

## Energi Danmark A/S - Annual Report 2021

The Energi Danmark group achieved a revenue of DKK 119bn in 2021 driven by historical high spot, gas and forward prices on the electricity market. High financial costs due to collateral requirements and losses due to the structure in Energi Danmark's wind portfolio resulted in an unsatisfactory group deficit after tax of DKK 286.5m. Due to a change of the valuation of sales contracts, income from 2021 in the amount of DKK 86.6m was moved back to 2020 which would otherwise have lowered the deficit to DKK 199.9m after tax. The Energi Danmark group realised a strong Q1 2022 with a result before tax of DKK 313.5m.

2021 has been an extraordinary year on the European energy markets, with rapidly rising electricity prices and collateral requirements as well as a huge upturn on both gas and carbon.

In 2021, the Energi Danmark group achieved a revenue of DKK 119bn. The revenue is based on delivering 38.1 TWh to consumers in the Northern European markets and handling 3.4 TWh of production on behalf of production customers in mainly Denmark and Sweden, combined with cross-border and gas activities on most European markets. More than 60 % of the delivered customer consumption was delivered to customers outside Denmark, supporting the group's ambition of providing energy solutions across borders.

Despite intensive competition on all markets during the year, the Energi Danmark group succeeded in signing contracts worth of 44.7 TWh to customers in the Nordic and German markets for future delivery in the coming five years. In total, the Energi Danmark group now has a total future delivery of 101.4 TWh to our Northern European customers booked for the coming five years.

### A challenging 2021

In spite of a historically high revenue, the result for the year landed on an unsatisfactory group deficit after tax of DKK 286.5m. Due to a change of the valuation of sales contracts, income from the financial year 2021 in the amount of DKK 86.6m was moved back to the financial year 2020 which would otherwise have lowered the deficit to DKK 199.9m after tax.

When signing a contract for future delivery with a customer, Energi Danmark purchases and hedges the agreed volume on the exchanges. The continuous and extreme increase in energy prices during 2021 caused a significantly higher collateral claim from the exchanges during the year than in a normal market with increased financial costs consequently.

In especially November and December 2021, Energi Danmark experienced significant losses relating to the portfolio of wind production customers. Significantly lower production due to lack of wind compared to what was expected in these months meant that Energi Danmark needed to buy additional volumes on the exchanges to meet our obligations under our corresponding delivery contracts. In combination with extremely high spot prices on the exchanges during these months, this led to significant losses.

Energi Danmark has implemented a range of initiatives to mitigate if similar extraordinary situation should occur in the future.

### Consolidation of ownership

In 2021, the previously announced consolidation of the ownership of Energi Danmark A/S was completed, so that Andel now owns 63.65% of the shares and NRGi owns 36.35%.

"Andel and NRGi both have a strong and close relationship with the Energi Danmark group, and together we are well positioned to develop the group's strategy and opportunities in the Northern European energy markets," says Chairman of the Board Jesper Hjulmand. ▶

**Strong expectations for 2022**

2022 began very well for the Energi Danmark group. The group realised a strong Q1 2022 with a result before tax of DKK 313.5m. The result was driven by a strong performance in our power trading divisions, sound management of our currency risks as well as satisfactory earnings from our customers division.

A positive consolidation in Q2-Q4 2022 is expected although determining the expectations for the whole year is currently subject to uncertainty following Russia's invasion of Ukraine.

"After a challenging 2021 affected by losses on our wind production contracts, a significant increase in market volatility and a change of the valuation of sales contracts, we are proud to realize a strong result in Q1 2022. This combined with an expectation of further profit for the rest of 2022 enables us to look very positively on the year as a whole," says CEO Jørgen Holm Westergaard.

**Further information:**

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The Annual Report 2021 was presented at the company's annual general meeting on 2 May 2022. ■