

Ørsted Wind Power A/S

Annual report for 2022

CVR no. 31 84 92 92

(14th Financial year)

Adopted at the annual general meeting on 28 June
2023

Jeppe Skov Andersen
chair

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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 Wind Power 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.

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, 27 June 2023

Executive board

Rasmus Errboe
director

Richard John Hunter
director

Board of Directors

Daniel Lerup
chair

Henriette Fenger Ellekrog
deputy chair

Ingrid Maryanne Till Reumert

Nikolaj Kruppa
employee elected board
member

Leticia Francisca Torees
Mandiola
employee elected board
member

Independent auditor's report

To the shareholder of Ørsted Wind Power 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 Wind Power 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' 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 Management's Review

Management is responsible for Management's Review.

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

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish 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 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.

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, 27 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 Wind Power A/S
Kraftværksvej 53
Skærbæk
7000 Fredericia

Telephone: +45 99 55 11 11

Website: www.orsted.com

CVR no.: 31 84 92 92

Reporting period: 1 January - 31 December 2022

Domicile: Fredericia

Board of Directors

Daniel Lerup, chair
Henriette Fenger Ellekrog, deputy chair
Ingrid Maryanne Till Reumert
Nikolaj Kruppa, employee elected board member
Leticia Francisca Torees Mandiola, employee elected board member

Executive board

Rasmus Errboe, director
Richard John Hunter, director

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, CVR no. 36 21 37 28

The group report of Ørsted A/S, 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>

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	8.454.430	7.726.906	9.322.523	25.253.345	42.581.928
Profit/loss before amortisation/depreciation and impairment losses	2.015.756	5.924.406	1.235.267	7.864.537	8.777.908
Profit/loss before net financials	1.828.671	5.621.799	1.026.251	7.238.839	8.244.180
Net financials	-321.058	-25.357.692	1.477.412	-986.630	20.224.894
Profit/loss for the year	3.913.858	-14.935.407	1.268.387	2.232.115	24.334.245
Balance sheet					
Balance sheet total	116.362.452	40.579.791	32.227.503	55.900.970	77.421.238
Investment in property, plant and equipment	0	0	0	4.368	0
Equity	67.636.924	315.375	15.733.180	34.437.553	57.159.535
Financial ratios					
Gross margin	43,8%	97,3%	29,7%	35,7%	23,1%
EBIT margin	21,6%	72,8%	11,0%	28,7%	19,4%
Return on assets	2,3%	15,4%	2,3%	10,9%	12,6%
Solvency ratio	58,1%	0,8%	48,8%	61,6%	73,8%
Return on equity	11,5%	-186,1%	5,1%	4,9%	51,9%

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

Business review

Ørsted Wind 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 objects are to engage in activities in the energy sector and ancillary activities.

Recognition and measurement uncertainties

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

Included in the provisions there is uncertainty about future issues on the wind farms that we have built, and which must be covered by our guaranties. Moreover, there is an uncertainty about the return requirements for the Offshore Transmission Assets we have built and thus the compensation mechanism in our Construction Agreements. Furthermore there is uncertainty about the expected future cost in our estimate of onerous contracts. Finally, there is an uncertainty regarding the wake loss compensation to our partners for neighbor wind parks.

Our tax risk management work includes taking into account uncertain tax positions, e.g. when we have taken a position where there is an uncertainty created by a comparison of the wording of the law, the expressed policy intent or lack thereof, or fluctuating or divergent application by tax authorities or judicial systems in countries where we operate.

Financial review

The company's income statement for the year ended 31 December 2022 shows a profit of TDKK 3.913.858, and the balance sheet at 31 December 2022 shows equity of TDKK 67.636.924.

Development in profit before tax is primarily affected by loss on hedges.

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.

Financial expectations for 2023

Earnings before net financials, taxes, depreciation and amortisation in 2023 is expected to be around bnDKK 2,3.

Knowledge resources

Ørsted Wind Power A/S continuously strives to have the most competent employees, as the employees' expertise and professional knowledge are important parameters when it comes to developing, constructing and maintaining the individual components in a wind farm. Wind Power continuously endeavours to ensure that its employees have the necessary skills to undertake these key elements; developing, construction, maintaining and operating a wind farm.

Management's review

Research and development activities

Ørsted Wind Power A/S is focusing on reducing the cost of electricity and will continue to focus on the development of the concept for an offshore wind farm, based on a standardized design, standard components and construction in areas that have the best conditions in terms of wind, distance from shore, water depth and seabed.

Foreign branches

The company has branches abroad in United Kingdom, The Netherlands, Taiwan and Poland.

Financial instruments

We have in 2022 lost BnDKK 16,3 on the hedges mainly due to the large increase in electricity prices during the year. The hedges are entered into on behalf of the company's subsidiaries to hedge future electricity prices, future cash flow in foreign currency (primarily GBP) and inflation. The loss on the hedges will be countered by a large increase in revenue from the sale of electricity etc. in the company's subsidiaries, and thus it is expected that any realized loss on the hedges will be balanced by increasing income in the company's operational wind assets and eventually being reflected in higher incoming dividends to the company. The hedge losses are recognized under Financial expenses.

Statutory corporate social responsibility report

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 Annual Report (<https://orsted.com/en/investors/ir-material/annual-reporting-2022>) for 2022 for Ørsted A/S.

Policies on the underrepresented gender

Target figures for the underrepresented gender

The Board of Directors are constituted by five members which are represented by three women and two men. The representation of women and men in the Board of Directors is in accordance with the rules in Section 99b in the Danish Financial Statements Act, why no target for the share of the underrepresented gender have been set within the Board of Directors.

Ørsted Wind Power A/S does not currently have an equal gender balance, as defined as 40:60 by the Danish Business Authority, in other managerial levels. In compliance with the changed legislation, gender diversity targets have therefore been set for 2026 to increase gender diversity on other managerial levels in Ørsted Wind Power A/S. The target for Ørsted Windpower A/S for 2026 is 22:78, equal to two women and seven men.

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

Management's review

Policies for the underrepresented gender

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 Wind Power A/S.

The policy aims to put into words our commitment to diversity and inclusion, including our aspirations, our approach, and our actions. Ørsted is committed to ensuring an inclusive workplace where you are respected for who you are, valued for the unique perspectives you bring to the workplace, and rewarded fairly for what you achieve, while maintaining a sustainable work life.

Our gender ambitions are high. They require that we attract, recruit, develop, sponsor, engage, and include women and everyone else at every level and step of the way.

How the company translates its policies on the underrepresented gender into action

To embed diversity, equity, and inclusion at the core of our approach and global growth, we continuously work to improve our organisation's gender balance, and expand our diversity efforts and initiatives beyond gender and our own workforce.

While gender is one dimension of diversity, for which we have set specific gender balance targets, we fully recognise that diversity is much wider than this and includes any identity dimensions that may differentiate our employees – for example ethnicity, race, nationality, disability, and sexual orientation, to name a few – and we take an intersectional approach to biases and barriers for all employees to feel valued.

Our ambition is i) embedded in our business strategy and all of our talent decisions, ii) central to our sustainability agenda and regulatory requirements, iii) global in approach and tailored to local needs, iv) defined broadly around visible and invisible diversity, and v) informed by data so we act on evidence and track progress.

We are maturing our organisation's understanding of diversity, equity and inclusion. More than 1,850 employees attended live trainings and over 600 completed our dedicated e-learning on inclusion. Diversity, equity and Inclusion is now part of the onboarding program for every employee, and this year we focused on upskilling our top management and HR community as essential drivers for further progress.

Management's review

Embracing inclusion requires that we invest resources in listening in order to understand how our current and future employees define inclusion in the workplace. We have made diversity, equity, and inclusion a part of the questions asked in our annual employee engagement survey, People Matter. We are committed to acting on the results, to ensuring employees feel respected for who they are, appreciated for their contributions, and that they have equal access to opportunities for career advancement.

Through our newly-launched sponsorship program, our 45 most senior leaders in Ørsted sponsor at least one woman with the aim for her to progress to a more senior leadership position.

We continue to support and mature our global Ørsted IN inclusion networks with 15 chapters across the world. Our networks include Gender IN, LGBTQ+ IN, Race and Ethnicity IN, Disability IN and Veterans IN. We provide development opportunities, allocate funding and establishing clear communication lines for feedback to ensure alignment with the Diversity, Equity and Inclusion team. These networks create a place for our employees to come together and support an inclusive culture.

Diversity and inclusion must be a natural element of any recruitment, hiring, or selection activity in Ørsted. We strive to make this visible in our job ads, in our selection criteria, position short listings, and employer branding activities. We seek to de-bias our job descriptions, screening, and decision-making processes.

We are auditing several processes to create a fairer and more equitable working environment. Based on employee inputs, we reviewed and enhanced our 'Global bullying, discrimination, and harassment policy' and process in 2022.

Statement of policy for 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 Annual Report for 2022 for Ørsted A/S: (<https://orsted.com/en/investors/ir-material/annual-reporting-2022>)

Accounting policies

The annual report of Ørsted Wind Power A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Danish Financial Statements Act allows the use of certain IFRS standards to interpret the act.

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

The annual report for 2022 is presented in TDKK

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

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.

Income statement

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.

Accounting policies

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.

Information of 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.

Revenue

IFRS 15 'Revenue' is used to interpret the Danish Financial Statements Act in relation to revenue.

Income from contract revenue and revenue from services 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.

Income from services, comprising service contracts and extended warranties relating to products and contracts sold is recognised on a straight-line basis as the services are provided.

Income from the construction agreements is recognised over time. When the outcome of the performance obligation in the contract can be measured reasonably, the construction agreement is measured at the transaction price of the work performed less progress billings, based on the percentage of completion of the contract at balance sheet date and the total expected revenues from the individual contracts. We estimate the degree of completion on the basis of an assessment of the work performed, normally calculated as the ratio between the costs incurred and the total costs expected related to the contract in question. The transaction price is based on the total expected income from individual contracts. Estimates of revenues are based on the transaction price and the completion degree of the offshore wind farm or offshore transmission asset at the balance sheet date. Estimates of revenues, costs, and percentage of completion are revised if circumstances change. Any resulting increases or decreases in estimated revenue or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision come to our knowledge. An expected loss is recognised when it is deemed probable that the total construction costs will exceed the total revenue from the individual contracts.

Accounting policies

Operating expenses

Operating expenses comprise the expenses incurred by the company to generate the revenue for the year. Operating expenses also include costs for the construction of wind farms for third parties. Such expenses are recognised in the income statement.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of property, plant and equipment and development fees.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the company's activities, including losses on the sale of property, plant and equipment.

Other external expenses

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

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 classified as an equity-based programme as the programme is settled in shares. The market value of the performance share units (PSUs)/retention share units (RSUs) and the estimated number of PSUs granted are measured at the time of granting and recognised:

- in the income statement under employee costs over the vesting period
- as an offset in the balance sheet under equity over the vesting period

The valuation of the PSUs/RSUs and the estimate of the number of PSUs/RSUs expected to be granted are carried out as a probability simulation based on Ørsted's expected total shareholder return relative to ten comparable European energy companies. The expectations are factored into the market value and are not adjusted subsequently. The participants are compensated for any dividend payments by receiving additional PSUs/RSUs.

Depreciation and impairment losses

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

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.

Accounting policies

Dividend from participating interests is recognised in the financial year in which the dividend is declared.

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.

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 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.

Accounting policies

Where individual parts of an item of property, plant and equipment have different useful lives, the cost is divided into separate parts, which are depreciated separately, and the individual part constitutes a significant part of the total cost.

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

Buildings	20-50 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.

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.

Accounting policies

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.

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

Receivables from subsidiaries

Receivables from group entities are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that 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.

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.

Stocks

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.

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.

Contract work in progress

Contract work in progress (construction contracts) comprises the construction of wind farms and where a binding contract has been entered into prior to start up of the work that will trigger a penalty or compensation in the event of subsequent cancellation.

Contract work in progress is measured at the selling price of the work performed. The selling price is measured based on the stage of completion at the balance sheet date and the expected aggregate income from the individual work in progress. The stage of completion is determined as the share of the expenses incurred relative to the expected total expenses for the individual work in progress.

Where the selling price of work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual work in progress is recognised in the balance sheet under receivables or payables. Net assets comprise the sum of work in progress where the selling price of the work performed exceeds invoicing on account. Net liabilities comprise the sum of work in progress where invoicing on account exceeds the selling price.

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash.

Equity

Fair value reserve

The year's changes in value adjustments of hedging instruments are recognised in the fair value reserve in the financial statements.

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

Accounting policies

Provisions

Provisions comprise expected expenses relating to warranty commitments, losses on work in progress, restructuring, etc. 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.

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

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

As management company, Ørsted Wind Power A/S is liable for payment of the Danish subsidiaries' corporate income taxes to the tax authorities.

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.

Accounting policies

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.

Other payables includes wake effect compensation. The liabilities are measured and recognised based on an internal model. Liabilities with expected maturity over and above one year from the balance sheet date are discounted based on a risk-free rate for the area plus a related risk adjustment.

Deferred income

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

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'.

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.

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.

Accounting policies

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.

Financial Highlights

Definitions of financial ratios.

Gross margin ratio	$\frac{\text{Gross Profit} \times 100}{\text{Revenue}}$
EBIT margin	$\frac{\text{Profit/loss before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

Income statement 1 January - 31 December

	Note	2022 TDKK	2021 TDKK
Revenue	1	8.454.430	7.726.906
Work performed by the enterprise and capitalised		269.411	286.648
Other operating income		145.870	2.926.708
Operating expenses		479.782	1.303.139
Other external expenses		-5.648.227	-4.726.937
Gross profit		3.701.266	7.516.464
Staff costs	2	-1.685.510	-1.592.058
Profit/loss before amortisation/depreciation and impairment losses		2.015.756	5.924.406
Depreciation and impairment of property, plant and equipment		-168.541	-160.606
Other operating costs		-18.544	-142.001
Profit/loss before net financials		1.828.671	5.621.799
Income from investments in subsidiaries	3	15.639.107	-635.279
Income from investments in associates	4	0	2.256
Financial income	5	4.528.246	2.167.435
Financial costs	6	-20.488.411	-26.892.104
Profit/loss before tax		1.507.613	-19.735.893
Tax on profit/loss for the year	7	2.406.245	4.800.486
Profit/loss for the year		3.913.858	-14.935.407
Distribution of profit	8		

Balance sheet 31 December

	Note	2022 TDKK	2021 TDKK
Assets			
Land and buildings		2.068	3.154
Other fixtures and fittings, tools and equipment		251.664	307.669
Property, plant and equipment in progress		1.542.171	65.255
Tangible assets	9	1.795.903	376.078
Investments in subsidiaries	10	4.637.849	5.555.855
Investments in associates	11	0	0
Receivables from subsidiaries	12	8.330.764	4.488.251
Other fixed asset investments	12	1.446	0
Fixed asset investments		12.970.059	10.044.106
Total non-current assets		14.765.962	10.420.184
Raw materials and consumables		405.763	281.269
Stocks		405.763	281.269
Trade receivables		456.527	97.989
Contract work in progress	13	0	6.560
Receivables from group companies	14	93.059.286	23.252.935
Other receivables		1.928.054	1.169.261
Deferred tax asset	15	3.726.387	1.086.228
Joint taxation contributions		894.004	3.877.643
Prepayments	16	217.685	64.045
Receivables		100.281.943	29.554.661
Cash at bank and in hand		908.784	323.677
Total current assets		101.596.490	30.159.607
Total assets		116.362.452	40.579.791

Balance sheet 31 December

	Note	2022 TDKK	2021 TDKK
Equity and liabilities			
Share capital		7.500.000	2.000.000
Reserve for hedges		0	-415.512
Retained earnings		60.136.924	-1.269.113
Equity	17	67.636.924	315.375
Other provisions	18	2.007.852	3.442.064
Total provisions		2.007.852	3.442.064
Lease obligations		111.094	118.101
Prepayments of work in progress		2.170.369	0
Other Payables		6.313.872	2.098.146
Total non-current liabilities	13,19	8.595.335	2.216.247
Lease obligations	19	94.722	151.584
Trade payables		1.436.287	936.331
Payables to group companies	14	34.312.102	29.085.780
Other payables	19	2.241.730	4.395.555
Deferred income	20	37.500	36.855
Total current liabilities		38.122.341	34.606.105
Total liabilities		46.717.676	36.822.352
Total equity and liabilities		116.362.452	40.579.791
Subsequent events	21		
Contingent assets, liabilities and other financial obligations	22		
Financial instruments	23		
Related parties and ownership structure	24		

Statement of changes in equity

	Share capital	Premium on emissions	Reserve for hedges	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January 2022	2.000.000	0	-415.512	-1.269.113	315.375
Cash capital increase	5.500.000	57.500.000	0	0	63.000.000
Movement, reserves	0	0	415.512	-7.821	407.691
Net profit/loss for the year	0	0	0	3.913.858	3.913.858
Transfer from share premium account	0	57.500.000	0	57.500.000	0
Equity at 31 December 2022	7.500.000	0	0	60.136.924	67.636.924

Movement TDKK 415.512 regards fair value adjustment of hedging instruments.
 Movement TDKK -7.821 regards sharebased payment.

Notes

	<u>2022</u> TDKK	<u>2021</u> TDKK
1 Revenue		
Revenue from services	7.566.674	5.861.685
Contract revenue	591.115	826.396
Other revenue	<u>296.641</u>	<u>1.038.825</u>
Total revenue	<u><u>8.454.430</u></u>	<u><u>7.726.906</u></u>
Geographical segments		
Denmark	456.737	455.657
Rest of EU	<u>7.997.690</u>	<u>7.271.248</u>
Total revenue	<u><u>8.454.427</u></u>	<u><u>7.726.905</u></u>

Notes

	2022	2021
	TDKK	TDKK
2 Staff costs		
Wages and salaries	1.524.001	1.449.294
Pensions	133.831	121.536
Other social security costs	13.252	12.051
Other staff costs	14.426	9.177
	1.685.510	1.592.058
Including remuneration to the executive board:		
Executive Board	6.270	4.639
	6.270	4.639
Average number of employees	1.900	1.807

Number of employees

Employee data is recognised based on records from the Group's ordinary registration systems. The number of employees is determined as the number of employees at the end of each month converted to full-time equivalents (FTEs). Employees who have been made redundant are recognised until the expiry of their notice period, regardless of whether they have been released from all or some of their duties during their notice period.

Retention share programme

A small number of our employees participate in retention share program. 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 performance share units (PSU's), representing a value corresponding to 15%-20% of the annual base salary at the award date.

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 at award is 30%-40% of the fixed annual salary. 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.

Notes

	2022	2021
	TDKK	TDKK
3 Income from investments in subsidiaries		
Gain and loss on disposal of subsidiaries	15.144.910	-972.472
Dividends	494.197	337.193
	15.639.107	-635.279
4 Income from investments in associates		
Gain and loss from disposal of associates	0	2.256
	0	2.256
5 Financial income		
Interest received from affiliates	780.114	388.548
Financial income, affiliates	2.494.477	900.247
Other financial income	1.253.655	878.640
	4.528.246	2.167.435
6 Financial costs		
Interest paid to subsidiaries	230.721	188.039
Financial expenses, affiliates	18.784.138	25.524.875
Other financial costs	1.469.818	1.172.169
Lease interests	3.734	7.021
	20.488.411	26.892.104
7 Tax on profit/loss for the year		
Current tax for the year	12.730	-4.145.300
Deferred tax for the year	-2.411.853	-667.935
Adjustment of tax concerning previous years	348.786	2.121
Adjustment of deferred tax concerning previous years	-355.908	10.628
	-2.406.245	-4.800.486

Notes

	<u>2022</u>	<u>2021</u>		
	TDKK	TDKK		
8 Distribution of profit				
Retained earnings	3.913.858	-14.935.407		
	<u>3.913.858</u>	<u>-14.935.407</u>		
9 Tangible assets				
	<u>Land and</u>	<u>Other fixtures</u>	<u>Property,</u>	<u>Total</u>
	buildings	and fittings,	plant and	
	TDKK	tools and	equipment in	TDKK
	TDKK	equipment	progress	TDKK
Cost at 1 January 2022	13.562	858.725	101.718	974.005
Additions for the year	0	99.055	1.476.916	1.575.971
Disposals for the year	0	-350.582	-36.463	-387.045
Cost at 31 December 2022	<u>13.562</u>	<u>607.198</u>	<u>1.542.171</u>	<u>2.162.931</u>
Impairment losses and depreciation at 1 January 2022	10.408	551.057	36.463	597.928
Depreciation for the year	1.086	155.059	0	156.145
Reversal of impairment and depreciation of sold assets	0	-350.582	-36.463	-387.045
Impairment losses and depreciation at 31 December 2022	<u>11.494</u>	<u>355.534</u>	<u>0</u>	<u>367.028</u>
Carrying amount at 31 December 2022	<u>2.068</u>	<u>251.664</u>	<u>1.542.171</u>	<u>1.795.903</u>

The carrying amount of leased assets included in 'Other fixtures and fittings, tools and equipment' is TDKK 208.221 per 31. december 2022 (2021: TDKK 259.989).

Notes

	2022	2021
	TDKK	TDKK
10 Investments in subsidiaries		
Cost at 1 January 2022	6.647.981	5.214.255
Additions for the year	283.801	1.498.962
Disposals for the year	-1.511.974	-65.236
Cost at 31 December 2022	<u>5.419.808</u>	<u>6.647.981</u>
Revaluations at 1 January 2022	-1.092.126	-1.092.126
Revaluations of disposals of investments on demerger and sale of enterprise	310.167	0
Revaluations at 31 December 2022	<u>-781.959</u>	<u>-1.092.126</u>
Carrying amount at 31 December 2022	<u>4.637.849</u>	<u>5.555.855</u>

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest	Equity	Profit/loss for the year
Barrow Offshore Wind Limited	United Kingdom	100%	147.296	106.876
Borkum Riffgrund I Holding A/S	Denmark	100%	5.224	116.411
Borkum Riffgrund 2 Holding GmbH	Germany	100%	-213.655	0
Borkum Riffgrund 3 Orsted Holding GmbH	Germany	100%	115	-71
Cerulea Limited	United Kingdom	100%	1.710	-29
Cygnus Wind Transmission Limited	United Kingdom	100%	1.511	-56
Gode Wind 3 GmbH	Germany	100%	6.675	0
Gunfleet Sands Holding Ltd	United Kingdom	50%	1.753.676	-210.647
Gunfleet Sands Limited	United Kingdom	50%	821.432	-29.757
Gunfleet Sands II Limited	United Kingdom	50%	368.904	14.937
Nördlicher Grund GmbH	Germany	100%	0	-506
Orsted Australia Holding Ltd	United Kingdom	100%	0	0
Orsted Baltica 2 Holding sp. z o.o.	Poland	100%	598.413	981

Notes

10 Investments in subsidiaries (continued)

Name	Registered office	Ownership interest	Equity	Profit/loss for the year
Orsted Baltica 3 Holding sp. z o.o.	Poland	100%	734.472	1.245
Orsted Borkum Riffgrund I GmbH	Germany	100%	10.339	-1.188
Orsted Borkum Riffgrund I HoldCo GmbH	Germany	100%	-488.179	-23.150
Orsted Burbo (UK) Limited	United Kingdom	100%	288.526	142.533
Orsted Burbo Extension Holding Ltd	United Kingdom	100%	3.000.413	149.803
Orsted Falcon Limited	United Kingdom	100%	54.163	0
Orsted Gode Wind 1 Holding GmbH	Germany	100%	-148.521	0
Orsted Gode Wind 2 GmbH	Germany	100%	24.149	-77.495
Orsted Gunfleet Sands Demo Ltd.	United Kingdom	100%	204.010	6.615
Orsted Hornsea 1 Holdings Limited	United Kingdom	100%	11.048.928	1.297.889
Orsted Hornsea Project Four Limited	United Kingdom	100%	572.551	-5.971
Orsted Hornsea Project Three (UK) Limited	United Kingdom	100%	1.935.296	-5.718
Orsted Hornsea Two Holdings Ltd	United Kingdom	100%	533.585	544.464
Orsted Icen ESS (UK) Limited	United Kingdom	100%	-256	-262
Orsted Isle of Man (UK) Limited	Isle of Man	100%	55.434	-11.406
Orsted Lincs (UK) Ltd.	United Kingdom	100%	1.719.443	204.370
Orsted London Array II Limited	United Kingdom	100%	1.349.864	419.196
Orsted London Array Limited	United Kingdom	100%	458.236	-15.245
Orsted Polska OF Services sp. Z.o.o.	Poland	100%	604	-12.841
Orsted Polska OF SPV 2 sp. z o.o.	Poland	99%	956	-5
Orsted Polska OF SPV 3 sp. z o.o.	Poland	99%	956	-5
Orsted Polska OF SPV 4 sp. z o.o.	Poland	99%	956	-5
Orsted Polska OF SPV 7 sp. z o.o.	Poland	99%	956	-5

Notes

10 Investments in subsidiaries (continued)

Name	Registered office	Ownership interest	Equity	Profit/loss for the year
Orsted Power (Gunfleet Sands) Ltd	United Kingdom	100%	1.806.308	-219.480
Orsted Power (Participation) Ltd.	United Kingdom	100%	0	0
Orsted Power (UK) Limited	United Kingdom	100%	12.861.942	3.340.576
Orsted Race Bank (Holding) Ltd.	United Kingdom	100%	4.533.097	849.113
Orsted Scotland Renewables HoldCo 1 Limited	United Kingdom	100%	1	1
Orsted Scotland Renewables HoldCo 2 Limited	United Kingdom	100%	87.625	-4.059
Orsted Speicher R GmbH	Germany	100%	-434.434	-122.686
Orsted UK III Limited	United Kingdom	100%	0	0
Orsted Walney Extension Holdings Limited	United Kingdom	100%	3.966.021	776.225
Orsted West of Duddon Sands (UK) Limited	United Kingdom	100%	1.825.815	538.911
Orsted Westermost Rough Limited	United Kingdom	100%	970.459	388.992
Orsted Wind Power Germany GmbH	Germany	100%	156.221	1.549
Simply Blue Energy (Scotland) Ltd.	United Kingdom	80%	61.138	-289
SMart Wind Limited	United Kingdom	100%	26.317	-60
UMBO GmbH	Germany	100%	12.665	-705
Walney (UK) Offshore Windfarms Limited	United Kingdom	50%	3.394.800	13.597
Ørsted VE A/S	Denmark	100%	476.663	-5.282
Ørsted Vind A/S	Denmark	100%	4.306.780	2.347.526

Notes

	2022 TDKK	2021 TDKK
11 Investments in associates		
Cost at 1 January 2022	1	1
Cost at 31 December 2022	1	1
Revaluations at 1 January 2022	-1	-1
Revaluations at 31 December 2022	-1	-1
Carrying amount at 31 December 2022	0	0

Investments in associates are specified as follows:

Name	Registered office	Ownership interest	Equity	Profit/loss for the year
Borkum Riffgrund 1 Offshore Windpark A/S GmbH & Co. oHG	Germany	50%	5.780.528	423.440
Borkum Riffgrund 2 Offshore Wind Farm GmbH & Co. oHG	Germany	50%	2.649.147	503.218
Borkum Riffgrund 3 GmbH & Co. oHG	Germany	50%	1.605	-5.202
Breesea Limited	United Kingdom	50%	237.434	10.226
Burbo Extension Holding Ltd	United Kingdom	50%	5.562.393	-27
Burbo Extension Ltd	United Kingdom	50%	5.624.709	-173.815
Elektrownia Wiatrowa Baltica 2 sp. z o.o	Poland	50%	727.756	-13.806
Elektrownia Wiatrowa Baltica 3 sp. z o.o.	Poland	50%	906.912	-13.747
Gode Wind 1 Offshore Wind Farm GmbH & Co. oHG	Germany	50%	3.233.142	456.959
Gode Wind 2 Offshore Wind Farm P/S GmbH & Co. oHG	Germany	50%	5.486.891	391.757
H2 Westküste GmbH	Germany	24%	8.593	-151
Hornsea 1 Holdings Limited	United Kingdom	50%	10.188.553	-1.044.460
Hornsea 1 Limited	United Kingdom	50%	8.801.758	-1.463.106
Hornsea Two Holdings Ltd	United Kingdom	50%	0	0
Lincs Wind Farm (Holding) Limited	United Kingdom	25%	2.923.763	503.164
Lincs Wind Farm Limited	United Kingdom	25%	4.260.067	-9.699
Lyra Offshore Wind Farm Ltd	United Kingdom	33%	3.062.209	488.968

Notes

11 Investments in associates (continued)

Name	Registered office	Ownership interest	Equity	Profit/loss for the year
Morecambe Wind Limited	United Kingdom	50%	0	0
Westermost Rough Hold Ltd	United Kingdom	50%	3.451.536	-22
Northern Cross Offshore Wind Farm Ltd	United Kingdom	33%	0	0
Optimus Wind Limited	United Kingdom	50%	827.066	-103.248
Ørsted Polska OF SPV 1 sp. z o.o.	Poland	40%	956	-5
Ørsted Polska OF SPV 5 sp. z o.o.	Poland	50%	956	-5
Ørsted Polska OF SPV 6 sp. z o.o.	Poland	40%	956	-5
Ørsted Polska OF SPV 8 sp. z o.o.	Poland	50%	956	-5
Ørsted Polska OF SPV 9 sp. z o.o.	Poland	50%	0	0
Ørsted Polska OF SPV 10 sp. z o.o.	Poland	50%	0	0
Race Bank Wind Farm (Holding) Limited	United Kingdom	50%	2.748.671	-26
Race Bank Wind Farm Limited	United Kingdom	50%	2.716.060	-289.347
Scarweather Sands Limited	United Kingdom	50%	0	0
Sonningmay Wind Limited	United Kingdom	50%	209.569	11.858
Soundmark Wind Limited	United Kingdom	50%	207.341	9.949
Walney Extension Holdings Limited	United Kingdom	50%	4.300.931	-26
Walney Extension Limited	United Kingdom	50%	3.167.588	-1.139.011
West of Duddon Sands	United Kingdom	50%	1.825.815	538.911
Westermost Rough (Holding) Limited	United Kingdom	50%	2.884.128	-26
Westermost Rough Limited	United Kingdom	50%	3.102.150	73.790

Notes

12 Fixed asset investments

	Receivables from subsidiaries <u>TDKK</u>	Other fixed asset investments <u>TDKK</u>
Cost at 1 January 2022	4.488.251	0
Additions for the year	43.700.972	1.446
Disposals for the year	-39.858.459	0
Cost at 31 December 2022	<u>8.330.764</u>	<u>1.446</u>
Carrying amount at 31 December 2022	<u>8.330.764</u>	<u>1.446</u>

13 Contract work in progress

	<u>2022</u> TDKK	<u>2021</u> TDKK
Work in progress, selling price	1.676.978	6.560
Prepayments of work in progress	-3.847.347	0
	<u>-2.170.369</u>	<u>6.560</u>
Recognised in the balance sheet as follows:		
Contract work in progress under assets	0	6.560
Prepayments received under liabilities	-2.170.369	0
	<u>-2.170.369</u>	<u>6.560</u>

14 Receivables and payables from group companies

The company's receivables from group companies includes TDKK 85.254.634 in a cash pool scheme with the ultimate parent company Ørsted A/S (2021: TDKK 15.240.021).

The company's receivables from group companies and payables to group companies includes a net financial instrument payable of TDKK 23.715.951 (2021: TDKK 22.076.777).

Notes

	2022	2021
	TDKK	TDKK
15 Provision for deferred tax		
Provision for deferred tax at 1 January 2022	-1.086.228	-301.319
Deferred tax recognised in income statement	-2.411.853	-667.935
Deferred tax recognised in equity	127.602	-127.602
Adjustments of deferred tax concerning previous years	-355.908	10.628
Provision for deferred tax at 31 December 2022	-3.726.387	-1.086.228
Provisions for deferred tax on:		
Property, plant and equipment	-20.542	-2.944
Contract work in progress	-19.774	-8.606
Other taxable temporary differences	-2.315	-6.898
Financial instruments	-115.060	-107.950
Other non-current liabilities	-135.859	-145.063
Tax loss carry-forward	-3.432.837	-814.767
Transferred to deferred tax asset	3.726.387	1.086.228
Deferred tax asset		
Calculated tax asset	3.726.387	1.086.228
Carrying amount	3.726.387	1.086.228

16 Prepayments

Prepayments comprise prepaid expenses regarding rent, insurance premiums, subscriptions etc.

Notes

17 Equity

The share capital consists of 7.500.000 shares of a nominal value of TDKK 1. No shares carry any special rights.

The share capital has developed as follows:

	2022 TDKK	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK
Share capital at 1 January 2022	2.000.000	1.500.000	1.500.000	1.500.000	1.500.000
Additions for the year	5.500.000	500.000	0	0	0
Share capital	7.500.000	2.000.000	1.500.000	1.500.000	1.500.000

18 Other provisions

	2022 TDKK	2021 TDKK
Balance at 1 January 2022	3.442.064	6.246.417
Reversed provision	-1.305.897	-1.494.142
Provision in year	4.813	-1.169.040
Applied in the year	-133.128	-141.171
Balance at 31 December 2022	2.007.852	3.442.064

The expected due dates of other provisions are:

Within one year	80.000	18.500
Between 1 and 5 years	1.310.309	1.469.748
Over 5 years	617.543	1.953.816
	2.007.852	3.442.064

Notes

19 Liabilities

	<u>2022</u> TDKK	<u>2021</u> TDKK
Lease obligations		
After 5 years	0	0
Between 1 and 5 years	<u>111.094</u>	<u>118.101</u>
Non-current portion	111.094	118.101
Within 1 year	<u>94.722</u>	<u>151.584</u>
	<u>205.816</u>	<u>269.685</u>
Other Payables		
After 5 years	4.865.880	0
Between 1 and 5 years	<u>1.447.992</u>	<u>2.098.146</u>
Non-current portion	6.313.872	2.098.146
Within 1 year	<u>2.241.730</u>	<u>4.395.555</u>
	<u>8.555.602</u>	<u>6.493.701</u>

20 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

21 Subsequent events

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

Notes

22 Contingent assets, liabilities and other financial obligations

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 are jointly and severally liable for joint VAT registration.

Contractual commitments

The company has contractual commitments that fall due within 1 year for the following amount: BnDKK 6,98 (2021: BnDKK 2,93).

23 Financial instruments

The company has on behalf of its subsidiaries entered contracts to hedge future electricity prices, future cash flow in foreign currency (primarily GBP) and inflation. As these hedges are entered on behalf of the subsidiaries, these are not accounted for as hedge accounting in Ørsted Wind Power A/S. Further, there is also entered into contracts to hedge the currency, interest rate and inflation risks on future cash flows in relation to divestment for Ørsted Wind Power A/S, where hedge accounting is used.

The market value calculated per 31 December 2022 relating to electricity price derivatives fall due, assuming unchanged prices, as follows: 2023: TDKK -4,196,094, 2024 to 2025: TDKK -10,069,706.

The volume of electricity price derivatives fall due as follows: 2023 amounts GWh 8,568, 2024 to 2025 amounts GWh 8,413.

Foreign exchange derivatives on behalf of subsidiaries:

The market value calculated per 31 December 2022 relating to foreign exchange derivatives risk fall due, assuming unchanged prices, as follows: 2022: TDKK -107,393, 2024 to 2028: TDKK 287,567.

The nominal amount of foreign exchange derivatives fall due as follows: 2023 amounts TDKK 7,778,137, 2024 to 2028 amounts TDKK 21,179,026.

Inflation derivatives on behalf of UK subsidiaries:

The market value for inflation derivatives is TDKK -3,366,341.

The nominal value is distributed continuously over the period 2024-2037 and amounts to a contractual principal totalling TDKK 22,297,341 and has an average fixed retail price inflation of 3,6% and consumer price inflation of 2,7%.

Notes

24 Related parties and ownership structure

Controlling interest

Ørsted Wind Power Holding 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 employees

Consolidated financial statements

The company is reflected in the group report as the parent company Ørsted A/S, CVR no. 36 21 37 28

The group report of Ørsted A/S, 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>

25 Fee to auditors appointed at the 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.