominated in foreign currencies are translated using the exchange rate at the balance sheet date. Differences between the exchange rate at the balance sheet date and the date on which the receivable or debt arose or was included in the latest annual reports are recognised in the income statement under financial income and costs.

Foreign currency transactions are translated during initial recognition, applying the exchange rate on the transaction date. Exchange

rate differences that arise between the rate at the transaction date and the rate in effect at the payment date are recognised in the income statement as financial items.

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

### Offsetting

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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

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#### Revenue - sale of power etc.

Sales of physical and financial electricity, gas and wind power to customers and counterparties are included and accrued in full after delivery. Net revenue is recognised exclusive of VAT, taxes and sales discounts.

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.

#### Purchase of power

Purchases of physical and financial electricity, gas and wind power with customers and counterparties are included and accrued in full after delivery.

#### Net income/loss from financial instruments

Net income/loss from financial instruments includes fair value adjustments of derivative financial instruments used for economic hedging of the Group's exposure to interest rate risks, foreign currency risks and commodity price risks. Including fair value adjustments of sales and purchase contract qualifying for accounting as derivative.

#### Staff costs

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

#### Other external costs

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

#### Depreciation

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.

#### Finance income and finance costs

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

#### Tax and deferred tax

Energi Danmark A/S is taxed jointly with Energi Danmark Securities A/S and Energi Danmark Vind A/S. The parent company is the management company for the joint taxation and settles all payments with the tax authorities.

Deferred taxes are measured based on all temporary differences between the carrying amount and taxable value of assets and liabilities. However, deferred taxes based on temporary differences concerning amortisation of non-deductible goodwill and other 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 profits 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.

# Notes to the consolidated financial statements

## Notes

### 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 service 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 company'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 service lives of the assets based on the following assessments of the expected service life of the assets:

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

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 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 to sell 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 classified into the categories financial assets measured at fair value through profit or loss, fair value through other comprehensive income or amortised costs.

#### Bonds

The Group's investments in bonds are classified into the category financial instruments measured at fair value through profit or loss, as the instrument do not meet the criteria for being classified as financial assets measured at amortised costs; nor meeting both of the following criteria:

- > The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- > The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal outstanding

Accordingly, all changes in re-measuring the fair value is recognised in the income statement together with gain and loss on disposal as well as interest income.

#### 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.

# Notes to the consolidated financial statements

## Notes

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For financial assets containing a significant financing component the impairment provision is made on an individual assessment based on the ECL within 12 months after the balance sheet date. If the credit risk of the financial asset has increased significantly the Group measures the impairment provision at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is publicly available. This includes both quantitative and qualitative information, including the Group's own historical experience and forecasts.

The provision for impairment for trade receivables are always measured at an amount equal to lifetime ECL. For further information on the Group's impairment of financial assets refer to Note 18.

### Cash

Cash comprises liquid assets and current securities that can be converted into liquid assets 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.

### Own use 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 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. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

The Group uses the derivative financial instruments for economic hedges only, and thus does not apply hedge accounting.

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.

### Liabilities

Financial liabilities, including payables to suppliers 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 adjustment 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 value adjustments are taken 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.

# Notes to the consolidated financial statements

## Notes

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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

**Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

**Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## Key Ratios

The key ratios were prepared in accordance with the "Recommendations and Financial Ratios 2015" of the Danish Society of Financial Analysts.

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

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

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

## Operating segments

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

## Cash flow statement

The cash flow statement shows the company'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 profit/loss before tax plus depreciation and impairment losses and with adjustments for changes in working capital 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 shareholder as well as raising of loans and repayments on interest-bearing debt.

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

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

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

# Notes to the consolidated financial statements

## Notes

### 2 Significant accounting judgements, estimates and assumptions

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

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

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

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

- > Impairment of wind turbines
- > Fair value of financial and physical contracts
- > Amortisation of initial margin (day-1 profit or loss)

Other disclosures relating to the Group's exposure to risks and uncertainties includes capital management (Note 14), financial instrument Risk Management and sensitivity analysis disclosures (Note 18 and 19).

#### Impairment of wind turbines

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.

As a consequence of the electricity price level during 2016, the Group has tested whether its wind turbines are impaired. The impairment test is carried out on a portfolio basis and is based

on Management's estimates and assumptions of which the most significant include:

- > Expected production
- > Future electricity prices
- > Cost for maintenance program
- > Discount rate

At 31 December 2016, the carrying amount of wind turbines is DKK 526 m (2015: DKK 550 m).

#### Fair value of financial and physical contracts

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

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

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

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

More detail on the assumptions used in the fair value measurement of the Group's energy contracts and related sensitivities are further described in note 19.

At 31 December 2016, the carrying amount of derivative assets and liabilities amounts to DKK 1,309 m (2015: DKK 2,266 m) and DKK 1,387 m (2015: DKK 1,991 m), respectively.

#### Amortisation of initial margin (day-1 profit or loss)

Day 1 profits are recognised in the income statement over the delivery period. Corrections for day 1 profits are partly calculated using price elements based on averages on which there is some uncertainty attached.

At 31 December 2016 the carrying amount of day 1 profits amounts to DKK 321 m (2015: DKK 294 m).

Day 1 profits are further described in note 19.

# Notes to the consolidated financial statements

Notes DKK '000

3 Operating segments

	2016						
	Total revenue	Internal revenue	External revenue	Interest revenue	Interest expenses	Depreciation and amortisation	Reportable segment profit/ loss before tax
Energi Danmark	14,545,503	3,327,571	11,217,932	9,186	44,354	21,227	136,206
Energi Danmark Securities	0	0	0	1,183	0	110	30,777
Energi Danmark Vind	59,671	22,034	37,637	6	7,994	24,278	2,180
Energi Försäljning Sverige	1,721,213	0	1,721,213	1,331	235	892	25,291
Energia Myynti Suomi	1,317,605	0	1,317,605	201	1	368	8,758
Energi Salg Norge	340,993	0	340,993	378	10	314	-6,058
Energie Vertrieb Deutschland EVD GmbH	447,393	0	447,393	1,320	350	1,196	3,318
<b>Total segments</b>	<b>18,432,378</b>	<b>3,349,605</b>	<b>15,082,773</b>	<b>13,605</b>	<b>52,944</b>	<b>48,385</b>	<b>200,472</b>
Adjustment and elimination	-3,349,605	-3,349,605	0	-10,128	-10,128	0	-55,049
<b>Consolidated</b>	<b>15,082,773</b>	<b>0</b>	<b>15,082,773</b>	<b>3,477</b>	<b>42,816</b>	<b>48,385</b>	<b>145,423</b>

	2015						
	Total revenue	Internal revenue	External revenue	Interest revenue	Interest expenses	Depreciation and amortisation	Reportable segment profit/ loss before tax
Energi Danmark	13,909,468	3,477,912	10,431,556	17,363	43,947	22,771	-1,800
Energi Danmark Securities	0	0	0	1,979	0	38	17,651
Energi Danmark Vind	71,614	22,225	49,389	1,169	12,306	23,116	40,499
Energi Försäljning Sverige	2,265,346	0	2,265,346	714	438	1,047	24,659
Energia Myynti Suomi	1,281,812	0	1,281,812	390	2,345	347	1,327
Energi Salg Norge	287,857	0	287,857	385	203	315	9,409
Energie Vertrieb Deutschland EVD GmbH	222,338	0	222,338	3,739	9	896	14,148
<b>Total segments</b>	<b>18,038,435</b>	<b>3,500,137</b>	<b>14,538,298</b>	<b>25,739</b>	<b>59,248</b>	<b>48,530</b>	<b>105,893</b>
Adjustment and elimination	-3,500,137	-3,500,137		-13,507	-12,938	0	-89,080
<b>Consolidated</b>	<b>14,538,298</b>	<b>0</b>	<b>14,538,298</b>	<b>12,232</b>	<b>46,310</b>	<b>48,530</b>	<b>16,813</b>

Adjustment and elimination consists of elimination of internal transactions as well as adjustment of local GAAP to the Group accounting policy.



# Notes to the consolidated financial statements

Notes	DKK '000	2016	2015	2016	2015
		External revenue		Non-current assets (excluding deferred tax asset)	
	Denmark	11,255,569	10,480,945	574,700	612,964
	Sweden	1,721,213	2,265,346	951	1,212
	Finland	1,317,605	1,281,812	479	787
	Germany	447,393	222,338	4,290	4,649
	Norway	340,993	287,857	552	790
	<b>Total</b>	<b>15,082,773</b>	<b>14,538,298</b>	<b>580,972</b>	<b>620,402</b>

No single customer accounts for more than 10 % of consolidated revenue.

# Notes to the consolidated financial statements

Notes	DKK '000	2016	2015
4	Staff costs		
	Wages and salaries	115,470	108,396
	Pensions, defined contribution plans	12,519	11,846
	Other expenses for social security	5,857	6,117
		<b>133,846</b>	<b>126,359</b>
	Average number of employees	180	177
	Number of employees at 31 December	184	176

Remuneration of Board of Directors and Executive Management.

	2016	
	Board of Directors	Executive Management
Wages and salaries	125	9,996
Pensions, defined contribution plans	0	669
	<b>125</b>	<b>10,665</b>

	2015	
	Board of Directors	Executive Management
Wages and salaries	125	6,821
Pensions, defined contribution plans	0	537
	<b>125</b>	<b>7,358</b>

# Notes to the consolidated financial statements

Notes	DKK '000	2016	2015
5	Development project costs		
	Relationship between incurred and expensed development project cost:		
	Incurring development project costs		
	Development project costs accounted for under intangible assets	36,112	26,036
	Development project costs for the year in the income statement	0	0
6	Depreciation		
	Amortisation of intangible assets	20,721	21,937
	Depreciation of tangible assets	27,539	26,593
	Gain on disposal of tangible and intangible assets, etc.	125	0
		<b>48,385</b>	48,530
7	Fees paid to auditors appointed at the annual general meeting		
	Fee regarding statutory audit	937	833
	Tax assistance	426	353
	Assurance engagements	35	0
	Other assistance	839	674
		<b>2,237</b>	1,860
8	Finance income		
	Interest income, credit institutions	258	793
	Other interest income	3,219	11,439
		<b>3,477</b>	12,232
	Interest income and fair value regulation of bonds amounts to DKK 1,082 thousand (2015: DKK 9,455 thousand)		
9	Finance costs		
	Interest expenses, credit institutions	10,096	11,193
	Other interest expenses	32,720	35,117
		<b>42,816</b>	46,310
	Interest on financial liabilities (corporate bonds) measured at amortised cost amounts to DKK 11,153 thousand (2015: DKK 11,474 thousand)		

# Notes to the consolidated financial statements

Notes	DKK '000	2016	2015
10	Tax		
	<b>Tax for the year is composed as follows:</b>		
	Tax on profit for the year in the income statement	31,327	5,140
	Tax on other comprehensive income	0	0
	<b>Tax on profit for the year has been calculated as follows:</b>		
	Current tax for the year	28,177	529
	Deferred tax	2,707	5,247
	Change in corporate income tax	0	0
	Adjustment of prior-year tax charge	443	-636
	<b>Specification of the tax on the profit for the year:</b>		
	Calculated 22 % tax of the profit for the year	31,993	3,951
	Adjustment of calculated tax in foreign subsidiaries	2,240	276
	Non-deductible costs and non-taxable income	-6,056	-3,698
	Adjustment of prior-year tax charge	443	-3,861
	Deferred tax from previous year accounted for	2,707	5,247
	Non-capitalised tax asset	0	3,225
	<b>Effective tax</b>	<b>31,327</b>	<b>5,140</b>
	<b>Income tax receivable/payable</b>		
	Income tax receivable/payable at 1 January	16,414	-5,361
	Foreign currency translation adjustments, income tax	-156	219
	Adjustment of tax, previous years	-443	3,861
	Current tax for the year	-28,177	-529
	Income tax paid	4,178	18,224
	<b>Income tax receivable/payable at 31 December</b>	<b>-8,184</b>	<b>16,414</b>

# Notes to the consolidated financial statements

Notes	DKK '000	2016	2015
<b>Deferred tax</b>			
	Deferred tax, 1 January	15,677	8,589
	Foreign currency translation, adjustments, deferred tax	-1,324	-1,384
	Adjustments of deferred tax, previous years	0	3,225
	Adjustment of deferred tax	2,707	5,247
	<b>Deferred tax 31 December</b>	<b>17,060</b>	<b>15,677</b>
<b>Deferred tax relates to:</b>			
	Intangible assets	3,962	4,219
	Tangible assets	55,950	49,294
	Bad debt provision	-1,051	-740
	Financial contracts	-39,433	-33,537
	Foreign accounting policies	-2,368	-3,559
	<b>Carrying amount 31 December</b>	<b>17,060</b>	<b>15,677</b>
<b>Deferred tax is recognised as follows in the balance sheet:</b>			
	Deferred tax asset	-1,856	-1,309
	Deferred tax liability	18,916	16,986
		<b>17,060</b>	<b>15,677</b>

# Notes to the consolidated financial statements

Notes DKK '000

11 Intangible assets

	2016		
	Completed development projects	Development projects in progress	Total
Cost 1 January	181,247	5,928	187,175
Foreign currency translation	-520	0	-520
Additions	18,910	17,202	36,112
<b>Cost 31 December</b>	<b>199,637</b>	<b>23,130</b>	<b>222,767</b>
Accumulated amortisation 1 January	158,038	0	158,038
Foreign currency translations	-492	0	-492
Amortisations for the year	20,721	0	20,721
<b>Accumulated amortisation 31 December</b>	<b>178,267</b>	<b>0</b>	<b>178,267</b>
<b>Carrying amount 31 December</b>	<b>21,370</b>	<b>23,130</b>	<b>44,500</b>

	2015		
	Completed development projects	Development projects in progress	Total
Cost 1 January	161,433	0	161,433
Foreign currency translation	81	0	81
Additions	20,108	5,928	26,036
Disposals	-375	0	-375
<b>Cost 31 December</b>	<b>181,247</b>	<b>5,928</b>	<b>187,175</b>
Accumulated amortisation 1 January	136,418	0	136,418
Foreign currency translations	58	0	58
Amortisations for the year	21,937	0	21,937
Amortisations, disposals for the year	-375	0	-375
<b>Accumulated amortisation 31 December</b>	<b>158,038</b>	<b>0</b>	<b>158,038</b>
<b>Carrying amount 31 December</b>	<b>23,209</b>	<b>5,928</b>	<b>29,137</b>

Development projects in progress includes development and test of IT-systems, which support the daily operation of the Group. The costs primarily 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.

# Notes to the consolidated financial statements

Notes DKK '000

12 Tangible assets

	2016			
	Leasehold improvements	Vehicles	Tools and equipment	Total
Cost 1 January	6,549	11,464	607,615	625,628
Foreign currency translation adjustment	-8	15	-36	-29
Additions	55	2,741	722	3,518
Disposals	0	-2,173	48	-2,125
<b>Cost 31 December</b>	<b>6,596</b>	<b>12,047</b>	<b>608,349</b>	<b>626,992</b>
Accumulated depreciation 1 January	2,310	5,579	57,113	65,002
Foreign currency translation adjustments	-3	6	-33	-30
Depreciations for the year	648	1,997	24,894	27,539
Depreciations, disposals for the year	0	-1,991	0	-1,991
<b>Accumulated depreciations 31 December</b>	<b>2,955</b>	<b>5,591</b>	<b>81,974</b>	<b>90,520</b>
<b>Carrying amount</b>	<b>3,641</b>	<b>6,456</b>	<b>526,375</b>	<b>536,472</b>
	2015			
	Leasehold improvements	Vehicles	Tools and equipment	Total
Cost 1 January	6,162	10,586	386,197	402,945
Foreign currency translation adjustment	6	-21	22	7
Additions	381	2,089	221,396	223,866
Disposals	0	-1,190	0	-1,190
<b>Cost 31 December</b>	<b>6,549</b>	<b>11,464</b>	<b>607,615</b>	<b>625,628</b>
Accumulated depreciation 1 January	1,674	4,385	33,049	39,108
Foreign currency translation adjustments	1	-3	20	18
Depreciations for the year	635	1,914	24,044	26,593
Depreciations, disposals for the year	0	-717	0	-717
<b>Accumulated depreciations 31 December</b>	<b>2,310</b>	<b>5,579</b>	<b>57,113</b>	<b>65,002</b>
<b>Carrying amount</b>	<b>4,239</b>	<b>5,885</b>	<b>550,502</b>	<b>560,626</b>

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

# Notes to the consolidated financial statements

Notes DKK '000

## 13 Interest in subsidiaries

Name	Address	Country of incorporation	Voting right and ownership share
Energi Danmark Securities A/S	Sundkrogsgade 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	Fjordveien 1, 1363 Høvik	Norway	100 %
Energie Vertrieb Deutschland EVD GmbH	Christoph-Probst-Weg 4, 20150 Hamburg	Germany	100 %

## 14 Share 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 company issued bonds to finance working capital requirements. It is the intention to issue new bonds in 2017 when the current bonds expire.

For an overview of the dividends distributed historically, please refer to page 138.

### Reserves - proposed dividend

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.

The share capital as of 31 December 2016 consists of 221,833,336 shares of a nominal value of 1 DKK. (2015: 221,833,336 shares of a nominal value of 1 DKK).

The dividend policy is described on page 7.

All shares have the same voting rights.



# Notes to the consolidated financial statements

Notes	DKK '000	2016	2015
15	Borrowings		
	Credit institutions and borrowings		
	<b>Non-current borrowings</b>		
	Corporate bonds	0	499,125
		<b>0</b>	<b>499,125</b>
	<b>Current borrowings</b>		
	Corporate bonds	499,709	0
	Debt to credit institutions	843,787	655,999
		<b>1,343,496</b>	<b>655,999</b>
	<b>Total borrowings</b>		
	Nominal value		
	<b>Maturity of non-current and current borrowings</b>		
	Less than one year	1,343,496	655,999
	Between one and five years	0	499,125
	More than five years	0	0
		<b>1,343,496</b>	<b>1,155,124</b>

The interest rate to credit institutions is variable. The variable interest rate is hedged using interest rate swaps. Refer to the description on page 93.

Issues bonds consists of company bonds issued on First North in Denmark.

Note	Nominal value	Interest rate	Received	Due	31-Dec-16
a	500,000	2.20%	2014	6/26/2017	499,125

a) The interest rate is set every three months as three-month CIBOR + 2.20 %. The listed interest rate was set on 22/12/2016.



We  
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↑ forces  
of nature

# Notes to the consolidated financial statements

Notes	DKK '000	2016	2015
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 and Nasdaq OMX,. Deposited cash and cash equivalents, converted into DKK	184,488	397,242
	Of which are balances deposited with counterparties in DKK	15,276	52,124
	<b>Guarantees</b>		
	Guarantees provided by a financial institute	793,770	2,026,592

The Group has provided its portfolio of wind turbines as collateral for the debt which amounts to DKK 250.2m as of 31 December 2016 (2015: DKK 298.9m). The carrying amount of the wind

turbines amounts to DKK 526.1m as of 31 December 2016 (2015: DKK 550.1m).

17	Operating leases		
	Energi Danmark has entered into operating lease contracts of which the main contracts relates to leased offices.		
	Total commitments fall due as follows (undiscounted):		
	Less than one year	11,358	9,339
	Between one and five years	19,974	23,710
	More than five years	4,286	9,367
		<b>35,618</b>	<b>42,416</b>

For 2016 (2015) the lease payment recognised in the income statement amounts to DKK 8,380 thousand. (DKK 7,687 thousand)

# Notes to the consolidated financial statements

Notes DKK '000

18 Risks, financial instruments and recognised transactions

The Energi Danmark Group is exposed to market risks (price, volume, currency exchange rate 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, Energi Danmark 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 are typically established companies trading with commodities.

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

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

Trade receivable and provisions for impairment:

	2016		2015	
	Carrying amount before impairment	Provision for impairment	Carrying amount before impairment	Provision for impairment
Customers not due	3,238,982	3,000	1,890,535	158
Customers in dunning process	1,169	446	3,091	1,394
Insolvent customers	3,652	2,922	2,441	1,953
<b>Total</b>	<b>3,243,803</b>	<b>6,368</b>	<b>1,896,067</b>	<b>3,505</b>

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.

# Notes to the consolidated financial statements

Notes DKK '000

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## Liquidity risk

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In Energi Danmark many of the working capital requirements from trading activities exist due to funding the purchase of electricity for delivery to our customers. Especially since the Wholesale Model was implemented, the liquidity requirement 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 liquidity risk is managed and monitored on a daily basis and a cash flow prognosis showing expected future cash movements is maintained.

The company bonds will expire in June 2017 and it is the plan to issue new bonds in the market.

When trading electricity on the exchanges, there is usually a requirement for margin calls to be covered by collaterals. The amount to be covered 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 has sufficient liquidity and collateral lines to support the business.

# Notes to the consolidated financial statements

Notes DKK '000

	Contractual maturity incl. interest (cash flow)				
	Carrying amount	Total	< 1 year	1-5 years	> 5 years
31 December 2016					
<b>Non-derivative financial instruments</b>					
Borrowings current and non-current	1,343,496	1,349,385	1,349,385	0	0
Trade payables	1,433,054	1,433,054	1,433,054	0	0
Other liabilities	690,327	690,327	690,327	0	0
Derivative financial instruments					
Derivatives	1,387,319	1,233,186	546,639	659,565	26,982
31 December 2015					
<b>Non-derivative financial instruments</b>					
Borrowings current and non-current	1,155,124	1,172,793	667,195	505,598	0
Trade payables	780,662	780,662	780,662	0	0
Other liabilities	646,589	646,589	646,589	0	0
Derivative financial instruments					
Derivatives	1,990,965	1,732,884	768,142	926,827	37,915

# Notes to the consolidated financial statements

Notes DKK '000

## Interest rate risk

Energi Danmark is partly financing its operation with loans from banks. The loans are subject to a variable interest rate. Cash flows and interest rate levels are monitored on a regular basis.

The interest rate risk is hedged using interest rate swaps for the coming year. The corporate bond interest rate is based on CIBOR + fixed margin.

## Market risk

The market price for electricity has proven to be quite volatile and subject to changes and events that can not be predicted.

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 exposure using both VaR-based models and models developed inhouse showing day-to-day risks and MWh-exposure. Elviz contains almost all of Energi Danmark's positions/contracts, which are used as a basis for calculating the exposure using price curves derived from exchange quotes (where applicable).

Another market risk is the volume risk when trading electricity based on future prices (with fixed price elements) because the corresponding price hedge needs to match actual customer volumes in order to avoid ineffective hedging positions.

	2016		2015	
	P/L effect	Reasonably possible change in variable %	P/L effect	Reasonably possible change in variable %
Electricity	7,054	5 %	8,988	5 %
Currency exchange rate	574	5 %	137	5 %

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

# Notes to the consolidated financial statements

Notes DKK '000

19 Information about financial instruments

## Categories of financial instruments

	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	3,237,435	3,237,435	1,892,562	1,892,562
Trade receivables from associates	1,672	1,672	1,083	1,083
Other receivables and deposits	600,369	600,369	544,619	544,619
Cash	6,070	6,070	17,904	17,904
<b>Financial assets measured at amortised cost</b>	<b>3,845,546</b>	<b>3,845,546</b>	<b>2,456,168</b>	<b>2,456,168</b>
Bonds	0	0	30,639	30,639
Derivative assets	1,308,618	1,308,618	2,266,404	2,266,404
<b>Financial assets measured at fair value through profit or loss</b>	<b>1,308,618</b>	<b>1,308,618</b>	<b>2,297,043</b>	<b>2,297,043</b>
Credit institutions	843,787	843,787	655,999	655,999
Corporate bonds	499,709	502,500	499,125	498,750
Trade payable to associates	0	0	2,499	2,499
Trade payables	1,433,054	1,433,054	780,662	780,662
Other payables	690,327	690,327	644,090	644,090
<b>Financial liabilities measured at amortised costs</b>	<b>3,466,877</b>	<b>3,469,668</b>	<b>2,582,375</b>	<b>2,582,000</b>
Derivative liabilities	1,387,319	1,387,319	1,990,965	1,990,965
<b>Financial liabilities measured at fair value through profit or loss</b>	<b>1,387,319</b>	<b>1,387,319</b>	<b>1,990,965</b>	<b>1,990,965</b>



# Notes to the consolidated financial statements

Notes DKK '000

## Fair value measurement of financial instruments

	2016			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Derivative financial assets:				
Foreign exchange forward	0	64,836	0	64,836
Commodity derivative	389,377	749,022	105,383	1,243,782
<b>Total</b>	<b>389,377</b>	<b>813,858</b>	<b>105,383</b>	<b>1,308,618</b>
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities:				
Interest rate swaps	0	29,305	0	29,305
Foreign exchange forward	0	0	0	0
Commodity derivative	88	1,317,430	40,496	1,358,014
<b>Total</b>	<b>88</b>	<b>1,346,735</b>	<b>40,496</b>	<b>1,387,319</b>

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.

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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

**Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

**Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If electricity prices changes with 5 % the net level 3 value will change with DKK 17.2 m.

# Notes to the consolidated financial statements

Notes DKK '000

	2015			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
<b>Derivative financial assets:</b>				
Foreign exchange forward	0	9,128	0	9,128
Commodity derivative	4,455	2,241,138	11,683	2,257,276
<b>Total</b>	<b>4,455</b>	<b>2,250,266</b>	<b>11,683</b>	<b>2,266,404</b>

## Financial liabilities measured at fair value

### Derivative financial liabilities:

Interest rate swaps	0	29,713	0	29,713
Foreign exchange forward	0	0	0	0
Commodity derivative	1,348,020	550,280	62,952	1,961,252
<b>Total</b>	<b>1,348,020</b>	<b>579,993</b>	<b>62,952</b>	<b>1,990,965</b>

If electricity prices changes with 5 % the net level 3 value will change with DKK 14.4 m.

# Notes to the consolidated financial statements

Notes DKK '000

## Amortisation of initial margin

If, at the time of inception, a difference arises between the model value of a financial instrument or physical contract accounted for as derivatives, calculated on the basis of unobservable inputs, and

the transaction price (day-1 profit or loss), the Group adjusts the model parameters to take into account the initial margin.

The margin is recognised as profit over the delivery period.

	2016	2015
Deferred initial margin beginning of year	293,727	266,821
Recognised in profit or loss	-126,590	-115,026
Initial margin on new contracts	153,558	141,932
<b>Deferred initial margin end of year</b>	<b>320,695</b>	<b>293,727</b>

## 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.

	2016			2015		
	Gross	Netting	Net	Gross	Netting	Net
<b>Offsetting of current derivatives</b>						
Derivative assets	3,735,481	-2,426,863	1,308,618	5,386,893	-3,120,489	2,266,404
Derivative liabilities	-3,814,182	2,426,863	-1,387,319	-5,111,454	3,120,489	-1,990,965
<b>Total</b>	<b>-78,701</b>	<b>0</b>	<b>-78,701</b>	<b>275,439</b>	<b>0</b>	<b>275,439</b>

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.

# Notes to the consolidated financial statements

Notes DKK '000

20 Related party disclosures

Energi Danmark's related parties include the following:

## Controlling interest

Energi Danmark A/S does not have any related parties with controlling interest

## Ownership

The following shareholders are noted in the company's shareholder list and are considered to have significant influence over Energi Danmark A/S:

	<u>% ownership</u>
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>

In addition to distribution of dividends of DKK 0 tDKK (2015: 0 tDKK) the Group has had the following transactions and balances with owners:

	<u>2016</u>	<u>2015</u>
Sale of power	1,439,419	1,408,066
Receivables	3,043	1,904
Payables	336	1,319

## Management

The Group's related parties further includes members of the Board of Directors and Executive Management. Remuneration to the Board of Directors and Executive Management is disclosed in note 4.

# Notes to the consolidated financial statements

Notes DKK '000

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21 Events after the balance sheet

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

22 First-time adoption

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This note explains the principal adjustments made by the Group in restating the consolidated financial statements prepared in accordance with the Danish Financial Statements Act, involving the balance sheet as at 2016 and the financial statement for the year ended 31 December 2015.

These financial statements for the year ended 31 December 2016 with comparative figures, are the first set off financial statements prepared in accordance with IFRS as endorsed by the EU. For periods up to and including the year ended 31 December 2015, Energi Danmark prepared its consolidated financial statements in accordance with the Danish Financial Statements Act.

Accordingly, Energi Danmark A/S has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2016, together with the comparative period as at and for the year ended 31 December 2015, as described in the summary of significant accounting policies.

In preparing these financial statements, Energi Danmark A/S' opening balance sheet was prepared as at 1 January 2015, the date of transition to IFRS.

## Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

For the purpose of preparing these consolidated financial statements Energi Danmark has applied the following exemptions:

Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2015.

## Reclassifications

Apart from changes in accounting policies, the following reclassifications and changes in format, including restatement of comparative figures for 2015, have been made:

- > Assets are presented as either non-current or current assets compared to fixed assets and current assets previously.
- > Deferred tax assets are presented as non-current assets compared to current assets previously.
- > Provisions are presented as either non-current or current liabilities compared to being presented separate from liabilities previously.

## Cash flow statement

The transition from Danish Financial Statements Act to IFRS has not had a material impact on the statement of cash flows.

# Notes to the consolidated financial statements

Notes DKK '000

## Group reconciliation of the income statement for 2015

		Danish GAAP 2015	Adjustments 2015	IFRS 2015
c	Revenue - Sales of power etc.	15,909,154	-1,370,856	14,538,298
c	Purchase of power	-14,277,336	1,370,856	-12,906,480
a	Net income/loss from financial instruments	-1,265,274	-26,906	-1,292,180
	<b>Gross profit/(loss)</b>	<b>366,544</b>	<b>-26,906</b>	<b>339,638</b>
	Staff costs	-126,359	0	-126,359
	Other external costs	-113,501	-357	-113,858
	Depreciation	-48,887	357	-48,530
	<b>Operating profit/(loss)</b>	<b>77,797</b>	<b>-26,906</b>	<b>50,891</b>
	Finance income	12,232	0	12,232
	Finance costs	-46,310	0	-46,310
	<b>Profit before tax</b>	<b>43,719</b>	<b>-26,906</b>	<b>16,813</b>
a	Tax	-11,060	5,920	-5,140
	<b>Profit for the year</b>	<b>32,659</b>	<b>-20,986</b>	<b>11,673</b>

## Other comprehensive income

### Items that may be reclassified to profit or loss in subsequent periods

	Exchange differences on translation of foreign operations	1,626	0	1,626
	Net other comprehensive income to be reclassified to profit or loss in subsequent periods	1,626	0	1,626
	<b>Total comprehensive income for the year, net of tax</b>	<b>34,285</b>	<b>-20,986</b>	<b>13,299</b>

For a description of the reconciling items, please refer to the description on page 101.

# Notes to the consolidated financial statements

Notes DKK '000

## Group reconciliation of balance sheet for 31 December 2015

	Danish GAAP 2015	Adjustments 2015	IFRS 2015
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	29,137	0	29,137
Tangible assets	560,626	0	560,626
Deferred tax	1,309	0	1,309
Bonds	30,639	0	30,639
<b>Total non-current assets</b>	<b>621,711</b>	<b>0</b>	<b>621,711</b>
<b>Current assets</b>			
d Trade receivables	866,488	1,026,074	1,892,562
Trade receivables from associates	1,083	0	1,083
Income tax receivables	17,313	0	17,313
a, b Derivative assets	598,879	1,667,525	2,266,404
Deposits	400,651	0	400,651
d Other receivables	1,152,729	-1,026,074	126,655
Cash	17,904	0	17,904
<b>Total current assets</b>	<b>3,055,047</b>	<b>1,667,525</b>	<b>4,722,572</b>
<b>Total assets</b>	<b>3,676,758</b>	<b>1,667,525</b>	<b>5,344,283</b>

a) Under Danish GAAP, day one gains and losses on physical and financial contracts were recognised in the income statement at contract inception. In accordance with IFRS 9, such day one gains and losses are to be deferred and recognised in the income statement over the term of the contract, i.e., at time of delivery. Thus, the adjustment is to defer day one gains and losses.

b) Under Danish GAAP, derivative assets and liabilities were presented on a net basis when the Group's policy for netting were met. Under IFRS, financial assets and financial liabilities are offset when, and only when, Energi Danmark has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis; or to realise the assets and settle the liabilities

simultaneously. The adjustment is to present derivative assets and liabilities that do not meet the offsetting criteria on a gross basis.

c) In connection with the transition to IFRS the Group has chosen to present 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.

d) In connection with the transition to IFRS the Group has elected to present receivables and payables where invoices have not been issued or received, as trade receivables and trade payables, respectively, rather than the previous presentation as other receivables and other payables.

# Notes to the consolidated financial statements

Notes DKK '000

## Group reconciliation of balance sheet for 31 December 2015

	Danish GAAP 2015	Adjustments 2015	IFRS 2015
<b>Equity</b>			
Share capital	221,833	0	221,833
Exchange rate reserve	0	1,626	1,626
a Retained earnings	761,231	-230,733	530,498
<b>Total equity</b>	<b>983,064</b>	<b>-229,107</b>	<b>753,957</b>
<b>Non-current liabilities</b>			
Corporate bonds	499,125	0	499,125
a Deferred tax	81,606	-64,620	16,986
<b>Total non-current liabilities</b>	<b>580,731</b>	<b>-64,620</b>	<b>516,111</b>
<b>Current liabilities</b>			
Credit institutions	655,999	0	655,999
d Trade payables	329,710	450,952	780,662
Trade payables from associates	2,499	0	2,499
Income tax payable	899	0	899
a, b Derivative liabilities	29,713	1,961,252	1,990,965
d Other payables	1,094,143	-450,952	643,191
<b>Total current liabilities</b>	<b>2,112,963</b>	<b>1,961,252</b>	<b>4,074,215</b>
<b>Total liabilities</b>	<b>2,693,694</b>	<b>1,896,632</b>	<b>4,590,326</b>
<b>Total equity and liabilities</b>	<b>3,676,758</b>	<b>1,667,525</b>	<b>5,344,283</b>

For a description of the reconciling items, please refer to the description on page 101.



# Notes to the consolidated financial statements

Notes DKK '000

## Group reconciliation of balance sheet for 1 January 2015

	Danish GAAP 2015	Adjustments 2015	IFRS 2015
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	25,015	0	25,015
Tangible assets	363,837	0	363,837
Deferred tax	399	0	399
Bonds	7,231	0	7,231
<b>Total non-current assets</b>	<b>396,482</b>	<b>0</b>	<b>396,482</b>
<b>Current assets</b>			
d Trade receivables	970,127	1,052,373	2,022,500
Trade receivables from associates	3,568	0	3,568
Income tax receivables	3,400	0	3,400
a, b Derivative assets	549,187	813,099	1,362,286
Deposits	257,913	0	257,913
d Other receivables	1,232,505	-1,056,444	176,061
Cash	111,745	0	111,745
<b>Total current assets</b>	<b>3,128,445</b>	<b>809,028</b>	<b>3,937,473</b>
<b>Total assets</b>	<b>3,524,927</b>	<b>809,028</b>	<b>4,333,955</b>

For a description of the reconciling items, please refer to the description on page 101.

# Notes to the consolidated financial statements

Notes DKK '000

## Group reconciliation of balance sheet for 1 January 2015

	Danish GAAP 2015	Adjustments 2015	IFRS 2015
<b>Equity</b>			
	221,833	0	221,833
a	726,946	-208,121	518,825
	40,000	0	40,000
	<b>988,779</b>	<b>-208,121</b>	<b>780,658</b>
<b>Non-current liabilities</b>			
	498,542	0	498,542
a	67,689	-58,701	8,988
	<b>566,231</b>	<b>-58,701</b>	<b>507,530</b>
<b>Current liabilities</b>			
	516,854	0	516,854
d	149,324	595,691	745,015
	8,761	0	8,761
a, b	33,915	1,081,748	1,115,663
d	1,261,063	-601,589	659,474
	<b>1,969,917</b>	<b>1,075,850</b>	<b>3,045,767</b>
	<b>2,536,148</b>	<b>1,017,149</b>	<b>3,553,297</b>
	<b>3,524,927</b>	<b>809,028</b>	<b>4,333,955</b>

For a description of the reconciling items, please refer to the description on page 101.

# Notes to the consolidated financial statements

Notes DKK '000

23 Standards issued but not yet effective

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 2016:

- > IFRS 9 and subsequent changes to IFRS9, IFRS 7 and IAS 39
- > IFRS 14, IFRS 15 and IFRS 16 Leases
- > Amendments to IAS 7, IAS 12, IAS 28, IAS 40, IFRS 2, IFRS 4 and IFRS 10
- > Annual Improvements to IFRSs 2014-2016 Cycle
- > IFRIC 22

Of the above new standards and amendments, only IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers have been endorsed by the EU.

As described in note 1, the Group has chosen to early adopt IFRS 9 in connection with its transition to IFRS. For further description of the impact from the adoption of IFRS 9, please refer to note 22. The Group intends to adopt the other standards and interpretations, if applicable, when they become mandatory according to the effective date.

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS and is required to be applied on all sales contracts with customers. IFRS 15 is mandatory for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group has not yet carried out any detailed analysis of the potential impact from implementation of IFRS 15. During 2017, the analysis will be conducted including an assessment of how the Group will apply the transitional provisions and the related elective reliefs.

IFRS 15 will be implemented by the Group as it becomes effective from 1 January 2018.

#### **IFRS 16 Leases**

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 are recognised in other external cost.

Energi Danmark has not yet carried out detailed analysis of the consequences from implementation of IFRS 16. However, the new standard is expected only to have minor impact, as the Group in 2016 has operating lease agreements with minimum payments amounting to DKK 35.6m, which under IFRS 16 potentially should be recognised in the balance sheet. In addition, the annual operating lease payments, which in 2016 amounts to DKK 8m, 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.

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## Parent financial statements

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Determination



creates

results

for our customers



# Income statement

Notes	DKK '000	2016	2015
3	Revenue - Sales of power etc.	14,545,503	13,909,468
	Purchase of power	-14,155,112	-12,436,319
	Net income/loss from financial instruments	-57,636	-1,304,784
	<b>Gross profit</b>	<b>332,755</b>	<b>168,365</b>
4	Staff costs	-92,530	-90,043
	Other external costs	-85,588	-88,737
5	Depreciation	-21,227	-22,771
	<b>Operating profit/(loss)</b>	<b>133,410</b>	<b>-33,186</b>
	Profit on investments in subsidiaries, net of tax	37,964	57,970
6	Finance income	9,186	17,363
	Finance costs	-44,354	-43,947
	<b>Profit/loss before tax</b>	<b>136,206</b>	<b>-1,800</b>
8	Tax	-22,110	13,473
	<b>Profit for the year</b>	<b>114,096</b>	<b>11,673</b>
<b>Proposal for the distribution of net profit</b>			
	Reserve for net revaluation according to the equity method	37,964	57,970
	Reserve for development costs	35,099	0
	Retained earnings	41,033	-46,297
	<b>Total</b>	<b>114,096</b>	<b>11,673</b>

## Balance sheet – assets

Notes	DKK '000	2016	2015
	<b>Assets</b>		
	<b>Non-current assets</b>		
9	Intangible assets	41,137	25,107
10	Tangible assets	9,706	9,383
	Bonds	0	30,639
11	Investments in subsidiaries	742,518	716,352
14	Deferred tax	36,884	35,653
	<b>Total non-current assets</b>	<b>830,245</b>	<b>817,134</b>
	<b>Current assets</b>		
16	Trade receivables	2,178,104	1,047,704
	Receivables from subsidiaries	362,943	89,596
	Trade receivables from associates	1,672	1,083
12	Income tax receivables	0	12,802
16, 17	Derivative assets	1,007,703	2,181,036
	Deposits	373,411	355,928
	Other receivables	153,924	110,088
	Cash	6,883	17,904
	<b>Total current assets</b>	<b>4,084,640</b>	<b>3,816,141</b>
	<b>Total assets</b>	<b>4,914,885</b>	<b>4,633,275</b>



## Balance sheet – liabilities

Notes	DKK '000	2016	2015
	<b>Equity</b>		
13	Share capital	221,833	221,833
	Reserve for development costs	35,099	0
	Reserve for net revaluation according to the equity method	415,566	381,775
	Retained earnings	191,382	150,349
	<b>Total equity</b>	<b>863,880</b>	<b>753,957</b>
	<b>Non-current liabilities</b>		
16, 17	Corporate bonds	0	499,125
	<b>Total non-current liabilities</b>	<b>0</b>	<b>499,125</b>
	<b>Current liabilities</b>		
16, 17	Credit institutions	726,679	449,196
	Trade payables	1,277,617	672,727
	Trade payables from associates	0	2,499
	Debt to subsidiaries	166,915	113,631
16, 17	Corporate bonds	499,708	0
12	Income tax payable	12,239	0
16, 17	Derivative liabilities	1,138,323	1,957,063
	Other payables	229,524	185,077
	<b>Total current liabilities</b>	<b>4,051,005</b>	<b>3,380,193</b>
	<b>Total liabilities</b>	<b>4,051,005</b>	<b>3,879,318</b>
	<b>Total equity and liabilities</b>	<b>4,914,885</b>	<b>4,633,275</b>

# Statement of changes in equity

Notes DKK '000

	Share capital	Reserve for net revaluation according to the equity method	Development Reserve	Retained earnings	Dividends	Total
<b>Equity 1 January 2016</b>	221,833	381,775	0	150,349	0	753,957
Foreign currency translation adjustment	0	-4,173	0	0	0	-4,173
Transferred through distribution of net profit	0	37,964	35,099	41,033	0	114,096
<b>Equity 31 December 2016</b>	221,833	415,566	35,099	191,382	0	863,880
<b>Equity 1 January 2015</b>	221,833	411,398	0	315,548	40,000	988,779
Changes in accounting policies, net of tax	0	-89,219	0	-118,902	0	-208,121
<b>Equity 1 January 2015 after changes in accounting policies</b>	221,833	322,179	0	196,646	40,000	780,658
Foreign currency translation adjustment	0	1,626	0	0	0	1,626
Dividends paid	0	0	0	0	-40,000	-40,000
Transferred through distribution of net profit	0	57,970	0	-46,297	0	11,673
<b>Equity 31 December 2015</b>	221,833	381,775	0	150,349	0	753,957

# Notes to the parent financial statements

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# Notes to the parent financial statements

## Notes

### 1 Accounting policies

The parent financial statements at 31 December 2016 for Energi Danmark A/S is presented in accordance with the provisions of the Danish Financial Statements Act regarding Class C (large) companies.

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.

The accounting policies for the separate financial statements are unchanged to last year except for the changes stated in 'Changes to accounting policies' and are the same as for the consolidated financial statements with the following additions:

#### Changes to accounting policies

With effect from 1 January 2016 Energi Danmark has implemented the Danish Financial Statements Act no. 723 of 1 June 2015. As a consequence, the following changes has been implemented:

Additional accounting principles for the parent company

#### Profit on Investments in Subsidiaries

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.

#### Investments in Subsidiaries

Investments in subsidiaries are measured according to the equity method. Investments in subsidiaries are measured at the proportionate share of the companies' equity calculated in accordance with the Group's accounting policies, minus or plus unrealised intercompany profit and loss, with the remaining value of positive

#### Reserve for development cost

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company'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.

#### IFRS for financial instruments

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.

or negative goodwill added or subtracted in accordance with the acquisition method.

Net revaluation of investments in subsidiaries is transferred to the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds the acquisition cost. Dividends from subsidiaries expected to be adopted before the adoption of the annual report of Energi Danmark A/S are not bound to the revaluation reserve.

The consequences of the change in accounting policies is shown in the following table:

DKK '000	2016		2015	
	New policies	Former policies	New policies	Former policies
Revenue	14,545,503	14,545,503	13,909,468	13,909,468
Operating profit	136,206	164,289	-1,800	25,082
Profit for the year	114,096	135,265	11,673	32,659
Assets total	4,914,885	3,627,267	4,633,275	2,997,742
Equity	863,880	1,114,156	753,957	983,064

# Notes to the parent financial statements

## Notes

### 2 Significant accounting judgements, estimates and assumptions

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

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

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

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

- > Impairment of wind turbines
- > Fair value of financial and physical contracts
- > Amortisation of initial margin (day-1 profit or loss)

Other disclosures relating to the Company's exposure to risks and uncertainties includes capital management (Note 20), financial instrument Risk Management and sensitivity analysis disclosures (Note 16 and 17).

#### Impairment of wind turbines

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.

As a consequence of the electricity price level during 2016, the Group has tested whether its wind turbines are impaired. The impairment test is carried out on a portfolio basis and is based

on Management's estimates and assumptions of which the most significant include:

- > Expected production
- > Future electricity prices
- > Cost for maintenance program
- > Discount rate

At 31 December 2016 in the subsidiary Energi Danmark Vind A/S the carrying amount of wind turbines is DKK 526m (2015: 550m).

#### Fair value of financial and physical contract

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

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

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

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

More detail on the assumptions used in the fair value measurement of the energy contracts and related sensitivities are further described in note 17.

At 31 December 2016, the carrying amount of derivative assets and liabilities amounts to DKK 1,008m (2015: DKK 2,181m) and DKK 1,138m (2015: DKK 1,957m), respectively.

#### Amortisation of initial margin (day-1 profit or loss)

Day 1 profits are recognised in the income statement over the delivery period. Corrections for day 1 profits are partly calculated using price elements based on averages on which there is some uncertainty attached.

At 31 December 2016 the carrying amount of day 1 profits amounts to DKK 195 m (2015: DKK 179m).

Day 1 profits are further described in note 17.

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# Notes to the parent financial statements

Notes	DKK '000	2016	2015
3	Revenue		
	Sale of power	14,545,503	13,909,468
		<b>14,545,503</b>	<b>13,909,468</b>
	Denmark	11,187,891	11,097,934
	Sweden	1,484,722	1,290,810
	Finland	1,201,247	1,112,592
	Germany	442,066	222,623
	Norway	229,577	185,509
		<b>14,545,503</b>	<b>13,909,468</b>
4	Staff costs		
	Wages and salaries	83,664	81,270
	Pensions, defined contribution plans	7,933	7,648
	Other expenses for social security	933	1,125
		<b>92,530</b>	<b>90,043</b>
	Average number of employees	130	126
	Staff costs include salaries to management of 10,665 tDKK. (2015: 7.358 tDKK). Fees paid to external board members for 2016 represent 125 tDKK (2015: 125 tDKK). Other board members have not received any fees.		
5	Depreciation and amortisation		
	Amortisation of intangible assets	19,069	20,438
	Depreciation of tangible assets	2,481	2,418
	Gain on disposal of tangible and intangible assets, etc.	-323	-85
		<b>21,227</b>	<b>22,771</b>

# Notes to the parent financial statements

Notes	DKK '000	2016	2015
6	Finance income		
	Interest income, credit institutions	201	751
	Interest income, subsidiaries	2,288	269
	Other interest income	6,697	16,343
		<b>9,186</b>	<b>17,363</b>
7	Finance costs		
	Interest expenses, credit institutions	7,672	7,708
	Interest expenses, subsidiaries	4,010	2,586
	Other interest expenses	32,672	33,653
		<b>44,354</b>	<b>43,947</b>
8	Tax		
	Current tax	22,652	-13,517
	Adjustment of tax, previous years	443	83
	Deferred tax	-985	-39
	Adjustment of deferred tax, previous years	0	0
		<b>22,110</b>	<b>-13,473</b>
	<b>Specified as follows:</b>		
	Tax on profit from ordinary activities	22,110	-13,473
	Effective tax	22.5 %	22.5 %
	<b>Income tax, paid</b>	<b>-1,946</b>	<b>6,301</b>



# Notes to the parent financial statements

Notes DKK '000

9 Intangible assets

	2016		
	Completed development projects	Development projects in progress	Total
Cost 1 January	167,249	5,928	173,177
Additions	17,897	17,202	35,099
Disposals	0	0	0
<b>Cost 31 December</b>	<b>185,146</b>	<b>23,130</b>	<b>208,276</b>
Accumulated amortisation 1 January	148,070	0	148,070
Amortisations for the year	19,069	0	19,069
Amortisations, disposals for the year	0	0	0
<b>Accumulated amortisation 31 December</b>	<b>167,139</b>	<b>0</b>	<b>167,139</b>
<b>Carrying amount 31 December</b>	<b>18,007</b>	<b>23,130</b>	<b>41,137</b>

	2015		
	Completed development projects	Development projects in progress	Total
Cost 1 January	149,932	0	149,932
Additions	17,692	5,928	23,620
Disposals	-375	0	-375
<b>Cost 31 December</b>	<b>167,249</b>	<b>5,928</b>	<b>173,177</b>
Accumulated amortisation 1 January	128,007	0	128,007
Amortisations for the year	20,438	0	20,438
Amortisations, disposals for the year	-375	0	-375
<b>Accumulated amortisation 31 December</b>	<b>148,070</b>	<b>0</b>	<b>148,070</b>
<b>Carrying amount 31 December</b>	<b>19,179</b>	<b>5,928</b>	<b>25,107</b>

Development projects in progress includes development and test of IT-systems, which support the daily operation of the parent company. The costs primarily 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.

# Notes to the parent financial statements

Notes DKK '000

10 Tangible assets

	2016			
	Leasehold improvements	Vehicles	Tools and equipment	Total
Cost 1 January	6,132	9,089	4,329	19,550
Additions	55	2,502	303	2,860
Disposals	0	-1,931	0	-1,931
<b>Cost 31 December</b>	<b>6,187</b>	<b>9,660</b>	<b>4,632</b>	<b>20,479</b>
Accumulated depreciation 1 January	2,218	4,732	3,217	10,167
Depreciations for the year	617	1,471	393	2,481
Depreciations, disposals for the year	0	-1,875	0	-1,875
Accumulated depreciations 31 December	2,835	4,328	3,610	10,773
<b>Carrying amount</b>	<b>3,352</b>	<b>5,332</b>	<b>1,022</b>	<b>9,706</b>
<b>Depreciation period</b>	<b>10 years</b>	<b>5 years</b>	<b>3-5 years</b>	<b>-</b>
	2015			
	Leasehold improvements	Vehicles	Tools and equipment	Total
Cost 1 January	5,767	7,854	3,797	17,418
Additions	365	1,755	532	2,652
Disposals	0	-520	0	-520
<b>Cost 31 December</b>	<b>6,132</b>	<b>9,089</b>	<b>4,329</b>	<b>19,550</b>
Accumulated depreciation 1 January	1,615	3,696	2,804	8,115
Depreciations for the year	603	1,402	413	2,418
Depreciations, disposals for the year	0	-366	0	-366
Accumulated depreciations 31 December	2,218	4,732	3,217	10,167
<b>Carrying amount</b>	<b>3,914</b>	<b>4,357</b>	<b>1,112</b>	<b>9,383</b>
<b>Depreciation period</b>	<b>10 years</b>	<b>5 years</b>	<b>3-5 years</b>	<b>-</b>

# Notes to the parent financial statements

Notes	DKK '000	2016	2015
11	Investments in subsidiaries		
	Cost 1 January	423,691	423,691
	<b>Cost 31 December</b>	<b>423,691</b>	<b>423,691</b>
	Value adjustments 1 January	292,661	243,203
	Regulation on equity in subsidiaries	873	0
	Dividend paid	-8,498	-10,138
	Profit for the year	37,964	57,970
	Adjustment, Group	-4,173	1,626
	<b>Value adjustments 31 December</b>	<b>318,827</b>	<b>292,661</b>
	<b>Carrying amount 31 December</b>	<b>742,518</b>	<b>716,352</b>

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, Fjordveien 1, 1363 Høvik	Norway	100 %
Energie Vertrieb Deutschland EVD GmbH, Christoph-Probst-Weg 4, 20150 Hamburg	Germany	100 %

The subsidiaries are autonomous legal entities.

# Notes to the parent financial statements

Notes	DKK '000	2016	2015
12	Income tax receivable/payable		
	Income tax receivable 1 January	12,802	-1,037
	Adjustment of tax, previous years	-443	-83
	Current tax for the year	-22,652	7,621
	Income tax paid	-1,946	6,301
	<b>Income tax receivable 31 December</b>	<b>-12,239</b>	<b>12,802</b>
13	Share capital		
	For information in regards to the share capital, please refer to Note 14 on page 86 in the Consolidated Financial Statements.		
	<b>Proposal for the distribution of net profit</b>		
	Reserve for net revaluation according to the equity method	37,964	57,970
	Reserve for development costs	35,099	0
	Retained earnings	41,033	-46,297
	<b>Total</b>	<b>114,096</b>	<b>11,673</b>
14	Deferred tax		
	Deferred tax, 1 January	35,653	29,718
	Adjustments of deferred tax, previous years	246	5,896
	Adjustment of deferred tax	985	39
	<b>Deferred tax 31 December</b>	<b>36,884</b>	<b>35,653</b>
	<b>Deferred tax relates to:</b>		
	Intangible assets	-3,962	-4,219
	Tangible assets	116	172
	Bad debt provision	1,051	267
	Financial contracts	39,433	39,433
	Adjustment	246	0
	<b>Carrying amount 31 December</b>	<b>36,884</b>	<b>35,653</b>

# Notes to the parent financial statements

Notes	DKK '000	2016	2015
15	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 and Nasdaq OMX,. Deposited cash and cash equivalents, converted into DKK	172,668	377,348
	Of which are balances deposited with counterparties in DKK	3,456	32,331
	<b>Guarantees</b>		
	Guarantees provided by a financial institute	793,770	2,026,592

The Group has provided its portfolio of wind turbines as collateral for the debt which amounts to DKK 250.2m as of 31 December 2016 (2015: DKK 298.9m). The carrying amount of the wind turbines amounts to DKK 526.1m as of 31 December 2016 (2015: DKK 550,1m).

#### **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 for SKAT amount to DKK -12,239 thousand as at 31 December 2016 (2015: DKK 12,802 thousand). 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.

# Notes to the parent financial statements

Notes DKK '000

2016

2015

16 Risks, financial instruments and recognised transactions

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

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

#### Credit risk

When trading electricity, financial contracts, other goods and commodities with customers, counterparts and exchanges, Energi Danmark 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 are typically established companies trading with commodities.

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

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

Trade receivable and provisions for impairment:

	2016		2015	
	Carrying amount before impairment	Provision for impairment	Carrying amount before impairment	Provision for impairment
Customers not due	2,180,310	3,000	1,047,072	158
Customers in dunning process	669	255	1,076	439
Insolvent customers	1,902	1,522	772	619
<b>Total</b>	<b>2,182,881</b>	<b>4,777</b>	<b>1,048,920</b>	<b>1,216</b>

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.

# Notes to the parent financial statements

Notes DKK '000

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## Liquidity risk

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In Energi Danmark many of the working capital requirements from trading activities exist due to funding the purchase of electricity for delivery to our customers. Especially since the Wholesale Model was implemented, the liquidity requirement 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 liquidity risk is managed and monitored on a daily basis and a cash flow prognosis showing expected future cash movements is maintained.

The company bonds will expire in June 2017 and it is the plan to issue new bonds in the market.

When trading electricity on the exchanges, there is usually a requirement for margin calls to be covered by collaterals. The amount to be covered 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 has sufficient liquidity and collateral lines to support the business.

# Notes to the parent financial statements

Notes DKK '000

	Contractual maturity incl. interest (cash flow)				
	Carrying amount	Total	< 1 year	1-5 years	> 5 years
31 December 2016					
<b>Non-derivative financial instruments</b>					
Borrowings current and non-current	1,226,387	1,232,277	1,232,277	0	0
Trade payables	1,277,617	1,277,617	1,277,617	0	0
Other liabilities	408,678	408,678	408,678	0	0
<b>Derivative financial instruments</b>					
Derivatives	1,138,323	1,039,528	460,795	555,988	22,745
31 December 2015					
<b>Non-derivative financial instruments</b>					
Borrowings current and non-current	948,321	965,990	454,794	511,196	0
Trade payables	672,727	672,727	672,727	0	0
Other liabilities	301,207	301,207	301,207	0	0
<b>Derivative financial instruments</b>					
Derivatives	1,957,063	1,872,313	829,947	1,001,400	40,966



# Notes to the parent financial statements

Notes DKK '000

## Interest rate risk

Energi Danmark is partly financing its operation with loans from banks. The loans are subject to a variable interest rate. Cash flows and interest rate levels are monitored on a regular basis.

The interest rate risk is hedged using interest rate swaps for the coming year. The corporate bond interest rate is based on CIBOR + fixed margin.

## Market risk

The market price for electricity has proven to be quite volatile and subject to changes and events that can not be predicted.

The spot price is determined hourly on the physical exchanges and forms the basis for financial trading of electricity on futures and forward contracts.

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.

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 consumption is monitored on a regular basis in order to predict and adjust the corresponding hedging position.

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.

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).

	2016		2015	
	P/L effect	Reasonably possible change in variable %	P/L effect	Reasonably possible change in variable %
Electricity	6,012	5 %	7,368	5 %
Currency exchange rate	574	5 %	137	5 %

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

# Notes to the parent financial statements

Notes DKK '000

17 Information about financial instruments

## Categories of financial instruments

	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	2,178,104	2,178,104	1,047,704	1,047,704
Trade receivables from associates and subsidiaries	364,615	364,615	90,679	90,679
Other receivables and deposits	527,335	527,335	478,818	478,818
Cash	6,883	6,883	17,904	17,904
<b>Financial assets measured at amortised cost</b>	<b>3,076,937</b>	<b>3,076,937</b>	<b>1,635,105</b>	<b>1,635,105</b>
Bonds	0	0	30,639	30,639
Derivative assets	1,007,703	1,007,703	2,181,036	2,181,036
<b>Financial assets measured at fair value through profit or loss</b>	<b>1,007,703</b>	<b>1,007,703</b>	<b>2,211,675</b>	<b>2,211,675</b>
Credit institutions	726,679	726,679	449,196	449,196
Corporate bonds	499,708	502,500	499,125	498,750
Trade payables	1,277,617	1,277,617	672,727	672,727
Other payables etc.	408,678	408,678	301,207	301,207
<b>Financial liabilities measured at amortised costs</b>	<b>2,912,682</b>	<b>2,915,474</b>	<b>1,922,255</b>	<b>1,921,880</b>
Derivative liabilities	1,138,323	1,138,323	1,957,063	1,957,063
<b>Financial liabilities measured at fair value through profit or loss</b>	<b>1,138,323</b>	<b>1,138,323</b>	<b>1,957,063</b>	<b>1,957,063</b>

# Notes to the parent financial statements

Notes DKK '000

## Fair value measurement of financial instruments

	2016			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Interest rate swaps	0	1,138	0	1,138
Derivative financial assets:				
Foreign exchange forward	0	64,855	0	64,855
Commodity derivative	389,377	461,843	90,490	941,710
<b>Total</b>	<b>389,377</b>	<b>527,836</b>	<b>90,490</b>	<b>1,007,703</b>

## Financial liabilities measured at fair value

### Derivative financial liabilities:

Interest rate swaps	0	29,305	0	29,305
Foreign exchange forward	0	17,557	0	17,557
Commodity derivative	88	1,063,540	27,833	1,091,461
<b>Total</b>	<b>88</b>	<b>1,110,402</b>	<b>27,833</b>	<b>1,138,323</b>

If electricity prices changes with 5 % the net level 3 value will change with DKK 17.2m.

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.

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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

**Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

**Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

# Notes to the parent financial statements

Notes DKK '000

	2015			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Interest rate swaps	0	4,893	0	4,893
<b>Derivative financial assets:</b>				
Foreign exchange forward	0	9,128	0	9,128
Commodity derivative	4,455	2,156,897	5,663	2,167,015
<b>Total</b>	<b>4,455</b>	<b>2,170,918</b>	<b>5,663</b>	<b>2,181,036</b>
<b>Financial liabilities measured at fair value</b>				
<b>Derivative financial liabilities:</b>				
Interest rate swaps	0	29,713	0	29,713
Foreign exchange forward	0	4,698	0	4,698
Commodity derivative	1,348,021	515,000	59,631	1,922,652
<b>Total</b>	<b>1,348,021</b>	<b>549,411</b>	<b>59,631</b>	<b>1,957,063</b>

If electricity prices changes with 5 % the net level 3 value will change with DKK 14.4m.

# Notes to the parent financial statements

Notes DKK '000

## Amortisation of initial margin

If, at the time of inception, a difference arises between the model value of a financial instrument or physical contract accounted for as derivatives, calculated on the basis of unobservable inputs, and the transaction price (day-one profit or loss),

Energi Danmark adjusts the model parameters to take into account the initial margin.

The margin is recognised as profit over the delivery period.

	2016	2015
Deferred initial margin beginning of year	179,240	152,439
Recognised in profit or loss	-73,926	-62,411
Initial margin on new contracts	89,581	89,212
<b>Deferred initial margin end of year</b>	<b>194,895</b>	<b>179,240</b>

## 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.

	2016			2015		
	Gross	Netting	Net	Gross	Netting	Net
<b>Offsetting of current derivatives</b>						
Derivative assets	3,235,771	-2,228,068	1,007,703	4,962,648	-2,781,612	2,181,036
Derivative liabilities	-3,366,391	2,228,068	-1,138,323	-4,738,675	2,781,612	-1,957,063
<b>Total</b>	<b>-130,620</b>	<b>0</b>	<b>-130,620</b>	<b>223,973</b>	<b>0</b>	<b>223,973</b>

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.

# Notes to the parent financial statements

## Notes

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18 Events after the balance sheet

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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 2016.

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 2016 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 2016.

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, 22 March 2017

## Executive Board

Jørgen Holm Westergaard

CEO

## Board of Directors

Jesper Hjulmand

Chairman

Knud Steen Larsen

Deputy Chairman

Jesper Nybo Stenager

CFO

Martin Romvig

Søren Sørensen

Anders J. Banke

Jens Otto Veile

# Independent auditor's report

## To the Shareholders of Energi Danmark A/S

### Opinion

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 2016, comprising an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies for the Group as well as for the Parent Company, and a consolidated statement of comprehensive income and a consolidated statement of cash flows. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group at 31 December 2016 and of the results of the Group's operations and cash flows for the financial year 1 January–31 December 2016 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Further, in our opinion the parent company financial statements give a true and fair view of the financial position of the Parent Company at 31 December 2016 and of the results of the Parent Company's operations for the financial year 1 January–31 December 2016 in accordance with the Danish Financial Statements Act.

### Basis for opinion

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

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements or the parent company financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on our procedures, we concluded that the 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 Statements Act. We did not identify any material misstatement of the Management's review.

### Management's responsibilities for the consolidated financial statements and the parent company 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 additional requirements of 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.

Moreover, Management is responsible for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements**

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

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

- > Identify and assess the risk of material misstatement of the consolidated financial statements and the parent

company 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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate,

to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may imply that the Group and the Parent Company to cease to continue as a going concern.

- > Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the note disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- > Obtain sufficient and 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, 22 March 2017

**ERNST & YOUNG**

Approved Public Accountants

CVR no. 30 70 02 28

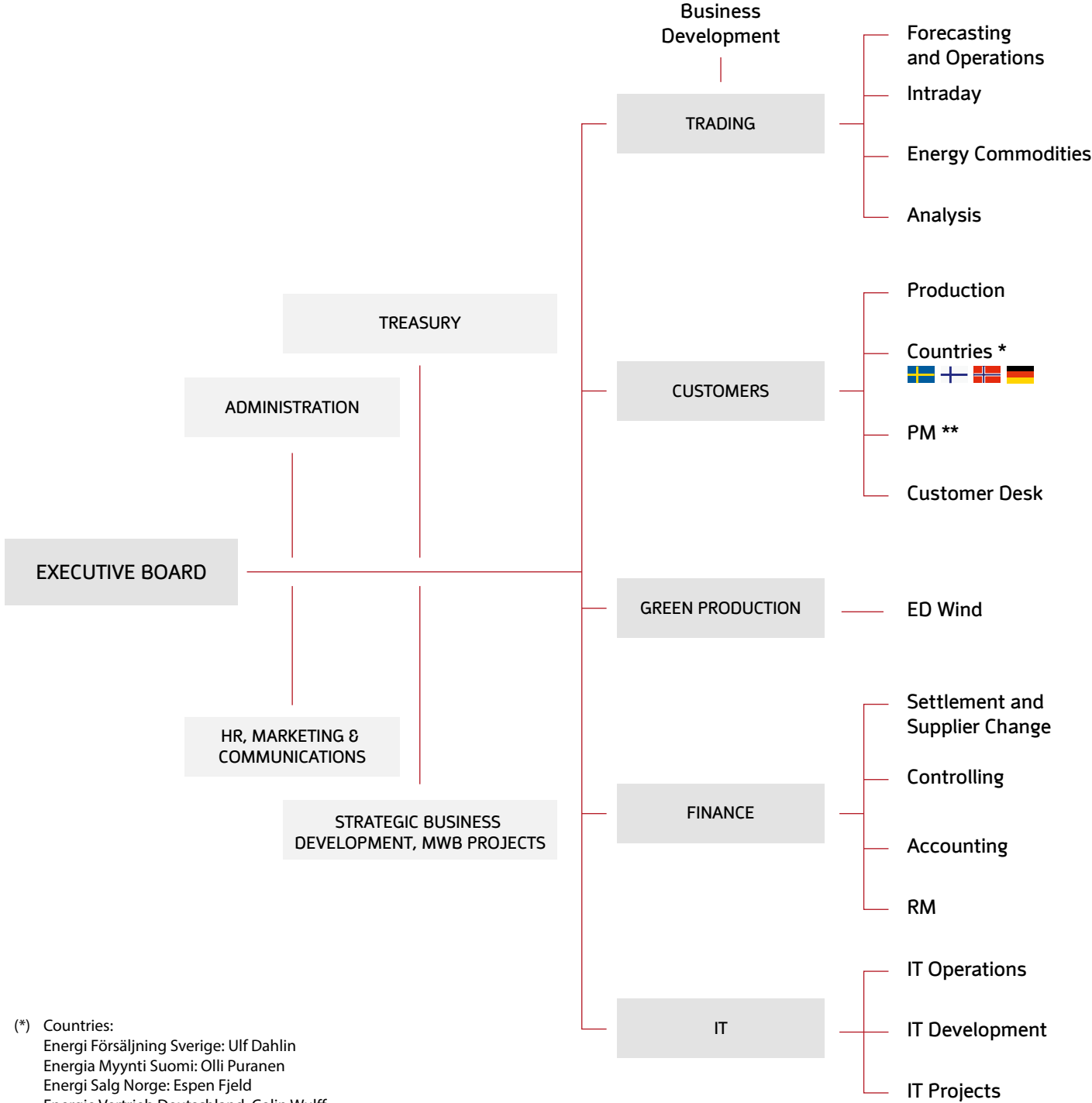
  
Claus Hammer-  
Pedersen

State Authorised  
Public Accountant

  
Klaus Skovsen

State Authorised  
Public Accountant

# Organisational chart



(\*) Countries:  
 Energi Försäljning Sverige: Ulf Dahlin  
 Energia Myynti Suomi: Olli Puranen  
 Energi Salg Norge: Espen Fjeld  
 Energie Vertrieb Deutschland: Colin Wulff

(\*\*) Energi Danmark Securities

# Corporate information

Energi Danmark A/S  
Hedeager 5  
DK-8200 Aarhus N  
Tel. +45 87 42 62 62  
Fax +45 87 42 62 63  
E-mail: ed@energidanmark.dk  
www.energidanmark.dk  
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 Knud Steen Larsen, EWII
- > CEO Martin Romvig, Eniig
- > CEO Søren Sørensen, NRGi
- > CEO Anders J. Banke, SEF
- > Director, Jens Otto Veile

## The Executive Management Committee

### Executive Board

Jørgen Holm Westergaard, CEO  
Jesper Nybo Stenager, CFO

### Trading

Thomas Bjørn Houliind,  
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

ERNST & YOUNG,  
Approved Public Accountants  
Værkmestergade 25  
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 4 April 2017.



Jesper Hjulmand



Knud Steen Larsen



Anders J. Banke



Jens Otto Veile



Martin Romvig



Søren Sørensen



Jørgen Holm  
Westergaard



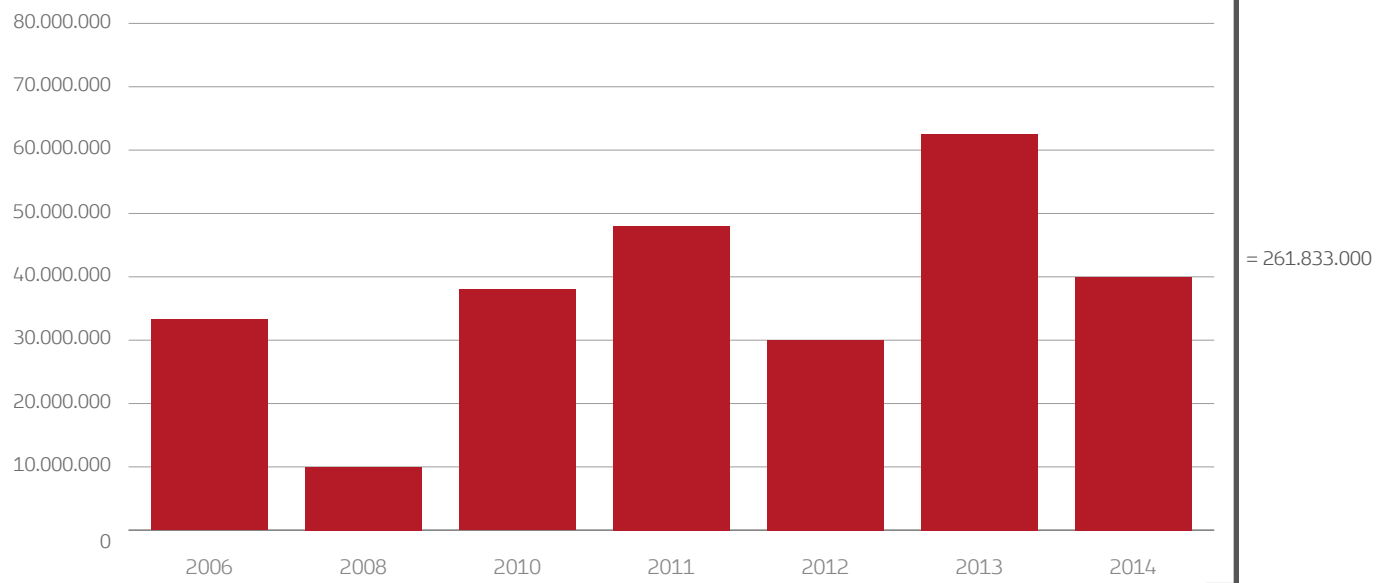
Jesper Nybo Stenager

# Ownership

As at 31 December 2016, 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
	<b>100.00</b>	<b>221,833,336</b>

## 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)  
> SEAS-NVE Net A/S (Chairman)  
> Fibia P/S (Chairman)  
> Tryghedsgruppen s.m.b.a. (Deputy  
Chairman)  
> TRYG A/S (Board member)  
> TRYG A/S audit committee and  
The Risk committee  
**Danish Energy Association:**  
> DE-Net's Committee of Directors  
(Chairman)  
**The Confederation of Danish Industry:**  
> The Confederation of Danish  
> Employers within the field of Energy  
and Supply (DEA), (Chairman)  
> Confederation of Danish Industry's  
executive committee  
**Others**  
> Nykredit (Member)

### Knud Bent Steen Larsen

CEO of EWII  
**Date of birth:** 01.03.1958  
**Member of the Board since:**  
10.10.2005.  
**Board memberships, honorary offices:**  
> Chairman of the Board for 21 fully  
owned subsidiaries in the EWII Group  
> Othania Capital A/S (Chairman)  
**DI:**  
> The Confederation of Danish  
Employers within the Field of Energy  
and Supply (DEA)  
> Confederation of Danish Industry,  
Shareholders' Committee  
**Dansk Energi:**  
> DE-Net's Committee of Directors

### Søren Sørensen

CEO at NRGi  
Engineer, HD in organisation and cor-  
porate mangement  
Executive MBA, Change Management  
**Date of birth:** 27.02.1964  
**Member of the Board since:**  
17.04.2008  
**Board memberships, honorary offices:**  
> Energi Danmark A/S  
> Subsidiaries NRGi a.m.b.a. (Chairman)  
> Incuba Invest A/S  
> FIBIA P/S  
> Dansk Energi Net Committee of  
Directors

### Martin Romvig

CEO of Eniig  
MBA  
**Date of birth:** 23.10.1969  
**Member of the Board since:**  
15.10.2014  
**Board memberships, honorary offices:**  
> Eniig Energi A/S (Chairman)  
> Eniig Fiber A/S (Chairman)  
> Eniig Energiteknik A/S (Chairman)  
> Eniig Renewables A/S (Chairman)  
> Dansk Energi Direktørudvalg  
(Committee of Directors)  
> Dansk Energi Lederforum  
(Management Forum)

### Anders J. 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 (Chairmanship)  
> 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-authorised 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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Odense

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Stockholm  
Gothenburg

Helsinki  
Vaasa  
Kuopio

Oslo  
Trondheim

Hamburg  
Leipzig  
Munich