

Ørsted Wind Power A/S

Annual report for 2021

CVR no. 31 84 92 92

(13th Financial year)

Adopted at the annual general meeting on 30 June
2022

Vibeke Rohde
chairman

Table of contents

	Page
Statements	
Statement by management on the annual report	1
Independent auditor's report	2
Management's review	
Company details	5
Financial highlights	6
Management's review	7
Financial statements	
Accounting policies	11
Income statement 1 January - 31 December	21
Balance sheet 31 December	22
Statement of changes in equity	24
Notes	25

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 2021.

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 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021.

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 2022

Executive board

Martin Neubert
Director

Richard John Hunter
director

Board of Directors

Daniel Lerup
chairman

Henriette Fenger Ellekrog
deputy chairman

Ingrid Maryanne Till Reumert

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 2021 and of the results of the Company's operations for the financial year 1 January - 31 december 2021 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 2021, 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 2022

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

E-mail: info@orsted.com

Website: www.orsted.com

CVR no.: 31 84 92 92

Reporting period: 1 January - 31 December 2021

Domicile: Fredericia

Board of Directors

Daniel Lerup, chairman
Henriette Fenger Ellekrog, deputy chairman
Ingrid Maryanne Till Reumert
Nikolaj Kruppa, employee representative
Gitte Nyhus Thomhav, employee representative

Executive board

Martin Neubert
Richard John Hunter, director

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 annual report of Ørsted A/S, CVR no. 36 21 37 28 can be obtained at the following address:

<https://orstedcdn.azureedge.net/-/media/annual2021/annual-report-2021.ashx?la=en&rev=9d4904ddf4c44594adab627f7e4c62be&h=ash=BD463F56D8BEF7EB591136136FEFDF44>

Financial highlights

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

	2021	2020	2019	2018	2017
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	7.726.906	9.322.523	25.253.345	42.581.928	27.165.835
Profit/loss before amortisation/depreciation and impairment losses	5.924.406	1.235.267	7.864.537	8.777.908	9.803.284
Profit/loss before net financials	5.621.799	1.026.251	7.238.839	8.244.180	9.442.781
Net financials	-25.357.692	1.477.412	-986.630	20.224.894	8.445.373
Profit/loss for the year	-14.935.407	1.268.387	2.232.115	24.334.245	15.893.009
Balance sheet					
Balance sheet total	40.579.791	32.227.503	55.900.970	77.421.238	53.775.066
Investment in property, plant and equipment	0	0	4.368	0	79.301
Equity	315.375	15.733.180	34.437.553	57.159.535	36.704.044
Financial ratios					
Gross margin	97,3%	29,7%	35,7%	23,1%	37,9%
EBIT margin	72,8%	11,0%	28,7%	19,4%	34,8%
Return on assets	15,4%	2,3%	10,9%	12,6%	20,7%
Solvency ratio	0,8%	48,8%	61,6%	73,8%	68,3%
Return on equity	-186,1%	5,1%	4,9%	51,9%	52,8%

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

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 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 2021 shows a loss of TDKK 14.935.407, and the balance sheet at 31 December 2021 shows equity of TDKK 315.375.

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

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

Financial performance for 2021 was below expectations primarily because of unpredicted volatility in energy prices that resulted in a large loss on hedges for the year.

Financial expectations for 2022

Earnings before net financials, taxes, depreciation and amortisation in 2022 is expected to be around bnDKK 1,0.

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.

Foreign branches

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

Financial instruments

We have in 2021 lost BnDKK 24 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.

Capital readiness

The company has lost more than 50% of its share capital. Management refers to note 1 in the financial statements, in which the company explains its financial resources and the continued operation.

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.

Management's review

Financial risks

The Company is exposed to currency risks, interest risk, inflation risk related to activities in the company for which hedge accounting is applied. Furthermore, the company's subsidiaries are exposed to power price risk, foreign exchange risk, commodity price risk and inflation risk. The company has hedged these subsidiary risks through financial instruments. As the subsidiaries are measured at cost hedge accounting is not applied and the offset effect from the exposures in the subsidiaries will not impact the profit/loss and financial position of the company until the cash flow is realised and distributed by dividend to the company. Hence in the short term the company is significant exposed to the volatility in the power prices, foreign exchange rates, commodity prices and inflation.

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.

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-2021>) for 2021 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

In order to fulfill Ørsted AS' overall gender balance ambition, the management team has initiated an ambition to increase the female percentage on all career levels. Today ~22% of our staff are females, which is reflected across our career levels. Our gender balance ambition is that we will have 32% female employees by 2030 which is an increase of 50% compared to June 2021. We want to see this materialize across all career levels including at our most senior positions by 2030.

Management's review

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

We've set a clear gender balance ambition to ensure we continue to launch initiatives and actions to change the balance and track the development against a clear ambition.

Among the initiatives we've launched sponsorship agreements so female leaders are supported into more senior leadership positions. We've trained leaders in how they build diverse teams, and how they create an inclusive working culture. We continue to challenge our job adds to ensure a more inclusive language, set new expectations for diverse candidate pools when recruiting, engage with primary schools to support more young females gets an interest in natural science and math, and continue to have it as a key priority in the years to come to create a culture that fosters a truly diverse and inclusive work place.

We've seen clear progress on percentage of women, and we've seen an overall positive development the past 12 months.

Ørsted has joined 'the UN Convention on the Elimination of All Forms of Discrimination against Women'.

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 (<https://orsted.com/en/investors/ir-material/annual-reporting-2021>) for 2021 for Ørsted A/S.

Accounting policies

The annual report of Ørsted Wind Power A/S for 2021 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 2021 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

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.

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.

Accounting policies

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' 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.

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.

Accounting policies

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.

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.

Accounting policies

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.

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

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.

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 warranty obligations for 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.

Accounting policies

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	$\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets at year-end}}$
Return on equity	$\frac{\text{Profit/loss from ordinary operations after tax} \times 100}{\text{Average equity}}$

Income statement 1 January - 31 December

	Note	2021 TDKK	2020 TDKK
Revenue	2	7.726.906	9.322.523
Work performed by the enterprise and capitalised		286.648	232.995
Other operating income		2.926.708	80.576
Operating expenses		1.303.139	-1.146.358
Other external expenses		-4.726.937	-5.718.388
Gross profit		7.516.464	2.771.348
Staff costs	3	-1.592.058	-1.536.081
Profit/loss before amortisation/depreciation and impairment losses		5.924.406	1.235.267
Depreciation and impairment of property, plant and equipment		-160.606	-214.685
Other operating costs		-142.001	5.669
Profit/loss before net financials		5.621.799	1.026.251
Income from investments in subsidiaries	4	-635.279	660.448
Income from investments in associates	5	2.256	0
Financial income	6	2.167.435	3.606.193
Financial costs	7	-26.892.104	-2.789.229
Profit/loss before tax		-19.735.893	2.503.663
Tax on profit/loss for the year	8	4.800.486	-1.235.276
Profit/loss for the year		-14.935.407	1.268.387
Distribution of profit	9		

Balance sheet 31 December

	Note	2021 TDKK	2020 TDKK
Assets			
Land and buildings		3.154	4.240
Other fixtures and fittings, tools and equipment		307.669	239.868
Property, plant and equipment in progress		65.255	101.249
Tangible assets	10	376.078	345.357
Investments in subsidiaries	11	5.555.855	4.122.129
Investments in associates	12	0	0
Receivables from subsidiaries	13	4.488.251	4.506.444
Fixed asset investments		10.044.106	8.628.573
Total non-current assets		10.420.184	8.973.930
Raw materials and consumables		281.269	190.779
Stocks		281.269	190.779
Trade receivables		97.989	60.230
Contract work in progress	14	6.560	1.062.659
Receivables from group companies	15	27.130.578	20.252.994
Other receivables		1.169.261	830.141
Deferred tax asset	16	1.086.228	301.319
Prepayments	17	64.045	49.222
Receivables		29.554.661	22.556.565
Cash at bank and in hand		323.677	506.229
Total current assets		30.159.607	23.253.573
Total assets		40.579.791	32.227.503

Balance sheet 31 December

	Note	2021 TDKK	2020 TDKK
Equity and liabilities			
Share capital		2.000.000	1.500.000
Reserve for hedges		-415.512	43.485
Retained earnings		-1.269.113	6.189.695
Proposed dividend for the year		0	8.000.000
Equity	18	<u>315.375</u>	<u>15.733.180</u>
Other provisions	19	3.442.064	6.246.417
Total provisions		<u>3.442.064</u>	<u>6.246.417</u>
Lease obligations		118.101	104.619
Other payables		2.098.146	0
Total non-current liabilities	20	<u>2.216.247</u>	<u>104.619</u>
Lease obligation	20	151.584	110.267
Trade payables		936.331	1.306.676
Payables to group companies	15	29.085.780	7.357.438
Other payables		4.395.555	1.333.607
Deferred income	21	36.855	35.299
Total current liabilities		<u>34.606.105</u>	<u>10.143.287</u>
Total liabilities		<u>36.822.352</u>	<u>10.247.906</u>
Total equity and liabilities		<u>40.579.791</u>	<u>32.227.503</u>
Capital readiness	1		
Subsequent events	22		
Contingent assets, liabilities and other financial obligations	23		
Financial instruments	24		
Related parties and ownership structure	25		

Statement of changes in equity

	Share capital	Premium on emissions	Reserve for hedges	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January 2021	1.500.000	0	43.485	6.189.695	8.000.000	15.733.180
Cash capital increase	500.000	7.500.000	0	0	0	8.000.000
Ordinary dividend paid	0	0	0	0	-8.000.000	-8.000.000
Movement, reserves	0	0	-458.997	-23.401	0	-482.398
Net profit/loss for the year	0	0	0	-14.935.407	0	-14.935.407
Transfer from share premium account	0	-7.500.000	0	7.500.000	0	0
Equity at 31 December 2021	2.000.000	0	-415.512	-1.269.113	0	315.375

Movement TDKK -458,997 regards fair value adjustment of hedging instruments.
 Movement TDKK -23,401 regards sharebased payment.

Notes

1 Capital readiness

The company's assets and liabilities are assessed with continued operation in mind. Management regularly assesses the company's own funds and the need for re-establishing equity. Management is aware that due to market price developments, especially in power prices, the company has suffered unrealized losses on commodity hedges which have resulted in the loss of more than 50% of the share capital at year-end 2021. The company is therefore covered by section 119 of the Danish Companies Act. It is the management's assessment that, despite the loss of share capital, the company still has the necessary own funds to hedge its continued operations. Equity will be recaptured in 2022 by an already approved capital injection of BnDKK 8,00 by the company's parent company and the company has also received a 15 BnDKK loan undertaking from a third-party. Likewise, it is the management's view that any realized loss on the hedges will be balanced by increasing income in the company's operational wind assets and that the increase eventually will be reflected in higher incoming dividends on future earnings. The company had at 31.12.2021 cash and cash equivalents of BnDKK 15,50 which is deemed adequate to cover its short-term ongoing obligations.

	2021 TDKK	2020 TDKK
2 Revenue		
Revenue from services	5.861.685	5.084.131
Contract revenue	826.396	3.051.668
Other revenue	1.038.825	1.186.724
Total revenue	<u>7.726.906</u>	<u>9.322.523</u>
Geographical segments		
Denmark	455.657	430.295
Rest of EU	7.271.248	8.902.228
Total revenue	<u>7.726.905</u>	<u>9.332.523</u>

Notes

	2021 TDKK	2020 TDKK
3 Staff costs		
Wages and salaries	1.449.294	1.404.738
Pensions	121.536	112.976
Other social security costs	12.051	9.311
Other staff costs	9.177	9.056
	<u>1.592.058</u>	<u>1.536.081</u>
 Including remuneration to the executive board:		
Executive Board	<u>4.639</u>	<u>0</u>
	<u>4.639</u>	<u>0</u>
 Average number of employees	<u>1.807</u>	<u>1.640</u>

Retention share programme

The target group for the share-based retention agreements will typically be employees responsible for vital, long-term projects. The use of these share-based retention agreements will be limited to 25 concurrent agreements with an individual time frame of up to five years. The number of retention share units (RSUs) to be granted will be determined on the basis of the price of Ørsted's shares at the time of the grant and will be limited to an amount corresponding to a maximum of six months' base pay for the employee in question. At vesting, each RSU will entitle the employee to one Ørsted share free of charge. However, the total value of the shares to be received at vesting will be capped at a maximum of twelve months' base pay for the employee in question.

Executive share programme

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

	2021 TDKK	2020 TDKK
4 Income from investments in subsidiaries		
Gain and loss on disposal of subsidiaries	-972.472	289.941
Dividends	337.193	370.507
	<u>-635.279</u>	<u>660.448</u>
5 Income from investments in associates		
Gain and loss from disposal of associates	2.256	0
	<u>2.256</u>	<u>0</u>
6 Financial income		
Interest received from affiliates	388.548	415.375
Financial income, affiliates	900.247	2.393.440
Other financial income	878.640	797.378
	<u>2.167.435</u>	<u>3.606.193</u>
Other financial income mainly comprises currency gains.		
7 Financial costs		
Interest paid to subsidiaries	188.039	218.067
Financial expenses, affiliates	25.524.875	1.419.543
Other financial costs	1.172.169	1.143.165
Lease interests	7.021	8.454
	<u>26.892.104</u>	<u>2.789.229</u>

Financial expenses, affiliates mainly comprises unrealized losses on hedges. The losses on hedges of BnDKK 24 are due to unusually large fluctuations in power prices, mainly due to the geopolitical situation in 2021.

Other financial expenses mainly comprises currency losses.

Notes

	2021 TDKK	2020 TDKK		
8 Tax on profit/loss for the year				
Current tax for the year	-4.145.300	1.368.648		
Deferred tax for the year	-667.935	-194.633		
Adjustment of tax concerning previous years	2.121	61.261		
Adjustment of deferred tax concerning previous years	10.628	0		
	<u>-4.800.486</u>	<u>1.235.276</u>		
9 Distribution of profit				
Proposed dividend for the year	0	8.000.000		
Retained earnings	-14.935.407	-6.731.613		
	<u>-14.935.407</u>	<u>1.268.387</u>		
10 Tangible assets				
	Land and buildings TDKK	Other fixtures and fittings, tools and equipment TDKK	Property, plant and equipment in progress TDKK	Total TDKK
Cost at 1 January 2021	13.562	631.404	137.712	782.678
Additions for the year	0	229.203	34.332	263.535
Disposals for the year	0	-1.882	-70.326	-72.208
Cost at 31 December 2021	<u>13.562</u>	<u>858.725</u>	<u>101.718</u>	<u>974.005</u>
Impairment losses and depreciation at 1 January 2021	9.322	391.536	36.463	437.321
Depreciation for the year	1.086	159.520	0	160.606
Impairment losses and depreciation at 31 December 2021	<u>10.408</u>	<u>551.056</u>	<u>36.463</u>	<u>597.927</u>
Carrying amount at 31 December 2021	<u>3.154</u>	<u>307.669</u>	<u>65.255</u>	<u>376.078</u>

The carrying amount of leased assets included in 'Other fixtures and fittings, tools and equipment' is TDKK 259,989 per 31. december 2021 (2020: TDKK 185,867).

Notes

	<u>2021</u> TDKK	<u>2020</u> TDKK
11 Investments in subsidiaries		
Cost at 1 January 2021	5.214.255	5.189.098
Additions for the year	1.498.962	25.157
Disposals for the year	-65.236	0
Cost at 31 December 2021	<u>6.647.981</u>	<u>5.214.255</u>
Revaluations at 1 January 2021	<u>-1.092.126</u>	<u>-1.092.126</u>
Revaluations at 31 December 2021	<u>-1.092.126</u>	<u>-1.092.126</u>
Carrying amount at 31 December 2021	<u>5.555.855</u>	<u>4.122.129</u>

Notes

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%	11.528	-920
Ørsted Burbo (UK) Limited	United Kingdom	100%	464.343	116.411
Borkum Riffgrund I Holding A/S	Denmark	100%	5.224	-322
Ørsted Bork.Riff.I HoldCo GmbH	Germany	100%	-595.135	0
Ørsted Bork.Riffg.West I GmbH	Germany	100%	6.808	-5.169
Borkum Riffgrund 2 Hold	Germany	100%	-578.927	-224.243
Ørsted London Array Ltd	United Kingdom	100%	500.416	-12.540
Gunfleet Sands	United Kingdom	50%	1.054.546	17.064
Ørsted Pow.(Gunfl.Sands)	United Kingdom	100%	2.583.954	277.612
Gunfleet Sands Holding	United Kingdom	50%	2.307.983	-146.959
Gunfleet Sands II	United Kingdom	50%	451.083	9.300
Westermose Rough Limited	United Kingdom	100%	3.603.945	98.201
Ørsted Walney Ext. Hol.	United Kingdom	100%	5.216.470	1.084.257
Ørsted Gunfl.Sds Demo(UK)	United Kingdom	100%	208.624	8.710
Ørsted Wind Power Germany	Germany	100%	154.695	9.440
UMBO GmbH	Germany	84%	13.372	-1.691
Ørsted Lincs (UK) Ltd.	United Kingdom	100%	1.601.263	195.888
Ørsted VE A/S	Denmark	100%	476.663	-5.282
Ørsted Vind A/S	Denmark	100%	1.959.254	1.732.308
Ørsted Power (UK) Ltd.	United Kingdom	100%	11.837.708	2.493.137
Ørsted Westermose Rough	United Kingdom	100%	1.039.751	188.228
Walney Offshore Windfarm	United Kingdom	50%	4.113.918	58.651
Ørsted Isle of Man (UK)	United Kingdom	100%	-538	-1
Barrow Offshore Wind Ltd	United Kingdom	100%	305.815	27.422
Ørsted West of Dudd.Sands	United Kingdom	100%	1.966.482	376.413
Ørsted London Array II	United Kingdom	100%	1.714.434	161.878
Ørsted UK III Limited	United Kingdom	100%	0	0
Ørsted Race Bank Holding	United Kingdom	100%	3.893.559	516.627

Notes

11 Investments in subsidiaries (continued)

Name	Registered office	Ownership interest	Equity	Profit/loss for the year
Breesea Limited	United Kingdom	100%	240.133	-96.722
Optimus Wind Limited	United Kingdom	100%	983.099	-115.780
Cygnus Wind Transm Ltd.	United Kingdom	100%	1.656	-47
Orsted Hornsea Project 4	United Kingdom	100%	-9.428	-5.535
Orsted Hornsea Proj.3(UK)	United Kingdom	100%	-40.346	-41.937
Smart Wind SPC8 Limited	United Kingdom	100%	1.838	-14
Smart Wind Limited	United Kingdom	100%	27.878	-14
Sonningmay Wind Limited	United Kingdom	100%	208.958	-95.407
Soundmark Wind Limited	United Kingdom	100%	208.621	-95.743
Orsted Burbo Extens.Hold.	United Kingdom	100%	3.526.565	276.315
Gode Wind 04 GmbH	Germany	100%	6.676	0
Orsted Gode Wind 2 GmbH	Germany	100%	101.659	-88.599
Orsted Gode Wind 1 Hold.	Germany	100%	-690.200	-123.459
Nördlicher Grund GmbH	Germany	100%	-26.692	-446
Orsted Power Ltd. UK	United Kingdom	100%	0	0
Optimus Wind Transmission Ltd.	United Kingdom	100%	0	0
Orsted Speicher R GmbH	Germany	100%	-434.434	-122.686
Orsted Polska OF Services sp. Z.o.o.	Poland	100%	13.734	-866
Orsted Baltica 2 Holding sp. z o.o.	Poland	100%	971	-3
Orsted Baltica 3 Holding sp. z o.o.	Poland	100%	971	-3
Borkum Riffgrund 3 Orsted Holding GmbH	Germany	100%	0	0
Borkum Riffgrund 3 Investor Holding GmbH	Germany	100%	0	0
Orsted Scotland Renewables 1 Limited	United Kingdom	100%	0	0
Orsted Scotland Renewables 2 Limited	United Kingdom	100%	0	0
Orsted Scotland Renewables 3 Limited	United Kingdom	100%	0	0
Orsted Scotland Renewables HoldCo 1 Limited	United Kingdom	100%	0	0
Orsted Scotland Renewables HoldCo 2 Limited	United Kingdom	100%	0	0

Notes

	<u>2021</u> TDKK	<u>2020</u> TDKK
12 Investments in associates		
Cost at 1 January 2021	<u>1</u>	<u>1</u>
Cost at 31 December 2021	<u>1</u>	<u>1</u>
Revaluations at 1 January 2021	-1	0
Revaluations for the year, net	<u>0</u>	<u>-1</u>
Revaluations at 31 December 2021	<u>-1</u>	<u>-1</u>
Carrying amount at 31 December 2021	<u>0</u>	<u>0</u>

Notes

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%	6.485.854	-22
Borkum Riffgrund I Offshore Windpark GmbH	Germany	50%	6.448.253	637.769
Ørsted Borkum Riffgr.II	Germany	50%	2.464.585	707.964
Scarweather Sands Ltd	United Kingdom	50%	0	0
Burbo Extension Limited	United Kingdom	50%	6.735.567	-154.798
Walney Extension Limited	United Kingdom	50%	4.551.592	-1.118.595
Walney Extension Holdings	United Kingdom	50%	4.545.630	-2.794.892
Hornsea 1 Holdings Ltd	United Kingdom	50%	8.682.999	-4.059.709
Hornsea 1 Limited	United Kingdom	50%	7.659.773	-2.931.674
Ørsted Hornsea 1 Hold Ltd	United Kingdom	50%	10.305.755	1.171.188
Morecambe Wind Ltd	United Kingdom	50%	0	0
Ørsted Polska OF SPV 9 sp. z.o.o.	United Kingdom	50%	0	0
Lincs Wind Farm Ltd	United Kingdom	25%	5.044.481	81.596
Lincs WF (Holding) Ltd	United Kingdom	25%	3.090.118	572.523
Race Bank WF Hold. Ltd	United Kingdom	50%	3.348.699	-18
Race Bank Wind Farm Ltd	United Kingdom	50%	3.620.013	-230.116
Gode Wind I Offs. WF GmbH	Germany	50%	3.062.209	488.968
Gode Wind 2 Offs. WF P/S	Germany	50%	6.209.340	430.273
Westermost Rough Hold Ltd	United Kingdom	50%	3.451.536	-22
Lyra Offshore Wind Farm Ltd	United Kingdom	33%	0	0
Northern Cross Offshore Wind Farm Ltd	United Kingdom	33%	0	0
Elektrownia Wlatrowa Baltica 2 sp. z.o.o.	Poland	50%	1.211.337	-3.241
Elektrownia Wlatrowa Baltica 3 sp. z.o.o.	Poland	50%	1.491.763	-1.876
Ørsted Polska OF SPV 7 sp. z.o.o.	Poland	50%	979	-3
Ørsted Polska OF SPV 1 sp. z.o.o.	Poland	50%	979	-3
Ørsted Polska OF SPV 2 sp. z.o.o.	Poland	50%	979	-3
Ørsted Polska OF SPV 3 sp. z.o.o.	Poland	50%	979	-3
Ørsted Polska OF SPV 4 sp. z.o.o.	Poland	50%	979	-3

Notes

Ørsted Polska OF SPV 5 sp. z.o.o.	Poland	50%	979	-3
Ørsted Polska OF SPV 6 sp. z.o.o.	Poland	50%	979	-3

Notes

13 Receivables from subsidiaries

	Receivables from subsidiaries <u>TDKK</u>
Cost at 1 January 2021	4.506.444
Additions for the year	554.705
Disposals for the year	<u>-572.898</u>
Cost at 31 December 2021	<u>4.488.251</u>
Carrying amount at 31 December 2021	<u><u>4.488.251</u></u>

	<u>2021</u> TDKK	<u>2020</u> TDKK
14 Contract work in progress		
Work in progress, selling price	<u>6.560</u>	<u>1.062.659</u>
	<u><u>6.560</u></u>	<u><u>1.062.659</u></u>
Recognised in the balance sheet as follows:		
Contract work in progress under assets	6.560	1.062.659
Prepayments received under liabilities	<u>0</u>	<u>0</u>
	<u><u>6.560</u></u>	<u><u>1.062.659</u></u>

15 Receivables and payables from group companies

The company's receivables from group companies includes TDKK 15,240,021 in a cash pool scheme with the ultimate parent company Ørsted A/S (2020: TDKK 15,761,828).

The company's receivables from group companies and payables to group companies includes a net financial instrument payable of TDKK 22,076,777 (2020: TDKK 681,001).

Notes

	2021 TDKK	2020 TDKK
16 Provision for deferred tax		
Provision for deferred tax at 1 January 2021	-301.319	-91.980
Deferred tax recognised in income statement	-784.909	-209.339
Provision for deferred tax at 31 December 2021	-1.086.228	-301.319
Provisions for deferred tax on:		
Property, plant and equipment	-2.944	-25.950
Contract work in progress	-8.606	-3.162
Other taxable temporary differences	-6.898	-14.461
Financial instruments	-107.950	-102.865
Other non-current liabilities	-145.063	-154.881
Tax loss carry-forward	-814.767	0
Transferred to deferred tax asset	1.086.228	301.319
Deferred tax asset		
Calculated tax asset	1.086.228	301.319
Carrying amount	1.086.228	301.319

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.

17 Prepayments

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

Notes

18 Equity

The share capital consists of 2.000.000 shares of a nominal value of TDKK 1. No shares carry any special rights.

The share capital has developed as follows:

	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Share capital at 1 January 2021	1.500.000	1.500.000	1.500.000	1.500.000	1.500.000
Additions for the year	500.000	0	0	0	0
Share capital	2.000.000	1.500.000	1.500.000	1.500.000	1.500.000

19 Other provisions

	2021 TDKK	2020 TDKK
Balance at 1 January 2021	6.246.417	6.084.076
Reversed provision	-1.494.142	-519.935
Provision in year	-1.169.040	682.276
Applied in the year	-141.171	0
Balance at 31 December 2021	3.442.064	6.246.417

The expected due dates of other provisions are:

Within one year	18.500	128.601
Between 1 and 5 years	1.469.748	4.916.130
Over 5 years	1.953.816	1.201.686
	3.442.064	6.246.417

Provision in year with of TDKK 1,376,348 has been reclassified to other payables due to changes in accounting policies.

Notes

20 Long term debt

	2021 TDKK	2020 TDKK
Lease obligations		
Between 1 and 5 years	118.101	104.619
Non-current portion	118.101	104.619
Within 1 year	151.584	110.267
	269.685	214.886
Other payables		
Between 1 and 5 years	2.098.146	0
Non-current portion	2.098.146	0
	4.395.555	1.333.607
Current portion	4.395.555	1.333.607
	6.493.701	1.333.607

21 Deferred income

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

22 Subsequent events

The company discovered an array cable issue in Q1 2021 across offshore wind farms in the UK and Continental Europe, and subsequently a warranty provision of BnDKK 1.6 was recognised as of 31 December 2020. However in Q1 2022, following further technical studies, it has been possible to reassess the issues and provide a more cost-efficient solution than assumed, which resulted in a reversal of BnDKK 0.9 of the original provision which has been recognised as of 31 December 2021.

Notes

23 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 2,93 (2020: BnDKK 0,8).

Notes

24 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, interest rate and inflation risks on future cash flows in relation to divestment for Ørsted Wind Power A/S, where hedge accounting is used.

Hedge of risks on future cash flows in relation to divestments for Ørsted Wind Power A/S: The market value calculated per 31 December 2021 relating to hedging of foreign exchange risk fall due, assuming unchanged prices, as follows: 2022: TDKK -246.737.

The market value calculated per 31 December 2021 relating to hedging of interest rate risk fall due, assuming unchanged prices, as follows: 2022: TDKK 58.913.

The market value calculated per 31 December 2021 relating to hedging of inflation risk fall due, assuming unchanged prices, as follows: 2022: TDKK -413.450.

Electricity derivatives on behalf of subsidiaries:

The market value calculated per 31 December 2021 relating to electricity price derivatives fall due, assuming unchanged prices, as follows: 2022: TDKK -10.041.674, 2023 to 2025: TDKK -6.202.815.

The volume of electricity price derivatives fall due as follows: 2022 amounts GWh 8.815, 2023 to 2025 amounts GWh 14.003.

Other commodity derivatives on behalf of subsidiaries:

The market value calculated per 31 December 2021 relating to other commodity derivatives related to hedging of steel prices fall due, assuming unchanged prices, as follows: 2022: TDKK 45.487.

Foreign exchange derivatives on behalf of subsidiaries:

The market value calculated per 31 December 2021 relating to foreign exchange derivatives risk fall due, assuming unchanged prices, as follows: 2022: TDKK -531.194, 2023 to 2027: TDKK -1.039.055.

The nominal amount of foreign exchange derivatives fall due as follows: 2022 amounts TDKK 7.509.570, 2023 to 2027 amounts TDKK 22.573.804.

Inflation derivatives on behalf of UK subsidiaries:

The market value for inflation derivatives is TDKK -2.395.042.

The nominal value is distributed continuously over the period 2024-2037 and amounts to a contractual principal totalling TDKK 23.563.455 and has an average fixed retail price inflation of 3,6% and consumer price inflation of 2,7%.

Notes

25 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

Leasing of storage facilities, annual lease commitment DKK 1.0 million. Leased by BB and CC Jensen. The lease has been entered into on market terms.

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 annual report of Ørsted A/S, CVR no. 36 21 37 28 can be obtained at the following address:

<https://orstedcdn.azureedge.net/-/media/annual2021/annual-report-2021.ashx?la=en&rev=9d4904ddf4c44594adab627f7e4c62be&hash=BD463F56D8BEF7EB591136136FEFDF44>

26 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.