Ørsted Bioenergy & Thermal Power A/S

CVR no. 27446469

Annual report 2023

Approved at the Company's annual general meeting on 18 June 2024

Chair: Jeppe Skov Andersen

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Ørsted Bioenergy & Thermal Power A/S - Kraftværksvej 53, Skærbæk, 7000 Fredericia

Contents

Statement by management on the annual report

The Board of Directors and the Executive Board have today discussed and approved the annual report of Ørsted Bioenergy & Thermal Power A/S for the financial year 1 January - 31 December 2023.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the company financial statements give a true and fair view of the company's financial position at 31 December 2023 and of the results of the company's operations for the financial year 1 January - 31 December 2023.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved at the annual general meeting.

Skærbæk, 10 June 2024

Executive Board:

Ole Thomsen,
CEO

Board of Directors:

Henriette Fenger Ellekrog, Chair	Anja Forup, Deputy Chair	Ole Thomsen

Jan Hvidberg,
Employee representative

Independent auditor's report

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Ørsted Bioenergy & Thermal Power A/S for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes ("financial statements").

Basis for Opinion

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Independent auditor's report

Management's responsibility for the financial statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Copenhagen, 10 June 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. *33771231*

Thomas Wraae Holm	Morten Jacobsen
State Authorised Public Accountant	State Authorised Public Accountant
mne30141	mne44140

Company information

Company
Ørsted Bioenergy & Thermal Power A/S
Kraftværksvej 53 Skærbæk
7000 Fredericia

Company CVR: 27446469

Financial year: 2023-01-01 - 2023-12-31

Annual general meeting: 18 June 2024

Board of Directors
Henriette Fenger Ellekrog, Chair
Anja Forup, Deputy Chair
Ole Thomsen
Jan Hvidberg, Employee representative

Executive Board
Ole Thomsen, CEO

Auditors
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Consolidated financial statements
The company is included in the consolidated financial statements of the parent company, Ørsted A/S, CVR no. 36213728

The annual report of Ørsted A/S, CVR no. 36213728 can be obtained at the following address:

https://orstedcdn.azureedge.net/-/media/annual-report-2023/orsted-ar-2023.pdf?rev=526307f68e2047b3a1df8dd2cdf719ec&hash=E6069E12C1792AD620FA12898587394C

Management's review

Financial highlights

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	12.012.383	19.653.149	9.906.799	5.354.387	6.259.656
Profit/loss before amortisation/depreciation and impairment losses	944.538	6.115.349	3.056.554	794.127	1.344.074
Net financials	(83.771)	(95.664)	(231.759)	(268.917)	(481.145)
Profit/loss for the year	135.896	4.115.557	1.592.749	(145.427)	78.907
	TDKK	TDKK	TDKK	TDKK	TDKK
Balance sheet					
Balance sheet total	17.289.054	20.127.455	13.292.183	9.365.554	9.830.592
Investment in property, plant and equipment	885.621	466.838	318.448	381.315	711.000
Equity	8.636.049	8.192.208	2.978.095	2.636.578	2.792.192

	%	%	%	%	%
Financial ratios					
Gross margin	13	34	36	24	30
EBIT margin	3	27	23	2	12
Return on assets	2	32	20	1	7
Solvency ratio	50	41	22	28	28
Return on equity	2	74	57	(5)	2

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and key figures. For definitions, see the summary of accounting policies.

Management's review

Management commentary

Business review

Ørsted Bioenergy & Thermal Power A/S is a member of the Ørsted Group and a subsidiary of Ørsted A/S, Fredericia. Reference is made to the annual report of Ørsted A/S.

The company's objectives are to engage in activities in the energy sector and ancillary activities.

Ørsted Bioenergy & Thermal Power A/S produces electricity and heat at a number of thermal power plants in Denmark. The electricity generated is sold on the Nordic electricity exchange, Nord Pool. The heat produced is sold in accordance with long term heating contracts. Our power stations are an important part of the Danish energy system and they are some of the most efficient and flexible in the world, partly on account of combined electricity and district heat generation. They supply electricity and heat to our customers and contribute to supporting the transformation to renewable energy in the energy system of the future.

Ørsted Bioenergy & Thermal Power A/S has subsidiaries in United Kingdom. The subsidiary operates businesses in the production of enzymatic waste treatment technology.

Recognition and measurement uncertainties

The recognition and measurement of items in the annual report is not associated with any uncertainty.

Description of significant changes in the company's business and financial conditions

The company's financial position at 31 December 2023 and the results of its operations for the financial year ended 31 December 2023 are not affected by any unusual matters.

Financial review

The company's income statement for the year ended 31 December 2023 shows a profit of 135.896 TDKK (2022: profit of 4.115.557 TDKK), and the balance sheet at 31 December 2023 shows equity 8.636.049 TDKK (2022: 8.192.208 TDKK).

Management's review

The 2023 activity highlights:
• We won the first Carbon Capture & Storage (CCS) tender in Denmark and will in the future capture Co2 from 2 of our Danish power plants
• We achieved our target of sourcing 100 % third-party certified sustainable biomass for our biomass-fueled CHP plants.
• We delivered strongly on our provision of ancillary services vital to the stable operation of the Danish grid.

The development in the result compared to 2022 can be explained by: revenue decreased from 19,653 mDKK in 2022 to 12,012 mDKK in 2023.

The decrease was mainly driven by significantly lower power prices.

Investments

In 2023, 885 million DKK were invested in property, plant and equipment. The investments relates primarily to reinvestments at the power plants.

Knowledge resources

In order to achieve our vision of leading the energy transformation, it is essential that we can attract and retain skilled employees. We believe that well-being, both at and outside work is helping to create long term job satisfaction and ultimately better results. Therefore, we want to create the best possible framework for a sustainable work life where people are energized to make a difference every day. We take the initiative to maintain a good sense of community and collaboration among colleagues, meaningful challenging tasks, good management as well as sustained focus on professional development and learning. In addition, we offer healthy food, fitness facilities, as well as tools that help to prevent such as lack of sleep and stress.

Our goal to create continuous personal and professional development is based on the individual employee and 70:20:10 model. 70:20:10 are based on research, which shows that around 70% of the learning and development takes place through experience, around 20% through others, while approximately 10 per cent comes from courses and training. Orsted's Academy also offers a wide range of development and training programs across all career paths.

Foreign branches

The company has a branch in the UK.

Management's review

Outlook

Profit before taxes for 2024 is expected to be in line with 2023 as the energy markets are stabilizing.

Ørsted Bioenergy & Thermal Power A/S' strategic focus is:
• Continue to optimize and decarbonize our CHP plants
• Execute on the awarded CCS project and explore further potential of Carbon Capture at our CHP plants

Continue to optimize and decarbonize our CHP plants

Throughout 2023 the high energy prices seen in 2022 has been declining and shows that the energy markets in Europe are stabilizing. In 2023 Europe has in general experienced a warm winter, and the gas storages in Europe were more filled post winter than normal which relieves the pressure on the gas prices and thereby the general energy prices in Europe. It is expected that the energy prices keep stabilizing in 2024 unless unforeseen breakdowns on the fuel supply chain to Europe or special events happen.

Further, the Danish authorities decided in 2022 to order Bioenergy & Thermal Power A/S to continue and resume operations of three of its power station units which use oil and coal as fuel, in order to ensure the security of the electricity supply in Denmark. This applies to unit 3 at Esbjerg Power Station and unit 4 at Studstrup Power Station, which both use coal as their primary source of fuel, and unit 21 at Kyndby Peak Load Plant, which uses oil as fuel. The Danish authorities have ordered Ørsted to keep the three units in operation until summer 2024, and Ørsted therefore maintains its goal of becoming carbon-neutral by 2025.

Execute on the awarded CCS project and explore further potential of Carbon Capture at our CHP plants

The Danish government have committed to support CCS projects through an up to 8 bnDKK tender in 2023. The Danish Energy Agency (DEA) has awarded Ørsted a 20-year contract for our carbon capture and storage (CCS) project ‘Ørsted Kalundborg Hub’. The project entails Ørsted establishing carbon capture at our wood chip-fired Asnæs Power Station in Kalundborg in western Zealand and at our Avedøre Power Station’s straw-fired boiler in the Greater Copenhagen area, COD is planned to December 1st 2025.

Management's review

Special risks apart from generally occurring risks in industry

Operating risks

The financial result of Ørsted Bioenergy & Thermal Power A/S is significantly affected by the development in a number of market prices, including biomass, oil, gas, electricity, coal, CO_2 quotas and the dollar exchange rate. Parts of the market price exposure in 2023 and 2024 are hedged in accordance with the company's hedging strategy. Other factors that affect the financial results are the market's needs for flexibility, as well as the regulatory framework conditions.

Ørsted Bioenergy & Thermal Power A/S has secured biomass on long-term contracts and expect to have enough for delivering heat on biomass.

Corporate social responsibility

In pursuance of Section 99a (7) of the Danish Financial Statements Act, the Company has omitted information on corporate social responsibility.
Reference is made to the Sustainability report, which is a part of the Annual Report of the parent company Ørsted A/S:
(https://orstedcdn.azureedge.net/-/media/annual-report-2023/orsted-ar2023.pdf?rev=526307 f68e2047b3a1df8dd2cdf719ec&hash=E6069E12C1792AD620FA12898587394C).

Management's review

Goals and policies for the underrepresented gender

Description of target figures for the underrepresented gender

Description of targets
As from 1 January 2023, the rules on gender targets in section 99b in the Danish Financial Statements Act were expanded so that companies in scope should put in place gender targets for other managerial levels, defined as their executive level and people managers reporting to the executive level, and prepare a policy to increase gender diversity, such policy only to cover the specific legal entity.

Board of Directors
Ørsted Bioenergy and Thermal Power A/S is covered by the existing regulation (accounting class C), where we have three board members elected by the general meeting, of which two are women and one is a man - corresponding to 33,33% of the underrepresented gender.
Due to equal representation of men and women on the board of directors in accordance with the rules in Section 99b of the Danish Financial Statements Act, and as defined as 40:60 percent gender representation by the Danish Business Authority, no target to increase the share of the underrepresented gender has been set.

Other managerial levels
As of 31 December 2023, Ørsted Bioenergy and Thermal Power A/S had 7 people managers at other managerial levels, of which all are men - resulting in a share of the underrepresented gender of 0%. As we do not have equal representation of men and women on other managerial levels, the board of directors has set a target of 14 percent representation of the currently underrepresented gender (women) by 2026, equal to one woman and six men by 2026 in Ørsted Bioenergy and Thermal Power A/S.

Ørsted A/S as a global company has committed to meeting specific gender diversity ambitions as 40:60 percent gender representation across Ørsted by 2030, and the gender diversity targets set for Ørsted Bioenergy and Thermal Power A/S, also have a 2030 ambition for reaching this gender balance.

Management's review

	2023	2024	2025	2026	2027
Top management					
Total members	3				
Underrepresented gender %	33%				
Target %	33%				
Year for meeting target	2023				

	2023	2024	2025	2026	2027
Other management level					
Total members	7				
Underrepresented gender %	0				
Target %	14%	14%	14%	14%	
Year for meeting target	2026	2026	2026	2026	

Management's review

Description of policies for the underrepresented gender

Main policy content
A Danish diversity and inclusion policy has been prepared and approved by the Board of Directors in November 2022. The policy is aligned to the Danish appendix to Ørsted's global diversity and inclusion policy and has applied as of 1 January 2023 to all employees employed in Ørsted Bioenergy and Thermal Power A/S.

The policy aims to put into words our commitment to equity, diversity and inclusion, including our aspirations, our approach, and our actions. Ørsted Bioenergy and Thermal Power A/S is committed to providing equal opportunities irrespective of ethnic background, race, religion, age, gender identity and expression, genetic information, disability, sexual orientation, or social status.

The stated gender balance ambitions are high towards 2030. They emphasize the development, sponsorship, and engagement of women at levels that have historically lacked their representation. To underpin this, Ørsted Bioenergy and Thermal Power A/S, like Ørsted A/S as a global company, is committed to:

• Creating a working environment free of bullying, harassment, victimisation, and discrimination, promoting mutual respect, and ensuring that the contributions of all employees are recognised and valued, irrespective of e.g., their gender identity.

• Ensuring impartial and just treatment of all employees across the employee lifecycle including onboarding, trainings, development, compensation, promotions, and exits.

• Implementing fair and equitable processes and policies throughout recruitment and hiring for all positions. This includes aiming to remove barriers for talented potential applicants, reviewing job descriptions for accuracy and gender bias, actively working to reach excluded groups, and working with hiring managers to hire for potential.

Management's review

Main activities during 2023 to increase gender diversity on other managerial levels
Throughout 2023, specific initiatives and efforts have been implemented, contributing towards reaching the ambitions of a greater gender balance, both on other managerial levels, and more generally, in Ørsted Bioenergy and Thermal Power A/S. To drive an increasement of gender diversity at all levels, efforts in relation to both gender equality, equity and inclusion are key enablers for increasing the gender diversity figures towards 2026 and onwards:

• Within the area of recruitment, a transformed talent acquisition process has been launched, embedding equity, diversity, and inclusion into every hiring stage of the process. This process provides Ørsted Bioenergy and Thermal Power A/S with opportunities to recruit diverse candidates through talent acquisition partner support and with the input of panelists with various perspectives. The process covers a streamlined and equitable assessment process that champions diversity, ensuring all candidates regardless of gender identity have a fair shot at any position. With access to detailed data metrics, this provides insight to the representation and inclusion of diverse groups and perspectives in the candidate pool, the hiring process, and the workforce.

• Within the area of societal partnerships, a company collaboration has been formed with “Equalis” in 2023, the Danish think tank promoting gender equality and diversity using an intersectional approach to gender diversity; for example, a person holds more than one identity, as one can be a woman but also one with disability, which creates a unique experience. Ørsted was a case partner for the release of the Danish Diversity Barometer 2024, which consists of a tool for measurement and monitoring gender equality and diversity within the entire Danish labor market. The tool is available for all employees and leaders in Ørsted Bioenergy and Thermal Power A/S, providing insight on how to address societal gender inequalities, for example how to increase gender diversity in management positions.

• Within employee engagement, equity, diversity, and inclusion is made a consistent part of the questions asked in the annual employee engagement survey, People Matter. For Ørsted Bioenergy and Thermal Power A/S, focusing on gender diversity at all levels, requires investing resources in listening to understand how current and future employees define gender inclusion in the workplace and how men and women experience equal access to opportunities, and what can drive further gender equality in access to opportunities for career advancement.

Management's review

• Within the area of social protection, a new global policy on parental leave was launched per 1 January 2023, which covers all employees across Ørsted and its subsidiaries, including Ørsted Bioenergy and Thermal Power A/S. Taking an inclusive approach to gender equity, the policy underpins a workplace where diversity and gender equality are valued, and offers a global minimum parental leave standard based on caregiver status, regardless of gender or marital status, with the purpose of supporting all family structures. As of 1 January 2023, a global policy has applied to employees who become parents by giving birth, adopting, or any other local legal procedure, entitling all new primary caregivers to a minimum of 18 weeks of paid leave and secondary caregivers to a minimum of 12 weeks. In Denmark, the company offers parents an equal right to 24 weeks of leave with full pay after birth or adoption. The policy feed into driving a more gender-balanced economy in society and pushes for gender equity and diversity in Ørsted as a workplace.

• Within the area of learning and development, an EDI learning pathway has been launched, gathering and aligning fundamental knowledge resources and learning on equity, diversity and inclusion. This platform provides leaders at all levels and all employees in Ørsted Bioenergy & Thermal Power A/S the opportunity to easily and quickly access knowledge individually and for their teams. At the same time, the platform contributes to ensuring that everyone in Ørsted Bioenergy and Thermal Power A/S has access to the same knowledge and learning opportunities on gender diversity, equity, and inclusion, and thus establishes a common starting point for further understanding and actions towards subjects like microaggressions, allyship and inclusive leadership behaviours.

• Within the area of community building, all employees of Ørsted Bioenergy and Thermal Power A/S can actively participate in the inclusive networks under the umbrella "Ørsted IN", which serve as psychologically safe communities for members to share ideas, seek advice, and improve the working experience of minorities and marginalized groups. Our Gender IN network has contributed to create awareness sessions on gender diversity- and equity related topics, such as "menopause in the workplace" and "female investing". The Gender IN network also joined a partnership with the organization PWN Copenhagen in 2023, working to break down barriers, challenging biases, and amplifying women's voices in workplaces. Together they launched the first and only network across various companies, for women in the energy sector in Denmark called "Women in Energy Breakfast".

Management's review

Status on the gender diversity target for other managerial levels set in 2022
As of 31 December 2023, the target of having 14 percent women in other management levels in Ørsted Bioenergy and Thermal Power A/S by 2026 is still valid. We have seen an increasement in the ratio of the underrepresented gender across Ørsted Bioenergy and Thermal Power A/S as a whole, from 17 percent to 19 percent in 2023, indicating the efforts listed above are increasing gender diversity in Ørsted Bioenergy and Thermal Power A/S.

Data ethics

In pursuance of Section 99d of the Danish Financial Statements Act, the Company has omitted information on data ethics. Reference is made to the 2023 Data Ethics statement of Ørsted A/S:

https://orstedcdn.azureedge.net/-/media/annual-report-2023/statement-on-corporate-governance-january-2023.pdf?rev=f7cddfc1b07d4ca5a4e3fae34d2d16db&hash=8E2791B93886188A8B7A0AC8F240B427

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of Ørsted Bioenergy & Thermal Power A/S for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to Reporting class C, large enterprise entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

The annual report for 2023 is presented in TDKK.

Pursuant to sections §112, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

1 Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation and impairment losses, are also recognised in the income statement.

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

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

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

2 Government grants

Government grants comprise grants for environment-friendly generation and for funding of research and development projects. Government grants are recognised when there is reasonable assurance that they will be received.

Grants for electricity generation are recognised as revenue in step with the recognition of the related electricity revenue.

Accounting policies

Grants for research and development costs which are recognised directly in the income statement are recognised as other operating income in step with the costs to which the grants relate being incurred.

Grants for production assets and development projects are recognised in the balance sheet as deferred income and transferred to other operating income in the income statement in step with depreciation and amortisation of the assets to which the grants relate.

Allocated CO2 rights are recognised as rights within intangible assets.

3 Income statement

3.1 Hedge accounting

Fair value adjustments of financial instruments that are designated and qualify as fair value hedges of recognised assets or liabilities are recognised in the income statement together with any fair value adjustments of the hedged asset or liability that can be attributed to the hedged risk.

Changes in the fair value of financial instruments that are designated and qualify as hedges of expected future transactions are recognised in equity under retained earnings as regards the effective portion of the hedge. The ineffective portion of the hedge is recognised in the income statement. If the hedged transaction results in an asset or a liability, amounts deferred under equity are transferred to the cost of the asset or liability. If the hedged transaction results in income or expenses, amounts deferred under equity are transferred to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

3.2 Revenue

Information is provided on geographical markets and different revenue streams. The information is provided in consideration of the company's accounting policies, risks and management control.

IFRS 15 'Revenue' is used to interpret the Danish Financial Statements Act in relation to revenue.
Income from the sale of power and heat is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Accounting policies

3.3 Raw materials and consumables

Expenses for raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Raw materials and consumables comprise the purchases of fuel in the form of gas, coal, biomass and oil, purchases of energy, and transportation expenses in connection with the above and expenses related to CO2 emissions. These expenses are recognised in the income as consumed.

3.4 Other operating income

Other operating income comprises items secondary to the entities' activities, including gains on disposal of intangible assets and items of property, plant and equipment.

3.5 Other operating expenses

Other operating expenses comprise items secondary to the entities' activities, including losses on disposal of intangible assets and items of property, plant and equipment.

3.6 Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.
Other external expenses also comprise research and development costs that do not qualify for capitalisation.

3.7 Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

The share programme is initially classified as an equity-based scheme as the program settles in shares in Ørsted A/S. The fair value of the performance-based share units (PSUs) and estimates of the number of PSU's granted are measured at the time of granting and recognised:
- in the income statement under employee costs over the vesting period, and
- in the balance sheet under equity over the vesting period.

3.8 Depreciation and impairment losses

Depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Accounting policies

3.9 Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions and surcharges and allowances under tax payments, etc. Financial income and expenses also include realised and unrealised gains and losses relating to derivatives which are not used for hedge accounting.

3.10 Income from investments in subsidiaries

Gain and loss from disposals of subsidiaries is recognised in the reporting year of the divestment.

Dividend from investments is recognised in the reporting year in which the dividend is declared.

3.11 Tax for the year

The company is subject to the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date when they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The ultimate parent company Ørsted A/S acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Danish entities with tax losses receive joint taxation contributions from the ultimate parent company (the management company), Ørsted A/S equivalent to the tax base of the tax losses utilised (full allocation), while Danish entities that utilise tax losses in other entities pay joint taxation contributions to the Ørsted A/S equivalent to the tax base of the utilised losses.

The tax expense for the year, which comprises the year's current tax charge, joint taxation contributions and changes in the deferred tax charge - including changes arising from changes in tax rates - is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

4 Balance sheet

4.1 Intangible assets

Development projects, patents and licences

Development costs comprise costs directly and indirectly attributable to the company's development activities and meet the criteria for recognition.

Accounting policies

Development projects consists of IT software, which meet the criteria for recognition in the balance sheet. Static process modelling is the main project and is recognised as a development project and completed during 2018. The expected life-time is assessed as 7 years. The project is used for optimizing the power plants design, operation and maintenance and will ensure future economic benefit by optimizing fuel distribution and production flexibility. The model provides upto-date current data on the capacity of the power plants, which contribute to improving the load distribution and entries to the market. Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less the lower of accumulated amortisation and the recoverable amount.

On completion of a development project, capitalised development costs are amortised on a straightline basis over the estimate economic life. The amortisation period is normally 5 years and does not exceed 20 years.

Patents and licences consists of CO2 emission and IT-software, which are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the term of the licence, however not more than 20 years.

Allocated and purchased CO2 emission allowances, including CO2 credits, that are accounted for as rights are measured initially at cost. If a grant is received in connection with an allocation, the cost constitutes the actual consideration paid for the allowances, ie nil if the allowances are allocated free of charge. CO2 emission allowances are not amortised as their residual value equals their cost.

4.2 Tangible assets

Tangible assets which is not a lease is measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land and property, plant and equipment in progress are not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Interest expenses on loans obtained specifically for the purpose of financing the manufacturing of items of property, plant and equipment are included in cost over the manufacturing period. All indirect, attributable borrowing costs are recognised in the income statement.

Accounting policies

Cost is increased by estimated expenses for dismantling and removing the asset and restoration to the extent that they are recognised as a provision

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Buildings	20-50 years
Plants and machinery	10-40 years
Other fixtures and fittings, tools and equipment	3-5 years

The residual value of the company's property, plant and equipment is reassessed annually.

4.3 Leases

IFRS 16 'Leases' is used to interpret the Danish Financial Statements Act in relation to leases.

Lease liabilities are initially measured at the net present value of the in-substance fixed lease payments for the use of a lease asset. If, at inception of the lease, we are reasonably certain about exercising an option to extend a lease, we will include the lease payments in the option period when calculating the lease liability. We measure the lease asset to the value of the lease liability at initial recognition.

Lease assets are classified alongside our owned assets of similar type under property, plant, and equipment. We depreciate our lease assets during the lease term. The depreciation method used is the straight-line method for all our lease assets.

Contracts may contain both lease and non-lease components. We allocate the consideration in a contract to the lease and non-lease components based on their relative stand-alone prices. We account for non-lease components in accordance with the accounting policy applicable for such items. Non-lease components comprise building services and operating costs of leased vessels, etc.

Variable lease expenses are recognised in other external expenses in the period when the condition triggering those payments occurs.

Interests of lease liabilities are recognised in financial expenses.

4.4 Investments in subsidiaries and associates

Investment in subsidiaries and associates are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Cost is written down to the extent that dividend distributed exceeds the accumulated earnings after the date of takeover.

Accounting policies

Where the parent company has a legal or constructive obligation to cover the companies' negative balances or obligations, such obligation is recognised in liabilities.

4.5 Securities and investments

Investments are measured at cost.

4.6 Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Where there are indications of impairment, an impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

4.7 Inventories

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The net realisable value of stocks is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

4.8 Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

4.9 Prepayments

Prepayments recognised under current assets comprise expenses incurred concerning subsequent financial years.

4.10 Cash and cash equivalents

Cash and cash equivalents comprise cash.

Accounting policies

4.11 Equity

(a) Dividend

Dividend proposed for the year is recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is disclosed as a separate item under equity.

4.12 Provisions

Provisions comprise expected expenses relating to decommisioning of power plants and Co2 quotes. Provisions are recognised when, as a result of a past event, the company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

In measuring provisions, the expenses required to settle the liability are discounted to net present value, if this has a significant effect on the measurement of the liability. A pre tax discount rate is used that reflects the general interest rate level in the market. The change in present values for the financial year is recognised as financial expenses.

Provisions for the decommissioning of production assets and restoration are measured at the present value of the future liability in respect of decommissioning and shutdown as estimated at the balance sheet date. The amount provided is determined on the basis of existing requirements and estimated expenses, which are discounted to present value. If specific risks are deemed to attach to a provision, the estimated expenses are recognised. A discount rate is used that reflects the general interest rate level in society. These liabilities are recognised as they arise and are adjusted on a regular basis to reflect changes in requirements, price level, etc. The value of the provision is recognised in property, plant and equipment and depreciated together with the relevant assets. The increase in time of the present value of the provision is recognised in profit/loss for the year as financial expenses.

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting the obligations existing under the contract. If it is considered unlikely that an outflow from the enterprise of economic resources will be required to settle a liability, or if the liability cannot be measured reliably, the liability is accounted for as a contingent liability that is not recognised in the balance sheet. Material contingent liabilities are disclosed in the notes.

When it is probable that the total costs will exceed the total revenue from contract work in progress, the total expected loss on the work in progress is recognised as a provision. The provision is recognised under production costs.

Accounting policies

4.13 Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

The company and all its Danish group entities are taxed on a joint basis. The current income tax charge is allocated between the jointly taxed entities relative to their taxable income. Tax losses are allocated based on the full absorption method. The jointly taxed entities are eligible for the Danish Tax Prepayment Scheme.

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

4.14 Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

4.15 Deferred income

Deferred income comprises payments received concerning income in subsequent reporting years.

4.16 Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under ‘Equity’.

Accounting policies

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Fixed assets acquired in foreign currencies are translated at the exchange rate at the transaction date.

4.17 Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in current receivables from subsidiaries or payables to subsidiaries, respectively.

5 Cash flow statement

In pursuance of Section 86(4) of the Danish Financial Statements Act, the company has omitted preparing a cash flow statement as the company's cash flow is included in the consolidated cash flow statement of Ørsted A/S.

5.1 Financial highlights

Definitions of financial ratios.

Gross margin $$\frac{\text{Gross profit x 100}}{\text{Revenue}}$$

EBIT margin $$\frac{\text{Profit/loss before financials x 100}}{\text{Revenue}}$$

Return on assets $$\frac{\text{Profit/loss before financials x 100}}{\text{Average assets}}$$

Solvency ratio $$\frac{\text{Equity, end of year x 100}}{\text{Total assets at year-end}}$$

Return on equity $$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$$

Income statement 01 January - 31 December

	Note	2023	2022
		TDKK	TDKK
Revenue	1	12.012.383	19.653.149
Cost of sales		(8.996.588)	(11.948.753)
Work performed by the enterprise and capitalised		41.423	24.473
Other operating income	2	37.740	27.999
Other external expenses		(1.586.257)	(1.117.084)
Gross profit		**1.508.701**	**6.639.784**
Staff costs	3	(564.163)	(524.435)
Profit before amortisation/depreciation and impairment losses		**944.538**	**6.115.349**
Depreciation and impairment of property, plant and equipment		(606.243)	(722.654)
Other operating expenses		(20.016)	(34.882)
Profit before net financials		**318.279**	**5.357.813**
Expense from investments in subsidiaries		(164.264)	(18)
Financial income	4	276.556	125.852
Finance expenses	5	(196.063)	(221.498)
Profit before tax		**234.508**	**5.262.149**
Tax on profit/loss for the year	6	(98.612)	(1.146.592)
Profit for the year		**135.896**	**4.115.557**
Distribution of profit	7		

Balance sheet 31 December

	Note	2023	2022
		TDKK	TDKK
ASSETS			
Non-current assets			
Intangible assets	8		
Completed development projects		5.468	8.320
Patents and licences		870.739	1.463.802
		876.207	**1.472.122**
Tangible assets	9		
Land and buildings		378.582	460.115
Plant and machinery		4.864.796	5.083.485
Fixtures and fittings, tools and equipment		69.899	48.915
Property, plant and equipment under construction		957.190	435.806
		6.270.467	**6.028.321**
Financial assets			
Investments in subsidiaries	10	777.862	320.227
Investments in associates	11	100	100
		777.962	**320.327**
Total non-current assets		**7.924.636**	**7.820.770**
Current assets			
Inventories			
Raw materials and consumables	12	1.821.943	2.290.014
		1.821.943	**2.290.014**
Receivables			
Trade receivables		1.266.690	1.088.280
Other receivables		87.802	165.845
Deferred tax asset	13	0	295.387
Prepayments	14	53.159	37.656
Receivables from group companies	15	5.759.747	8.240.920
Receivables from associates		1.099	2.885
		7.168.497	**9.830.973**
Cash at bank and in hand		373.978	185.698
Total current assets		**9.364.418**	**12.306.685**

Balance sheet 31 December

	Note	2023	2022
		TDKK	TDKK
TOTAL ASSETS		**17.289.054**	**20.127.455**
Equity and liabilities			
Equity			
Share capital		500.000	500.000
Reserve for development costs		4.265	0
Reserve for hedges		174.324	(422.328)
Retained earnings		7.957.460	8.114.536
Total equity		**8.636.049**	**8.192.208**
Non-current liabilities			
Deferred tax	13	241.164	0
Other provisions	16	1.812.397	2.225.531
Provisions for pensions and similar liabilities	17	7.793	8.400
Deferred income	18	3.147.296	3.010.912
Lease commitments	18	47.578	53.606
Other payables	18	0	377.910
Total non-current liabilities		**5.256.228**	**5.676.359**
Current liabilities			
Other provisions	16	0	28.400
Trade payables		1.320.861	1.064.057
Payables to group companies	15	1.331.875	2.925.739
Other payables	18	441.321	373.653
Deferred income	18	275.161	261.448
Lease commitments	18	6.028	5.877
Corporation tax payable		21.531	1.599.714
Total current liabilities		**3.396.777**	**6.258.888**
Total liabilities		**8.653.005**	**11.935.247**
Total equity and liabilities		**17.289.054**	**20.127.455**

Balance sheet 31 December

Contingent assets, liabilities and other financial obligations	19
Mortgages and collateral	20
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Related parties and ownership structure	22
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Statement of changes in equity

	Share capital TDKK	Reserve for development costs TDKK	Fair value reserve for hedging instruments TDKK	Retained earnings TDKK	Total TDKK
Equity at 1 January 2023	500.000	0	(422.328)	8.114.536	8.192.208
Movement, reserves	0	0	0	(290.556)	(290.556)
Net profit/loss for the year	0	0	0	135.896	135.896
Adjustment of hedging instruments at fair value	0	0	764.938	0	764.938
Tax on equity transactions	0	0	(168.286)	1.849	(166.437)
Additions for development costs	0	4.265	0	(4.265)	0
Equity at 31 December 2023	**500.000**	**4.265**	**174.324**	**7.957.460**	**8.636.049**

Notes to the financial statements

1. Revenue

	2023	2022
	TDKK	TDKK
Sale of power	7.090.891	17.711.731
Sale of heat	3.364.519	2.885.785
Other sales	1.556.973	(944.367)
Total revenue	**12.012.383**	**19.653.149**

Geographical segments

Denmark	12.012.383	19.653.149

2. Other operating income

	2023	2022
	TDKK	TDKK
Gain/loss on sale of assets	0	5.000
Other operating revenues	37.740	22.999
	37.740	**27.999**

Notes to the financial statements

3. Staff costs

	2023	2022
	TDKK	TDKK
Wages and salaries	509.424	474.701
Pensions	47.807	42.834
Other social security costs	4.391	4.690
Other staff costs	2.541	2.210
	564.163	**524.435**

	2023	2022
Average number of employees	682	675

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

The executive board and a limited number of other members of senior management participate in our share programme established in 2016. As a condition for the award of performance share units (PSUs), the participant must own a number of shares in Ørsted A/S, corresponding to a part of the individual participant's annual base salary. The ownership requirement is between 15%-75% of the fixed salary. If the participants meet the shareholding requirement at the award date, the participants will each year be awarded a number of PSU's, representing a value corresponding to 15%-20% of the annual base salary at the award date.

Notes to the financial statements

Executive share programme

The awarded PSU's have a vesting period of approx. three years, after which each PSU entitles the holder to receive one share free of charge. The final number of PSU's for each participant will be determined based on Ørsted A/S's total shareholder return compared to 10 European peer energy companies. The rate will vary from 0% to 200% of the number that is set as target for the awarded PSU's. The maximum value is 30%-40% of the fixed annual salary at the time of granting. In addition to this also comes the change in fair value of the Ørsted share since grant. The highest rate will be triggered if Ørsted A/S delivers the highest return of the peer companies. For each lower position the number of PSU's will decline by 20 percentage points. For example, a second place entitles the participants to 180% of the target. If Ørsted A/S is number 11 in the comparison, the participants will receive no PSU's. The right to PSU's is subject to continued employment.

4. Financial income

	2023	2022
	TDKK	TDKK
Interest income from group enterprises	229.058	74.072
Exchange rate gains	42.401	51.337
Other financial income	5.097	443
	276.556	**125.852**

5. Financial expenses

	2023	2022
	TDKK	TDKK
Financial expense to group enterprises	10.283	34.666
Exchange rate expense	48.286	54.291
Other financial expenses	135.977	132.541
Lease interests	1.517	0
	196.063	**221.498**

Notes to the financial statements

6. Tax for the year

	2023	2022
	TDKK	TDKK
Tax for the year		
Current tax for the year	(5.841)	1.660.566
Deferred tax for the year	104.452	(501.650)
Adjustment of tax concerning previous years	(141.543)	45.697
Adjustment of deferred tax concerning previous years	141.544	(58.021)
	98.612	**1.146.592**

Notes to the financial statements

7. Distribution of profit

	2023	2022
	TDKK	TDKK
Recommended appropriation of profit/loss		
Retained earnings	135.896	4.115.557
	135.896	**4.115.557**

8. Intangible assets

	Completed development projects TDKK	Patents and licences TDKK	Total TDKK
Cost at 1 January 2023	50.481	1.503.999	1.554.480
Disposals	0	(1.219.925)	(1.219.925)
Additions	0	626.862	626.862
Cost at 31 December 2023	**50.481**	**910.936**	**961.417**
Amortisation and impairment losses at 1 January 2023	42.161	40.197	82.358
Amortisation for the year	2.852	0	2.852
Amortisation and impairment losses at 31 December 2023	**45.013**	**40.197**	**85.210**
Carrying amount at 31 December 2023	**5.468**	**870.739**	**876.207**

Notes to the financial statements

9. Tangible assets

	Land and buildings TDKK	Plant and machinery TDKK	Fixtures and fittings, plant and equipment TDKK	Property, plant and equipment under construction TDKK	Total TDKK
Cost at 1 January 2023	1.925.585	18.244.906	340.984	435.806	20.947.281
Additions	0	0	99	898.054	898.153
Transfers	3.422	345.735	27.513	(376.670)	0
Disposals	(44.172)	(31.570)	0	0	(75.742)
Cost at 31 December 2023	**1.884.835**	**18.559.071**	**368.596**	**957.190**	**21.769.692**
Depreciation and impairment losses at 1 January 2023	1.465.470	13.161.421	292.069	0	14.918.960
Depreciation	44.870	551.893	6.628	0	603.391
Reversal of impairment and depreciation of sold assets	(4.087)	(19.039)	0	0	(23.126)
Depreciation and impairment losses at 31 December 2023	**1.506.253**	**13.694.275**	**298.697**	**0**	**15.499.225**
Carrying amount at 31 December 2023	**378.582**	**4.864.796**	**69.899**	**957.190**	**6.270.467**

Notes to the financial statements

The carrying amount of leased assets included in 'Land and buildings' is TDKK 45.706 as per 31 December 2023.

10. Investments in subsidiaries

	2023	2022
	TDKK	TDKK
Cost at 1 January	4.683.148	4.683.148
Additions for the year	633.638	0
Disposals for the year	(140.200)	0
Cost at 31 December	**5.176.586**	**4.683.148**
Impairments at 1 January	(4.362.921)	(4.362.921)
Impairments of disposals of investments on demerger and sale of enterprise	125.850	0
Impairments for the year, net	(161.653)	0
Impairments at 31 December	**(4.398.724)**	**(4.362.921)**
Carrying amount at 31 December	**777.862**	**320.227**

	Ownership	Profit/loss	Equity
31 December	%	TDKK	TDKK
2023			
Name and registered office			
Orsted Netherlands BV	100	(74.513)	692.956
Orsted Holding Ludwigsau I GmbH	100	22	119
Ørsted New Bio Solutions Holding A/S	100	(193.796)	252.051
Orsted SP Holding (UK) Ltd	100	208	162.851
Stigsnæs Vandindvinding I/S	64	0	11.680

Notes to the financial statements

Due to a lower recoverable amount than booked value of investments, an impairment assetment is carried out. Based on the assessment an impairment of 161.653 TDKK is recognised.

11. Investments in associates

Investments in associates are specified as follows:

	2023	2022
	TDKK	TDKK
Cost at 1 January	100	100
Cost at 31 December	**100**	**100**
Revaluations at 31 December	**0**	**0**
Carrying amount at 31 December	**100**	**100**

Name	Registered office	Ownership	Profit/loss	Equity
		%	TDKK	TDKK
Emineral AS	Fredericia, Denmark	50	182	5.053

12. Stocks

	2023	2022
	TDKK	TDKK
Raw materials and consumables	1.821.943	2.290.014
	1.821.943	**2.290.014**

Inventories consist of fuels (coal, wood pellets, oil and biomass). At 31 December 2023 the fair value of inventories amount DKK 1,462 mio. The carrying amount was DKK 1,822 mio. (2022: fair value of inventories DKK 1,666 mio. and carrying amount DKK 2,290 mio.)

Notes to the financial statements

13. Deferred tax

	2023	2022
	TDKK	TDKK
Deferred tax at 1 January	295.387	(264.284)
Tax on equity transactions	(290.556)	0
Deferred tax recognised in income statement	(245.995)	559.671
Deferred tax at 31 December	**(241.164)**	**295.387**
The deferred tax charge relates to:		
Intangible assets	2.970	(137.945)
Property, plant and equipment	427.736	440.690
Contract work in progress	82.460	(290.847)
Financial instruments	(272.002)	(307.285)
Transferred to deferred tax asset / liability	**241.164**	**(295.387)**
Deferred tax		
Calculated tax asset	0	295.387
Deferred tax liabilities	241.164	0
Carrying amount	**241.164**	**295.387**

14. Prepayments

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

15. Receivables from group companies

The company's receivables from group companies includes TDKK 5,350,799 in a cash pool scheme with the ultimate Parent Company, Ørsted A/S (2022: TDKK 8,268,152).

Notes to the financial statements

16. Other provisions

	2023	2022
	TDKK	TDKK
Balance at 1 January	2.225.531	1.487.167
Interest element	37.520	28.857
Change in abandonment factors	(17.321)	134.483
Unutilised provision, reversed	(617.399)	0
Applied in the year	(606.939)	(666.144)
Provision for the year	791.005	1.241.168
Other provisions at 31 December	**1.812.397**	**2.225.531**
Other provisions are expected to mature within:		
0-1 year	74.340	67.094
> 1 years	836.042	1.334.690
> 5 years	902.015	823.747
	1.812.397	**2.225.531**

Provisions comprise expected expenses relating to decommisioning of power plants and obligations in respect of our own carbon emissions.

Notes to the financial statements

17. Provision for pensions

	2023	2022
	TDKK	TDKK
Balance at 1 January	8.400	8.487
Utilised during the year	(607)	(87)
Other provisions at 31 December	**7.793**	**8.400**

Defined benefit plans
The Company has undertaken to pay certain benefits (retirement pension) at a fixed amount to former members of the Executive Board in Denmark. These obligations are not covered by insurance. The uncovered pensions obligations stated at present value have been recognised in the balance sheet at TDKK 7,793.

	Note	2023	2022
		TDKK	TDKK
Other provisions are expected to mature within:			
0-1 year		1.286	1.431
> 1 years		2.966	3.398
> 5 years		3.541	3.571
		7.793	**8.400**

Notes to the financial statements

18. Long term debt

Lease liabilities

	Lease payment TDKK
0-1 year	6.028
1-5 years	47.578
> 5 years	0
	53.606

Deferred income and Other payables

	Instalment next year TDKK	Debt outstanding after 5 years TDKK
Deferred income	275.161	3.147.296
Other payables	441.321	0
	716.482	**3.147.296**

19. Contingent assets, liabilities and other financial obligations

19.1 Contingent liabilities

The company has entered into binding agreements with suppliers related to property, plant and equipment. The total liabilities amount to DKK 2,085 mio (2022: DKK 161 mio), and primarily concern agreements on investments at the Avedøre Power Plant.

Notes to the financial statements

19.2 Other contingent liabilities

Ørsted Bioenergy & Thermal Power A/S is a party to a small number of disputes.

Management is of the opinion that the outcome of these disputes will not impact on the Company's financial position apart from the receivables and liabilities recognised in the balance sheet at 31 December 2023.

Ørsted Bioenergy & Thermal Power A/S participates in a number of jointly controlled activities and enterprises. Together with the other participants the Company is jointly and severally liable for liabilities assumed under agreements concluded.

In connection with the sale of subsidiaries, the company has undertaken warranty obligations, which are not expected to result in a draw on financial resources.

Group's Danish companies are jointly and severally liable for tax on group jointly taxed income, etc., reference is made to the annual report Ørsted A/S, the administration company in relation to joint taxation.

20. Mortgages and collateral

As security towards subsidiaries supplier and leasing agreements, the Company has provided parent company guarantees amounting 249.487 TDKK (29 mGBP.)

21. Financial instruments

The Company use various financial instruments to hedge power, coal and gas prices and currency rates with a horizon of 0-5 years to minimize fluctuations and secure future cash flow. Financial instruments amount a net debt of DKK 223 mio as of 31 December 2023, which in the balance sheet is presented at receivables from group enterprises of DKK 258 mio and payables to group enterprises of DKK 35 mio.

22. Related parties and ownership structure

Controlling interest

Ørsted A/S, Kraftværksvej 53, 7000 Fredericia (parent company)

Other related parties

Ørsted A/S (Ultimate parent company)
The Danish State represented by the Ministry of Finance
Group enterprises and associates
Board of directors, executive board and senior employee

Notes to the financial statements

Consolidated financial statements

The company is reflected in the group report as the parent company Ørsted A/S, CVR no. 36213728.

The group report of Ørsted A/S, CVR no. 36213728, can be obtained at the following address:
https://orstedcdn.azureedge.net/-/media/annual-report-2023/orsted-ar-2023.pdf?rev=526307f68e2047b3a1df8dd2cdf719ec&hash=E6069E12C1792AD620FA12898587394C

23. Fees paid to auditors appointed at the annual general meeting

In pursuance of Section 96(3) of the Danish Financial Statements Act, the company has omitted providing information on audit fees as the company is fully consolidated in Ørsted A/S's consolidated financial statements, in which the audit fees for the Group as a whole are disclosed.