Ørsted Horns Rev I A/S

Annual report for 2022

CVR no. 31 16 41 92

(16th Financial year)

Adopted at the annual general meeting on 22 June 2023

Jeppe Skov Andersen
chairman

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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 Horns Rev I A/S for the financial year 1 January - 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022.

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

Skærbæk, 15 June 2023

Executive board

Allison Marie Metzak
Director

Board of directors

Jan Engelbert chairman	Daniel Langfeldt deputy chairman	Allison Marie Metzak

Independent auditor's report

To the shareholder of Ørsted Horns Rev I A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 december 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Ørsted Horns Rev I A/S for the financial year 1 January - 31 December 2022, 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities 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.

Independent auditor's report

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.

- 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.

Independent auditor's report

- 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, 15 June 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Anders Stig Lauritsen
State Authorised Public Accountant
MNE no. mne32800

Company details

The company	Ørsted Horns Rev I A/S Kraftværksvej 53 Skærbæk 7000 Fredericia	
	Telephone:	+45 99 55 11 11
	Website:	www.orsted.com
	CVR no.:	31 16 41 92
	Reporting period: Financial year:	1 January - 31 December 2022 16th financial year
	Domicile:	Fredericia
Board of directors	Jan Engelbert, chairman Daniel Langfeldt, deputy chairman Allison Marie Metzak	
Executive board	Allison Marie Metzak	
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup	
Consolidated financial statements	The company is reflected in the group report as the parent company Ørsted A/S, Fredericia, CVR no. 36 21 37 28 The group report of Ørsted A/S, Fredericia, CVR no. 36 21 37 28 can be obtained at the following address: https://orstedcdn.azureedge.net/-/media/2022-annual-report/orsted-annual-report-2022.pdf?rev=dbb7b462b5d64e53989413e99130cdbc&hash=C99358C5178E8149AFA302CF4D5E98C0	

Accounting policies

The annual report of Ørsted Horns Rev I A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as selected rules applying to reporting class C.

The accounting policies applied are consistent with those of last year.

The annual report for 2022 is presented in TDKK.

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 amortisation, 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.

Income statement

Revenue

Income from the sale of electricity and grants for sale of electricity 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.

Operating expenses

Operating expenses comprise the expenses incurred by the company to generate the year's revenue. Such expenses are recognised in the income statement as incurred.

Accounting policies

Other external expenses
Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

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

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, realised and unrealised capital/exchange gains and losses on foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year
The company is subject to the Danish rules on compulsory joint taxation of the Ørsted Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed Danish 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.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, 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.

Balance sheet

Tangible assets
Tangible assets are 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.

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.

Accounting policies

Cost is increased by estimated expenses for dismantling and disposing of the assets and restoration to the extent that they are recognised as a provision.

The basis of depreciation is determined as cost reduced by any residual value, and depreciation is charged using sum of digits balance method over the expected useful lives of the assets, which are:

	Useful life
Plant and machinery	25 years

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

Joint operations
Capital investments in joint operations include jointly operated licenses regarding wind turbine plants.

Capital investments in joint operations are recognised in the parent company's accounts by recognising the parent company's share of the jointly controlled assets and liabilities, classified according to the character of the assets and liabilities, as well as the parent company's share of the revenue of the sales of the jointly controlled activity's production along with the parent company's share of the costs incurred by the jointly controlled activity.

Based on the ownership share a proportional elimination is done regarding internal revenue and cost, internal outstanding accounts as well as realized and unrealized profits and losses of transactions between the enterprises involved.

Impairment of fixed assets
The carrying amount of property, plant and equipment is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets. Write-down is made if the recoverable amount is lower than the carrying amount.

The recoverable amount is the higher of the net present value and the value in use less expected costs to sell. The net present value 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.

Receivables
Receivables, which include trade receivables, receivables from group entities and other receivables, are measured at amortised cost.

Accounting policies

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 is impaired, an impairment loss for that individual asset is recognised.

Equity

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Provisions

Provisions are recognised when as a result of a past event the company's 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.

Provisions, except for deferred taxes, are measured at fair value.

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.

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.

Accounting policies

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.

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.

Income statement 1 January - 31 December

	Note	2022 TDKK	2021 TDKK
Revenue		**297.022**	**126.537**
Operating expenses		-6.259	-4.135
Other external expenses		-46.128	-39.234
Gross profit		**244.635**	**83.168**
Staff costs	2	0	0
Profit/loss before amortisation/depreciation and impairment losses		**244.635**	**83.168**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-16.494	-9.342
Profit/loss before net financials		**228.141**	**73.826**
Financial income		1.532	0
Financial costs	3	-10.526	-6.717
Profit/loss before tax		**219.147**	**67.109**
Tax on profit/loss for the year	4	-48.295	-14.771
Profit/loss for the year		**170.852**	**52.338**

Distribution of profit

	2022	2021
Proposed dividend for the year	100.000	0
Retained earnings	70.852	52.338
	170.852	**52.338**

Balance sheet 31 December

	Note	2022 TDKK	2021 TDKK
Assets			
Plant and machinery	5	108.131	7.974
Tangible assets		**108.131**	**7.974**
Total non-current assets		**108.131**	**7.974**
Trade receivables		22.651	35.946
Receivables from group companies	6	433.531	184.385
Other receivables		42.770	36.226
Deferred tax asset	7	43.554	38.366
Receivables		**542.506**	**294.923**
Total current assets		**542.506**	**294.923**
Total assets		**650.637**	**302.897**

Balance sheet 31 December

	Note	2022 TDKK	2021 TDKK
Equity and liabilities			
Share capital		100.000	100.000
Retained earnings		55.137	-15.715
Proposed dividend for the year		100.000	0
Equity	8	**255.137**	**84.285**
Other provisions	9	298.626	172.402
Total provisions		**298.626**	**172.402**
Banks		0	6.201
Payables to group companies		1.991	1.169
Corporation tax		53.482	17.334
Other payables		41.401	21.506
Total current liabilities		**96.874**	**46.210**
Total liabilities		**96.874**	**46.210**
Total equity and liabilities		**650.637**	**302.897**
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Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January 2022	100.000	-15.715	0	84.285
Net profit/loss for the year	0	70.852	100.000	170.852
Equity at 31 December 2022	**100.000**	**55.137**	**100.000**	**255.137**

Notes

1 Main activity

The Company's objects are to engage in activities in the energy sector and ancillary activities.

	2022	2021
	TDKK	TDKK
2 Staff costs		
Average number of employees	1	1

The executive board and board of directors have not been paid remuneration.

	2022	2021
3 Financial costs		
Financial expenses, group companies	808	640
Other financial costs	145	35
Interest element abandonment	9.573	6.042
	10.526	**6.717**

	2022	2021
4 Tax on profit/loss for the year		
Current tax for the year	53.399	17.417
Deferred tax for the year	-5.186	-2.653
Adjustment of tax concerning previous years	83	7
Adjustment of deferred tax concerning previous years	-2	0
	48.294	**14.771**

Notes

5 Tangible assets

	Plant and machinery
	TDKK
Cost at 1 January 2022	977.018
Additions for the year	116.650
Cost at 31 December 2022	1.093.668
Impairment losses and depreciation at 1 January 2022	969.044
Depreciation for the year	16.493
Impairment losses and depreciation at 31 December 2022	985.537
Carrying amount at 31 December 2022	**108.131**

6 Receivables from group companies

The company's receivables from group companies includes TDKK 433.531 in a cash pool scheme with the ultimate parent company, Ørsted A/S (2021: TDKK 184.385).

Notes

		2022	2021
		TDKK	TDKK
7	**Provision for deferred tax**		
	Provision for deferred tax at 1 January 2022	38.366	35.713
	Deferred tax recognised in income statement	5.186	2.653
	Adjustments of deferred tax concerning previous years	2	0
	Transfer to assets	-43.554	-38.366
	Provision for deferred tax at 31 December 2022	**0**	**0**
	Provisions for deferred tax on:		
	Property, plant and equipment	-22.144	-438
	Other provisions	65.698	-37.928
	Transferred to deferred tax asset	-43.554	38.366
	Deferred tax asset		
	Calculated tax asset	43.554	38.366
	Carrying amount	**43.554**	**38.366**

8 Equity

The share capital consists of 100.000 shares of a nominal value of TDKK 1. No shares carry any special rights.

There haven't been any changes in the share capital during the last 5 years.

Notes

		2022	2021
		TDKK	TDKK
9	**Other provisions**		
	Balance at beginning of year at 1 January 2022	172.402	182.832
	Provision in year	126.224	6.042
	Applied in the year	0	-16.472
	Balance at 31 December 2022	**298.626**	**172.402**
	The expected due dates of other provisions are:		
	Between 1 and 5 years	298.626	0
	Over 5 years	0	172.402
		298.626	**172.402**

10 Subsequent events

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

11 Contingent liabilities

Liability in joint taxation
The group's Danish companies are jointly and severally liable for tax on group jointly taxes income, etc. Reference is made to the annual report for Ørsted A/S, the administration company in relation to joint taxation. The group's Danish companies are also jointly and severally liable for Danish withholding taxes on dividends, royalties and interests within the group of jointly taxed entities. Any subsequent corrections to income and withholding taxes may result in an increase in the entities' liability.

The group’s Danish entities have joint and several liability for joint VAT registration.

Other contingent liabilities
The company participate at a rate of 40 % in a joint operation in respect of a project within renewable energy. The company is jointly and severally liable together with other participants for liabilities relating to agreements entered into. The company has no other material contingent liabilities.

Notes

12 Related parties and ownership structure

Controlling interest

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

Other related parties

Ørsted A/S (ultimate parent company)

Ownership structure

According to the company register of shareholders, the following shareholder holds at least 5% of the votes or at least 5% of the share capital:

Ørsted Wind Power Denmark A/S