

Ørsted Wind Power A/S

Annual report for 2019

CVR no. 31 84 92 92

(11th Financial year)

Adopted at the annual general meeting on 26 June
2020

Ulrik Jarlov
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 Wind Power A/S for the financial year 1 January - 31 December 2019.

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 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019.

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, 18 June 2020

Executive board

Martin Neubert

Board of Directors

Marianne Wiinholt
chairman

Henriette Fenger Ellekrog
deputy chairman

Jakob Askou Bøss

Nikolaj Kruppa
employee representative

Gitte Nyhus Thomhav
employee representative

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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 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 2019, 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.

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 judgment and maintain professional skepticism 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, 18 June 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Thomas Wraae Holm
State Authorised Public Accountant
MNE no. mne30141

Company details

The company

Ørsted Wind Power A/S
Kraftværksvej 53
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7000 Fredericia

Telephone: +45 99 55 11 11

E-mail: info@orsted.com

Website: www.orsted.com

CVR no.: 31 84 92 92

Reporting period: 1 January - 31 December 2019

Financial year: 11st financial year

Domicile: Fredericia

Board of Directors

Marianne Wiinholt, chairman
Henriette Fenger Ellekrog, deputy chairman
Jakob Askou Bøss
Nikolaj Kruppa, employee representative
Gitte Nyhus Thomhav, employee representative

Executive board

Martin Neubert

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. 36 21 37 28

The Group Annual Report of Ørsted A/S, CVR no. 36 21 37 28 may be obtained at the following address:

www.orsted.com

Financial highlights

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

	2019	2018	2017	2016	2015
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	25.253.345	42.581.928	27.165.835	20.108.421	13.721.732
Profit/loss before amortisation/depreciation and impairment losses	7.864.537	8.777.908	9.803.284	7.441.932	3.904.059
Profit/loss before net financials	7.238.839	8.244.180	9.442.781	7.254.379	3.801.706
Net financials	-986.630	20.224.894	8.445.373	2.053.261	759.710
Profit/loss for the year	2.232.115	24.334.245	15.893.009	7.429.990	3.859.307
Balance sheet					
Balance sheet total	55.900.970	77.421.238	53.775.066	37.529.505	28.168.731
Investment in property, plant and equipment	4.368	0	79.301	403.853	365.422
Equity	34.437.553	57.159.535	36.704.044	23.472.421	15.233.453
Financial ratios					
Gross margin	35,7%	23,1%	37,9%	39,6%	32,2%
EBIT margin	28,7%	19,4%	34,8%	36,1%	27,7%
Return on assets	10,9%	12,6%	20,7%	22,1%	16,1%
Solvency ratio	61,6%	73,8%	68,3%	62,5%	54,1%
Return on equity	4,9%	51,9%	52,8%	38,4%	29,1%

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

The reclassification in prior years of expenses related to contract work in progress prior to entering into construction contract, has let to restatement of financial highlights. The comparatives for 2015 have not been restated.

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

Our assumptions for the determination of the expected selling price and expected costs regarding construction contracts: We make estimates when determining the expected selling price of individual construction contracts. Our determination of profit on payment received on account and the recognition of receivables are therefore subject to significant uncertainty. We believe that our estimates are the most likely outcomes of future events.

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 guarantee. 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.

Unusual matters

The company's financial position at 31 December 2019 and the results of its operations for the financial year ended 31 December 2019 are not affected by any unusual matters.

Financial review

The company's income statement for the year ended 31 December 2019 shows a profit of TDKK 2.232.115, and the balance sheet at 31 December 2019 shows equity of TDKK 34.437.553.

Development in profit before tax is primarily affected by construction contracts and divestment of enterprises.

Net profit (loss) relation to expected development assumed in previous report

Financial performance for 2019 exceeds expectations primarily because of increase in revenue from construction contracts and development contracts.

Financial expectations for 2020

Earnings before net financials, taxes, depreciation and amortisation in 2020 is expected to be around bnDKK 1,9.

COVID-19 and other comments to subsequent event is described in note 21.

Management's review

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.

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.

Branches abroad

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

Special risks apart from generally occurring risks in industry

Operating risks

The primary identified operating risks are related to contract work in progress, offshore costs of electricity and operating risks of wind farms.

Financial risks

The Company is exposed to currency risks and power price risks through construction agreements and the ownership of subsidiaries owning offshore wind farms. Ørsted Group uses hedging to reduce such risks, for which reason the fluctuations in hedge value are expected to be offset by the underlying exposure. Reference is made to the annual report 2019 of Ørsted A/S (orsted.com/en/investors/ir-material/financial-reports-and-presentations).

Environment

The company works with environmental management to continuously reduce its environmental impact through improved processes and procedures, set environmental priorities and targets, develop action plans as well as to ensure compliance with applicable laws and regulations.

The Danish Environmental Protection Agency monitors the environmental impact of the wind farms owned by subsidiaries during the operating stage.

Management's review

Statutory corporate social responsibility report

In pursuance of Section 99a (6) of the Danish Financial Statements Act, the Company has omitted information on corporate social responsibility. Reference is made to the Annual Report (orsted.com/en/investors/ir-material/financial-reports-and-presentations) and sustainability report (orsted.com/sustainability/reporting) for 2019 for Ørsted A/S.

Policies on the underrepresented gender

Description of target figures for the underrepresented gender

Target figures for the underrepresented gender

Due to equal representation of men and women in the board of directors in accordance with the rules in Section 99b in the Danish Financial Statements Act, no targets for the share of the underrepresented gender have been set.

Description of policies for the underrepresented gender

Policies for the underrepresented gender

We would like to unfold the full potential of all employees and ensure that men and women have the same opportunities for obtaining leadership positions. We have a policy on women in management. We also have targets for increasing the proportion of women at all management levels.

To promote Ørsted as a diverse workplace, we encourage all candidates to apply, regardless of gender, race, age and cultural background. Recruitment processes include required female representation on shortlists, and recruiters and hiring managers have been trained to be aware of – and avoid – unconscious bias in their selection of candidates.

Description of how the company translates its policies on the underrepresented gender into action

High potential development programs have had too few female participants, and a decision was made to have 30% females on all the high potential development programs from professional level career development to mid-level leadership.

High potential female candidates are identified in the annual People Review process and have a structured dialogue about development wishes and possibilities in the following People Development Dialogue.

For senior female managers, we have initiated a 'Female spotlight initiative' that prepares talented women for senior leadership positions.

Ørsted has joined the UN Convention on Discrimination against Women.

Management's review

Description of the results achieved from the company's efforts to increase the ratio of the underrepresented gender

The company's senior managers were invited to participate in Ørsted's 'Powered by talent' conference held in November 2019. At the conference it was emphasized that all leaders are expected to build more inclusive, diverse teams and was given guidance on how to do so.

Accounting policies

The annual report of Ørsted Wind Power A/S for 2019 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. Effective from 1 January 2019, IFRS 16 'Leases' is implemented.

The implementation of IFRS 16 'Leases' in 2019 has increased our EBITDA for 2019 by DKK 128 million. Depreciation of lease assets amounted to DKK 125 million, and interests on lease debt amounted to DKK 8 million. The net effect on profit (loss) for 2019 was a loss of DKK 5 million.

The effect on the balance sheet per 31 December 2019 was an increase in assets of DKK 268 million and an increase in liabilities of DKK 273 million.

Also, IFRS 15 'Revenue' has been implemented. The implementation has no effect on the figures.

The accounting policies applied are consistent with those of last year with the exception of the implementation of IFRS 15 'Revenue' and IFRS 16 'Leases'.

The annual report for 2019 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 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.

Accounting policies

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.

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.

Changes in the fair value of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, while the ineffective portion is recognised in the income statement.

Information of revenue

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

Revenue

IFRS 15 'Revenue' has been implemented. The implementation has no effect on the figures.

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.

Accounting policies

Income from customised products is recognised as production is carried out, implying that revenue corresponds to the selling price of contracts completed in the year (percentage-of-completion method). This method is applied where the total income and expenses relating to the contract and the stage of completion at the balance sheet date can be estimated reliably and it is probable that future economic benefits will flow to the Company.

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 intangible assets and property, plant and equipment.

Other operating expenses

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

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.

Accounting policies

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 the advance-payment-of-tax scheme, etc. Financial income and expenses also include realised and unrealised gains and losses relating to the hedging of currency risks that have not been entered into to hedge revenue, cost of sales or non-current assets.

Profit/loss from investments in subsidiaries and associates

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.

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.

Accounting policies

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.

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:

	Useful life
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' has been implemented per 1 January 2019. The effects of the implementation is described above in the first section of accounting policies.

Leases for items of property, plant and equipment that transfer substantially all the risks and rewards incident to ownership to the company (finance leases) are recognised in the balance sheet as assets. On initial recognition, assets are measured at estimated cost, corresponding to the lower of fair value of the leased asset and the present value of the future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the company's other non-current assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

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, fixed assets

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 selling price less 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

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.

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.

Accounting policies

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

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.

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 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.

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.

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.

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 transactions are considered cash flow hedges, the value adjustments are taken directly to 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 measured 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.

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

Income statement 1 January - 31 December

	Note	2019 TDKK	2018 TDKK
Revenue	1	25.253.345	42.581.928
Other operating income		1.484.973	677.956
Operating expenses		-13.166.593	-29.168.250
Other external expenses		-4.551.275	-4.267.172
Gross profit		9.020.450	9.824.462
Staff costs	2	-1.155.913	-1.046.554
Profit/loss before amortisation/depreciation and impairment losses		7.864.537	8.777.908
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-136.037	-11.803
Other operating costs		-489.661	-521.925
Profit/loss before net financials		7.238.839	8.244.180
Income from investments in subsidiaries	3	-553.642	22.247.612
Income from investments in associates	4	0	25.466
Financial income	5	4.878.668	2.153.998
Financial costs	6	-5.311.656	-4.202.182
Profit/loss before tax		6.252.209	28.469.074
Tax on profit/loss for the year	7	-4.020.094	-4.134.829
Profit/loss for the year		2.232.115	24.334.245
Distribution of profit	8		

Balance sheet 31 December

	Note	2019 TDKK	2018 TDKK
Assets			
Land and buildings		5.326	6.412
Prepayments for property, plant and equipment		7.488	40.270
Other fixtures and fittings, tools and equipment		330.683	73.023
Property, plant and equipment in progress		99.793	71.427
Tangible assets	9	443.290	191.132
Investments in subsidiaries	10	4.096.972	4.537.525
Investments in associates	11	0	0
Receivables from subsidiaries	12	4.714.800	4.437.885
Fixed asset investments		8.811.772	8.975.410
Total non-current assets		9.255.062	9.166.542
Raw materials and consumables		134.617	74.227
Stocks		134.617	74.227
Trade receivables		321.868	33.131
Contract work in progress	13	1.884.323	13.946.708
Receivables from group companies	14	42.912.794	53.705.411
Other receivables		831.649	43.431
Deferred tax asset	15	91.980	0
Prepayments	16	33.384	24.265
Receivables		46.075.998	67.752.946
Cash at bank and in hand		435.293	427.523
Total current assets		46.645.908	68.254.696
Total assets		55.900.970	77.421.238

Balance sheet 31 December

	Note	2019 TDKK	2018 TDKK
Equity and liabilities			
Share capital		1.500.000	1.500.000
Other reserves		-3.612	-49.162
Retained earnings		12.941.165	30.708.697
Proposed dividend for the year		<u>20.000.000</u>	<u>25.000.000</u>
Equity	17	<u>34.437.553</u>	<u>57.159.535</u>
Provision for deferred tax	15	0	2.755.116
Other provisions	18	<u>4.484.076</u>	<u>5.010.093</u>
Total provisions		<u>4.484.076</u>	<u>7.765.209</u>
Lease obligations		142.803	0
Other payables		43.701	0
Deferred income		<u>0</u>	<u>94.000</u>
Total non-current liabilities	19	<u>186.504</u>	<u>94.000</u>
Lease obligation	19	129.993	0
Trade payables		4.942.923	6.757.440
Prepayments received work in progress	13	1.364.231	0
Payables to subsidiaries		9.450.516	5.106.200
Other payables		834.819	506.877
Deferred income	20	<u>70.355</u>	<u>31.977</u>
Total current liabilities		<u>16.792.837</u>	<u>12.402.494</u>
Total liabilities		<u>16.979.341</u>	<u>12.496.494</u>
Total equity and liabilities		<u>55.900.970</u>	<u>77.421.238</u>
Subsequent events	21		
Contingent assets, liabilities and other financial obligations	22		
Financial instruments	23		
Related parties and ownership structure	24		
Fee to auditors appointed at the general meeting	25		

Statement of changes in equity

	Share capital	Other reserves	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January 2019	1.500.000	-49.162	30.708.697	25.000.000	57.159.535
Ordinary dividend paid	0	0	0	-25.000.000	-25.000.000
Transfers, reserves	0	45.550	353	0	45.903
Net profit/loss for the year	0	0	-17.767.885	20.000.000	2.232.115
Equity at 31 December 2019	1.500.000	-3.612	12.941.165	20.000.000	34.437.553

Transfer TDKK 45.550 regards fair value adjustment of hedging instruments.
Transfer TDKK 353 regards sharebased payment.

Notes

	<u>2019</u> TDKK	<u>2018</u> TDKK
1 Revenue		
Revenue from services	4.305.446	3.243.687
Contract revenue	20.445.067	38.810.785
Other revenue	<u>502.832</u>	<u>527.456</u>
Total revenue	<u>25.253.345</u>	<u>42.581.928</u>
Geographical segments		
Denmark	480.386	527.456
Rest of EU	<u>24.772.959</u>	<u>42.054.472</u>
Total revenue	<u>25.253.345</u>	<u>42.581.928</u>

Notes

	<u>2019</u> TDKK	<u>2018</u> TDKK
2 Staff costs		
Wages and salaries	1.018.182	933.897
Pensions	104.158	95.273
Other social security costs	10.604	9.279
Other staff costs	<u>22.969</u>	<u>8.105</u>
	<u>1.155.913</u>	<u>1.046.554</u>
Average number of employees	<u>1.552</u>	<u>1.427</u>

According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.

No remuneration related to the assignment of the Board of Directors has been paid to the members of the Board of Directors.

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.

The awarded PSU's have a vesting period of 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.

Notes

	2019 TDKK	2018 TDKK
3 Income from investments in subsidiaries		
Gain and loss on disposal of subsidiaries	-170.642	21.581.368
Impairment of financial assets	-383.000	185.846
Dividends	0	480.398
	<u>-553.642</u>	<u>22.247.612</u>
4 Income from investments in associates		
Gain and loss from disposal of associates	0	25.466
	<u>0</u>	<u>25.466</u>
5 Financial income		
Interest received from affiliates	412.713	313.458
Financial income, affiliates	3.192.209	1.499.847
Other financial income	1.273.746	340.693
	<u>4.878.668</u>	<u>2.153.998</u>
<p>Other financial income mainly comprises currency gains and gains on financial FX instrument and realised and unrealised gain on financial instruments.</p>		
6 Financial costs		
Interest paid to subsidiaries	427.450	412.476
Financial expenses, affiliates	2.929.634	3.240.964
Other financial costs	1.946.544	548.742
Lease interests	8.028	0
	<u>5.311.656</u>	<u>4.202.182</u>
<p>Other financial expenses mainly comprises currency losses and losses on financial FX instrument and realised and unrealised loss on financial instruments.</p>		

Notes

	2019 TDKK	2018 TDKK
7 Tax on profit/loss for the year		
Current tax for the year	6.835.288	2.487.709
Deferred tax for the year	-2.856.892	1.267.291
Adjustment of tax concerning previous years	31.902	-33.735
Adjustment of deferred tax concerning previous years	9.796	413.564
	<u>4.020.094</u>	<u>4.134.829</u>
8 Distribution of profit		
Proposed dividend for the year	20.000.000	25.000.000
Retained earnings	-17.767.885	-665.755
	<u>2.232.115</u>	<u>24.334.245</u>

Notes

9 Tangible assets

	Land and buildings	Prepay- ments for property, plant and equipment	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January 2019	13.562	40.270	152.472	95.425	301.729
Net effect from change of accounting policy	0	0	392.612	0	392.612
Additions for the year	0	0	0	4.368	4.368
Disposals for the year	0	-32.782	0	0	-32.782
Cost at 31 December 2019	<u>13.562</u>	<u>7.488</u>	<u>545.084</u>	<u>99.793</u>	<u>665.927</u>
Impairment losses and depreciation at 1 January 2019	7.150	0	79.449	0	86.599
Depreciation for the year	<u>1.086</u>	<u>0</u>	<u>134.952</u>	<u>0</u>	<u>136.038</u>
Impairment losses and depreciation at 31 December 2019	<u>8.236</u>	<u>0</u>	<u>214.401</u>	<u>0</u>	<u>222.637</u>
Carrying amount at 31 December 2019	<u>5.326</u>	<u>7.488</u>	<u>330.683</u>	<u>99.793</u>	<u>443.290</u>

The carrying amount of leased assets included in 'Other fixtures and fittings, tools and equipment' is TDKK 267.574 per 31. december 2019

Notes

	<u>2019</u> TDKK	<u>2018</u> TDKK
10 Investments in subsidiaries		
Cost at 1 January 2019	5.335.713	5.988.061
Additions for the year	0	1.109.895
Disposals for the year	<u>-146.615</u>	<u>-1.762.243</u>
Cost at 31 December 2019	<u>5.189.098</u>	<u>5.335.713</u>
Revaluations at 1 January 2019	-798.188	-798.188
Disposals for the year	89.062	0
Impairment losses	<u>-383.000</u>	<u>0</u>
Revaluations at 31 December 2019	<u>-1.092.126</u>	<u>-798.188</u>
Carrying amount at 31 December 2019	<u><u>4.096.972</u></u>	<u><u>4.537.525</u></u>

Notes

10 Investments in subsidiaries(continued)

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest	Equity	Profit/loss for the year
Ørsted Borkum Riffgrund I GmbH	Germany	100%	12.506	-1.190
Ørsted Burbo (UK) Limited	United Kingdom	100%	733.830	65.510
Borkum Riffgrund I Holding A/S	Denmark	100%	14.653	-353
Ørsted Bork.Riff.I HoldCo GmbH	Germany	100%	-597.929	0
Ørsted Bork.Riffg.West I GmbH	Germany	100%	-54.568	-4.378
Borkum Riffgrund 2 Hold	Germany	100%	-356.311	-207.819
Ørsted London Array Ltd	United Kingdom	100%	510.664	28.540
Gunfleet Sands Ørsted	United Kingdom	50,1%	1.201.213	36.890
Pow.(Gunfl.Sands)	United Kingdom	100%	2.315.033	215.472
Gunfleet Sands Holding	United Kingdom	50,1%	2.697.074	237.915
Gunfleet Sands II	United Kingdom	50,1%	535.233	33.790
Westermose Rough Limited	United Kingdom	100%	3.825.867	118.880
OFTRAC LIMITED	United Kingdom	100%	67.204	417
CT Offshore A/S under frivillig likvidation	Denmark	100%	32.023	4.943
Ørsted Walney Ext. Hol.	United Kingdom	100%	4.888.562	1.011.249
Ørsted Gunfl.Sds Demo(UK)	United Kingdom	100%	194.147	10.746
Ørsted Wind Power Germany	Germany	100%	108.513	-41.627
UMBO GmbH	Germany	84,4%	32.974	21.840
Ørsted Nearshore Wind ApS	Denmark	100%	66.217	6.483
Ørsted Lincs (UK) Ltd.	United Kingdom	100%	1.407.134	166.334
Hornsea 1 Ltd.	United Kingdom	100%	6.061.873	-30.414
Ørsted Hornsea 1 Hold Ltd	United Kingdom	100%	8.837.215	123.294
VI Aura Transmission Ltd	United Kingdom	100%	1	0
Ørsted VE A/S	Denmark	100%	283.194	-976
Ørsted Vind A/S	Denmark	100%	233.364	-12.883
Ørsted Power (UK) Ltd.	United Kingdom	100%	9.177.062	1.704.758

Notes

10 Investments in subsidiaries(continued)

Name	Registered office	Ownership interest	Equity	Profit/loss for the year
Ørsted Westermost Rough	United Kingdom	100%	1.600.414	349.509
Walney Offshore Windfarm	United Kingdom	50,1%	4.637.118	125.324
Ørsted Isle of Man (UK)	United Kingdom	100%	-516	1
Barrow Offshore Wind Ltd	United Kingdom	100%	579.009	73.305
Ørsted Shell Flats (UK)	United Kingdom	100%	-11.533	-300
Ørsted Wst.o.Dudd.Sds(UK)	United Kingdom	100%	4.380.287	536.394
Ørsted London Array II	United Kingdom	100%	1.584.089	76.870
Ørsted UK III Limited	United Kingdom	100%	-1	0
Ørsted Race Bank Holding	United Kingdom	100%	3.421.091	563.958
Breesea Limited	United Kingdom	100%	363.393	-8.423
Optimus Wind Limited	United Kingdom	100%	992.569	-154.386
Cygnus Wind Transm ltd.	United Kingdom	100%	1.688	-51
Ørsted Hornsea Project 4	United Kingdom	100%	-3.876	-5.536
Ørsted Hornsea Proj.3(UK)	United Kingdom	100%	-4.498	-6.027
Smart Wind SPC8 Limited	United Kingdom	100%	1.844	-12
Smart Wind Limited	United Kingdom	100%	27.708	95
Sonningmay Wind Limited	United Kingdom	100%	331.484	-6.006
Soundmark Wind Limited	United Kingdom	100%	331.484	-6.006
Ørsted Burbo Extens.Hold.	United Kingdom	100%	4.233.384	257.449
Gode Wind 04 GmbH	Germany	100%	-5.137	0
Ørsted Gode Wind 2 GmbH	Germany	100%	191.152	-111.755
Ørsted Gode Wind 1 Hold.	Germany	100%	-569.401	-132.549
Nördlicher Grund GmbH	Germany	100%	54.744	-433
Ørsted Power Ltd. UK	United Kingdom	100%	0	0
Optimus Wind Transmission Ltd.	United Kingdom	100%	1	0
Ørsted Speicher R GmbH	Germany	100%	-37	28

Notes

11 Investments in associates

Investments in associates are specified as follows:

Name	Registered office	Ownership interest	Equity	Profit/loss for the year
Burbo Extension Hold. Ltd	United Kingdom	50%	7.611.964	-8.789
Borkum Riffgrund I Offshore Windpark GmbH	Germany	50%	7.368.742	549.194
Ørsted Borkum Riffgr.II	Germany	50%	2.744.508	444.118
Burbo Extension Limited	United Kingdom	50%	8.278.389	-235.313
Walney Extension Limited	United Kingdom	50%	5.595.880	-1.269.381
Walney Extension Holdings	United Kingdom	50%	7.307.645	19
Hornsea 1 Holdings Ltd	United Kingdom	50%	6.884.658	-660.654
VI Aura Ltd	United Kingdom	50%	0	0
Njord Ltd.	United Kingdom	50%	-4	-3
Morecambe Wind Ltd	United Kingdom	50%	0	0
LINCS Ren. Energy Holding	United Kingdom	50%	13.358	62
Lincs Wind Farm Ltd.	United Kingdom	25%	5.529.993	85.614
Lincs WF (Holding) Ltd.	United Kingdom	25%	3.076.347	501.896
Race Bank WF Hold. Ltd	United Kingdom	50%	3.802.691	-5
Race Bank Wind Farm	United Kingdom	50%	4.363.679	-5.485
Gode Wind I Offs. WF GmbH	Germany	50%	2.964.174	600.071
Gode Wind 2 Offs. WF P/S	Germany	50%	6.938.995	538.802
Westermost Rough Hold Ltd	United Kingdom	50%	3.749.937	285.865
JV West of Duddon Sands	United Kingdom	50%	2.143.735	473.496
London Array Ltd.	United Kingdom	25%	3	0

Notes

12 Fixed asset investments

	Receivables from subsidiaries <u>TDKK</u>
Cost at 1 January 2019	4.437.885
Additions for the year	468.954
Disposals for the year	<u>-192.039</u>
Cost at 31 December 2019	<u>4.714.800</u>
Carrying amount at 31 December 2019	<u><u>4.714.800</u></u>

	<u>2019</u> TDKK	<u>2018</u> TDKK
13 Contract work in progress		
Work in progress, selling price	40.813.050	36.035.078
Work in progress, payments received on account	<u>-40.292.958</u>	<u>-22.088.370</u>
	<u><u>520.092</u></u>	<u><u>13.946.708</u></u>
Recognised in the balance sheet as follows:		
Contract work in progress under assets	1.884.323	13.946.708
Prepayments received under liabilities	<u>-1.364.231</u>	<u>0</u>
	<u><u>520.092</u></u>	<u><u>13.946.708</u></u>

14 Receivables and payables from group companies

The company's payables to group companies includes TDKK 1.341.219 in a cash pool scheme with the ultimate parent company Ørsted A/S (2018: receivable TDKK 47.615.007).

The company's receivables from group companies and payables to group companies includes a net financial instrument payable of TDKK 1.374.802 (2018: receivable TDKK 1.035.358).

Notes

	2019 TDKK	2018 TDKK
15 Provision for deferred tax		
Provision for deferred tax at 1 January 2019	2.755.116	1.074.261
Deferred tax recognised in income statement	<u>-2.847.096</u>	<u>1.680.855</u>
Provision for deferred tax at 31 December 2019	<u>-91.980</u>	<u>2.755.116</u>
Property, plant and equipment	-7.831	-17.122
Contract work in progress	-650	2.854.510
Other taxable temporary differences	-2.466	-2.390
Financial instruments	-81.033	-79.882
Transferred to deferred tax asset	<u>91.980</u>	<u>0</u>
	<u>0</u>	<u>2.755.116</u>
Deferred tax asset		
Calculated tax asset	<u>91.980</u>	<u>0</u>
Carrying amount	<u>91.980</u>	<u>0</u>

Deferred tax asset is measured depending on how we plan to use the assets and settle the liabilities. Tax assets and liabilities are set off when the tax assets can be offset against tax liabilities in the year in which the deferred tax assets are expected to be used.

Deferred tax assets are recognised at the value at which they are expected to be used. They may be offset against future earnings. This is done within a joint taxation scheme.

16 Prepayments

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

17 Equity

The share capital consists of 1.500.000 shares of a nominal value of TDKK 1. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

Notes

	<u>2019</u> TDKK	<u>2018</u> TDKK
18 Other provisions		
Balance at 1 January 2019	5.010.093	2.279.915
Reversed provision	-442.507	-301.000
Provision in year	1.214.064	3.209.404
Applied in the year	<u>-1.297.574</u>	<u>-178.226</u>
Balance at 31 December 2019	<u><u>4.484.076</u></u>	<u><u>5.010.093</u></u>
The expected due dates of other provisions are:		
Within one year	404.726	167.000
Between 1 and 5 years	2.846.994	4.561.965
Over 5 years	<u>1.232.356</u>	<u>281.128</u>
	<u><u>4.484.076</u></u>	<u><u>5.010.093</u></u>

Notes

19 Long term debt

	2019 TDKK	2018 TDKK
Lease obligations		
Between 1 and 5 years	142.803	0
Non-current portion	142.803	0
Within 1 year	129.993	0
	272.796	0
Other payables		
After 5 years	43.701	0
Non-current portion	43.701	0
Other short-term other debt	834.819	506.877
Current portion	834.819	506.877
	878.520	506.877
Deferred income		
Between 1 and 5 years	0	94.000
Non-current portion	0	94.000
Other short-term deferred income	70.355	31.977
Current portion	70.355	31.977
	70.355	125.977

20 Deferred income

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

Notes

21 Subsequent events

The consequence of COVID-19, where many governments have decided to 'close down countries' will have a significant impact on the world economy. Management has assessed the consequence of COVID-19 as a non-adjusting event but has decided to disclose assessment of impact.

On 30 January 2020, the International Health Regulations Emergency Committee of the World Health Organization declared the outbreak of coronavirus a 'Public Health Emergency of International Concern'. This event, in management's opinion, do not provide evidence of conditions that have direct impact on company's business operations, assets and liabilities.

Following further progress in the Offshore Transmission Asset divestment process in Q1 2020, the assumption regarding the preferred bidder's expected return requirement on the transmission asset has been reduced. Management considered this a non-adjusting event after the reporting period of the variable revenue consideration related to the construction contract.

The change in the value of the variable revenue consideration would likely increase Profit before tax by bnDKK2.0.

Besides these no other events have occurred after the balance sheet date which could significantly affect the company's financial position.

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: BDKK 1,75 (2018: BDKK 16).

Notes

23 Financial instruments

The company has on behalf of its subsidiaries entered into 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 risks on future cash flows in relation to divestment for Ørsted Wind Power A/S, where hedge accounting is used.

Hedge of currency risks on future cash flows in relation to divestments for Ørsted Wind Power A/S: The market value calculated per 31 December 2019 relating to hedging of foreign exchange risk fall due, assuming unchanged prices, as follows: 2020: TDKK -67.053.

Exposure in respect of hedging of currency risk in 2020 amounts TDKK 1.393 and thereof is hedged TDKK 1.393 corresponding to a hedging level of 100%.

Electricity derivatives on behalf of subsidiaries:

The market value calculated per 31 December 2019 relating to electricity price derivatives fall due, assuming unchanged prices, as follows: 2020: TDKK 2.308, 2021-2023+: TDKK -470.727.

The volume of electricity price derivatives fall due as follows: 2020 amounts GWh 7.137, 2021-2024 amounts GWh 18.852.

Foreign exchange derivatives on behalf of subsidiaries:

The market value calculated per 31 December 2019 relating to foreign exchange derivatives risk fall due, assuming unchanged prices, as follows: 2020: TDKK -240.851, 2020-2023+: TDKK -1.183.988.

The nominal amount of foreign exchange derivatives fall due as follows: 2020 amounts TDKK 8.224.773, 2021-2023+ amounts TDKK 23.353.533.

Inflation derivatives on behalf of UK subsidiaries:

The market value for inflation derivatives is TDKK 585.518. The nominal value is distributed continuously over the period 2024-2037 and amounts to a contractual principal totaling TDKK 17.373.000 and has an average fixed inflation of 3,6%.

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

Transactions

In pursuance of Section 98c (7) of the Danish Financial Statements Act, the Company has chosen only to disclose transactions that are not carried out on an arm's length basis.

Ownership structure

According to the Company's register of shareholders, the following shareholders hold a minimum of 5% of the voting rights or a minimum of 5% of the share capital:

Ørsted Wind Power Holding A/S

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.