



Orsted

Investor presentation

Q2 2022

11 August 2022



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Hornsea 3 awarded CFD and Onshore renewables expansion into Continental Europe. Full-year guidance increased

Strategic highlights – Q2 2022

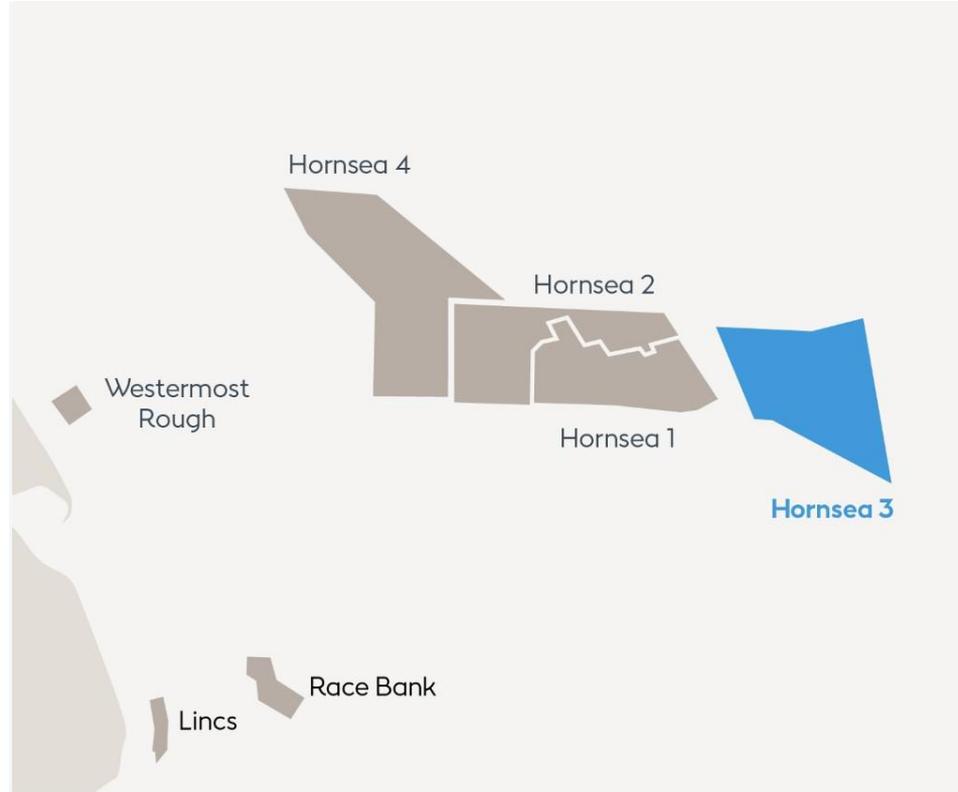
- Full-year guidance increased by DKK 1 billion to DKK 20 - 22 billion
- Awarded a contract for difference for our 2,852 MW Hornsea 3 offshore wind project in the UK
- Submitted bids for the 1,520 MW Dutch offshore wind tenders 'Holland Coast West' with our partner TotalEnergies
- Signed agreement to acquire the German and French onshore renewables platform, Ostwind
- Entered the Spanish onshore market with four partnerships to pursue early-stage solar PV and onshore wind projects
- Commissioned 268 MW onshore wind part of Helena Energy Center, USA, and 62 MW onshore wind project Kennoxhead 1, Scotland
- Acquired 121 MW onshore wind project, Ford County Wind, USA
- Green Fuels for Denmark granted IPCEI status
- Gazprom Export halted the supply of gas from 1 June 2022
- Named one of the 100 most influential companies for the second year running by TIME



Awarded contract for world's single biggest offshore wind farm

Hornsea 3

- Capacity of 2,852 MW at an inflation-indexed strike price of GBP 37.35 per MWh in 2012 prices
- Contract comes with a level of merchant flexibility
- Expect to take final investment decision within 18 months and potentially as soon as by end of 2022
- Expect to commission the wind farm in 2027
- Secured capacity with key suppliers for around two thirds of the projects' CAPEX
- The awarded Hornsea zone will have a total capacity in excess of 5 GW, making it the world's largest offshore wind zone
- Significant synergies by taking a global portfolio view in procurement and location adjacent to existing UK East coast wind farms
- Effectively satisfied annual build out ambition of 3 GW



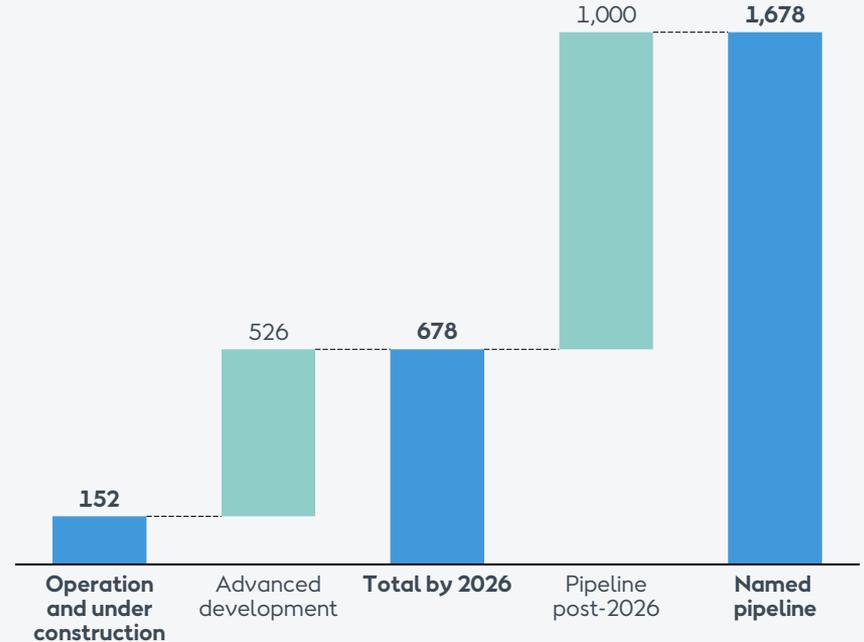
Onshore expansion into Continental Europe

Acquired German and French onshore platform Ostwind

- Entry into the sizeable and growing German and French onshore markets
- Ostwind is a developer, owner and operator of onshore wind and solar with fully integrated capabilities across construction and operation
- Active in onshore wind development for over 20 years, with track record of more than 1 GW of projects
- Attractive portfolio of 152 MW in operation and under construction, c. 526 MW in advanced development and a further c. 1 GW of development pipeline
- Additional targeted pipeline growth of approx. 900 MW towards the beginning of 2030's
- Company led by experienced, fully-integrated team of 115 people spread over nine local offices in Germany and France
- Expect meaningful synergies between onshore and offshore businesses in Germany, regarding customer offtake solutions and renewable capacity for renewable hydrogen production

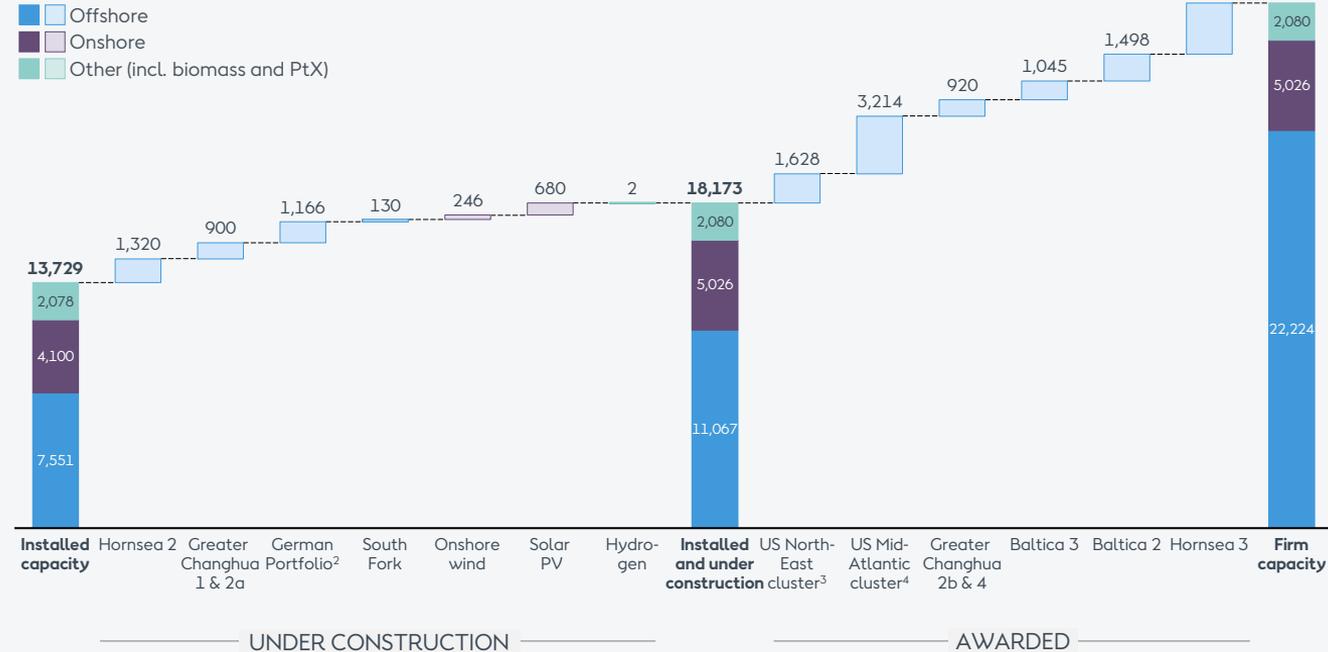
Portfolio overview

Capacity (MW)



Ørsted construction programme and pipeline

Gross renewable capacity¹ MW



Construction highlights

Hornsea 2

- All turbines fully commissioned and commercially operational
- Formal commissioning expected in August

Greater Changhua 1 & 2a

- First power achieved in April
- COVID-19 related impact push commissioning of last turbines into 2023

Solar PV

- Working with suppliers to comply with the UFLPA⁵
- Commissioning of Old 300 and Helena Energy Center in H1 2023 and 2023, respectively

1. Ford County Wind (121 MW) and Hornsea 3 (2,852 MW) not included in reported Q2 2022 installed capacity, but reflected in above numbers

2. German Portfolio: Gode Wind 3 (253 MW) and Borkum Riffgrund 3 (913 MW)

3. US North-East cluster: Revolution Wind (704 MW) and Sunrise Wind (924 MW)

4. US Mid-Atlantic cluster: Skipjack 1 (120 MW), Skipjack 2 (846 MW), Ocean Wind 1 (1,100 MW) and Ocean Wind 2 (1,148 MW)

5. Uyghur Forced Labour Prevention Act

A significant number of offshore wind auctions and tenders will come in 2022/2023



Awarded
UK CFD AR4
7,000 MW



H2 2022
German tender
~900 MW



H1 2023
Rhode Island
600 - 1,000 MW



2023
Portugal floating
6,000 - 8,000 MW



2023
Spanish auction
TBA



Outcome in 2022
New Jersey offshore
wind transmission



H2 2022
Taiwan auction R3-1
3,000 MW



H1 2023
New Jersey 3
> 1,200 MW



2023/2024
Connecticut 4
TBA



2023
Massachusetts 4
TBA



Outcome in 2022
Holland Coast West
1,520 MW



H2 2022
ORES 1
1,900 - 2,500 MW



H2 2023
Ijumuiden Ver I-IV
4,000 MW



2023
Taiwan auction R3-2
3,000 MW



H2 2023 / H1 2024
Princess Elisabeth
700 MW



H2 2022
New York 3
2,000 - 4,600 MW



H2 2022 – H1 2023
Japan auctions
1,500 MW



H2 2023
German tender
8,000 - 9,000 MW

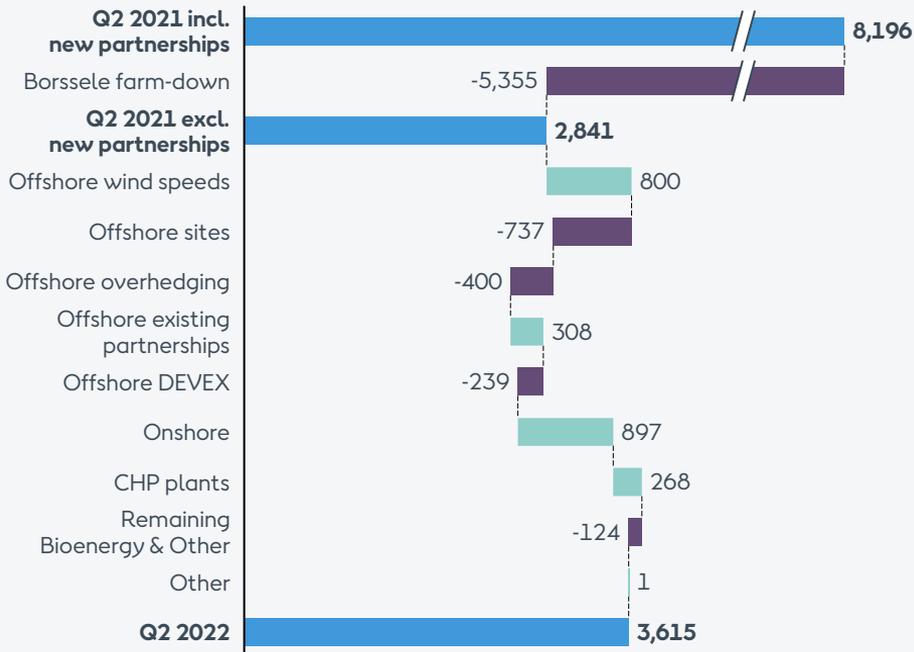


2023
CFD AR5
TBA

EBITDA excluding new partnerships increased 27 %

EBITDA of DKK 3.6 bn in Q2 2022

DKKm



EBITDA excluding new partnerships increased DKK 0.8 bn

- Offshore wind speeds above last year (8.4 m/s in Q2 2022 vs. 7.8 m/s in Q2 2021) but below norm (8.7 m/s) contributed DKK 0.8 bn vs. Q2 2021
- Ramp-up production at Hornsea 2 partly offset by lower generation capacity of Borssele 1 & 2 following 50 % farm-down in May 2021
- Negative effects from high prices and volatility (mainly balancing costs and price ineffective hedges) and from expanding our portfolio (higher OPEX, BSUoS and TNUoS tariffs)
- Negative impact (DKK -0.4 bn) from being overhedged, primarily Hornsea 2 due to slower commissioning in beginning of quarter combined with higher power prices and lower than normal wind speeds
- Earnings from existing partnerships mainly relating to construction work at Greater Changhua 1
- Significant earnings increase in Onshore, driven by higher generation from new assets and higher prices in US and Europe
- Increased earnings from CHP plants due to higher power prices. This was partly offset by negative effect from price-ineffective hedges
- Lower earnings from our gas storage activities

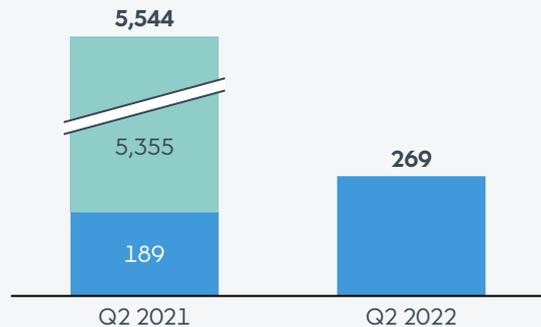
New partnerships in Q2 2021

- DKK 5.4 bn farm-down gain relating to 50 % Borssele 1 & 2 divestment

Net profit, ROCE and Equity

Net profit DKKm

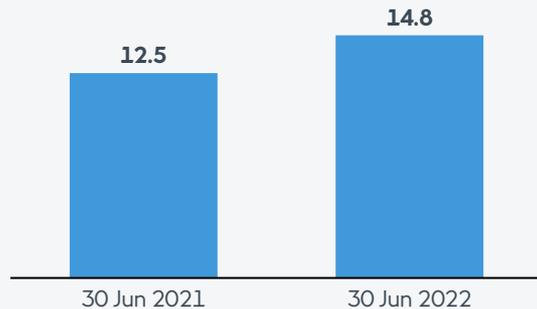
■ Borssele 1 & 2
farm-down



Net profit of DKK 0.3 bn

- Underlying net profit in line with Q2 2021

ROCE %, last 12 months

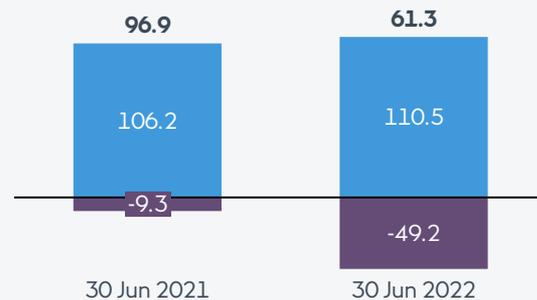


ROCE of 15 %

- Increase driven by higher EBIT over the 12-month period
- On track to achieve average ROCE of 11-12 % in 2020-2027

Equity DKKbn

■ Equity excl. hedging reserves
■ Hedging reserves



Equity of DKK 61.3 bn

- Reduction driven by unrealised losses on hedge reserve
- Post-tax hedging and currency translation reserve amounted to DKK 49.2 bn
- Reserve will be matched by higher future revenue from the underlying activities
- Approx. 60 % of the reserve will materialize before end-of December 2023

Cash flow, net debt and credit metric

Cash flow and net debt

DKKm

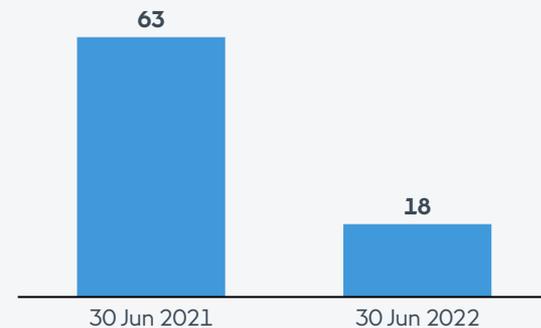


Net interest-bearing debt of DKK 41.4 bn, up DKK 11.4 bn

- Operating cash flow including EBITDA partly offset by temporary collateral postings and net cash outflow from work in progress
- Gross investments related to our Offshore and Onshore portfolio
- Distribution of dividends to shareholders in April 2022
- Negative effect from exchange rate adjustments due to increased GBP

FFO / Adj. net debt

%

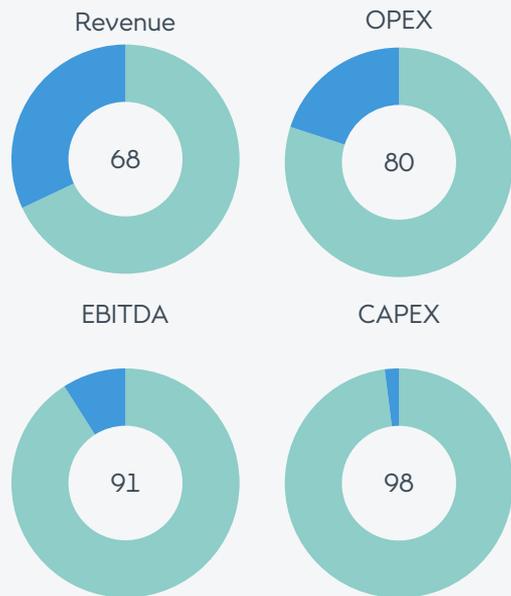


FFO / Adj. net debt of 18 %

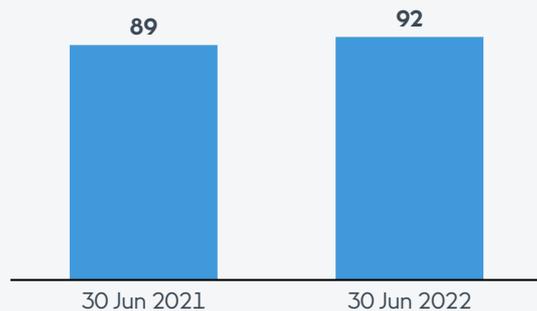
- Decrease due to temporary collateral postings (total posting of DKK 12.9 bn)
- Credit metric of 46 % excluding collateral postings
- Fully committed to our credit metric target of around 25 %

Non-financial ratios

Taxonomy-eligible KPIs %, YTD



Green share of energy generation, %, YTD

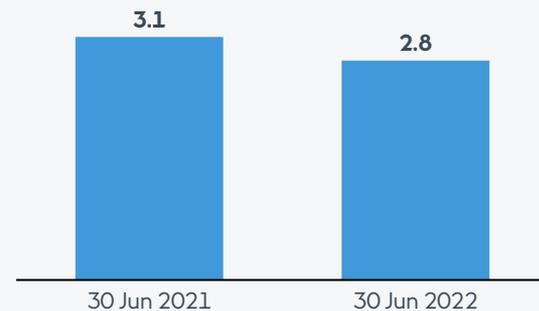


Green share of energy at 92 %

- More wind and solar assets in operation
- Higher wind speeds
- Lower biomass-based heat and power generation

Safety

Total recordable injury rate, YTD

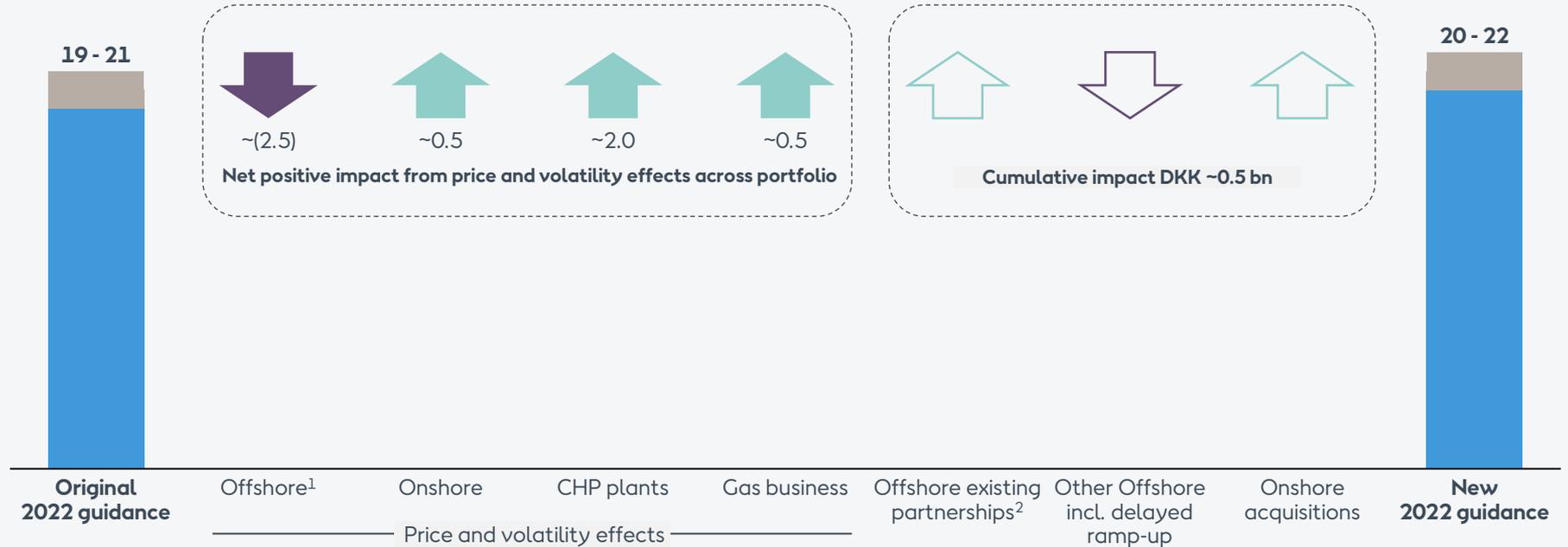


TRIR of 2.8

- Same level of injuries with a 17 % increase in hours worked

Key expected full-year earnings drivers across portfolio

Approximate EBITDA impacts DKKbn



Note: Above not exhaustive, reflects key impacts across portfolio

1. Including DKK 2 bn impact from overhedging at Hornsea 2

2. Including CPS provision reversal

2022 guidance, strategic ambition, and financial guidance

2022 guidance

	DKKbn
EBITDA (without new partnerships)	20 – 22
Gross investments	43 – 47

Business unit EBITDA FY 2022 vs. FY 2021

	Direction
Offshore (without new partnerships)	Significantly higher
Onshore	Significantly higher
Bioenergy & Other	Significantly higher

Strategic ambition and financial guidance

Ambition for installed renewable capacity by 2030	~50 GW
- Offshore	~30 GW
- Onshore	~17.5 GW
Total CAPEX spend, 2020-2027	DKK 350 bn
- Offshore & Hydrogen	~80 %
- Onshore	~20 %
Average ROCE, 2020-2027	11-12 %
Average share of EBITDA from regulated and contracted activities, 2020-2027	~90 %
Average yearly increase in EBITDA from offshore and onshore assets in operation, 2020-2027	~12 %
Rating (Moody's/S&P/Fitch)	Baa1/BBB+/BBB+
FFO/Adjusted net debt threshold	~25 %
Ambition to increase the dividend paid by a high single-digit rate compared to the dividend for the previous year up until 2025	

Q&A

Earnings call

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For questions, please press 01



Appendix

Renewable capacity as of 30 June 2022

Indicator, MW, gross	H1 2022	H1 2021	Δ	2021
Installed renewable capacity	13,608	12,084	1,524	12,980
Offshore, wind power	7,551	7,551	-	7,551
Onshore	3,979	2,455	1,524	3,351
- Wind power	3,282	1,985	1,297	2,654
- Solar PV power	657	430	227	657
- Battery storage	40	40	-	40
Other (incl. PtX)	2,078	2,078	-	2,078
- Biomass, thermal heat	2,054	2,054	-	2,054
- Biogas, power	3	3	-	3
- Battery storage	21	21	-	21
Decided (FID) renewable capacity	4,444	4,426	18	4,725
Offshore, wind power	3,516	2,220	1,296	3,386
Onshore	926	2,204	(1,278)	1,337
- Onshore wind power	246	1,297	(1,051)	657
- Solar PV power	680	907	(227)	680
- Battery storage	-	-	-	-
Other (incl. PtX), hydrogen	2	2	-	2
Awarded/contracted renewable capacity (no FID yet)	8,305	8,687	(382)	8,435
Offshore, wind power	8,305	8,687	(382)	8,435
Sum of installed and FID capacity	18,502	16,510	1,542	17,705
Sum of installed, FID, and awarded/contracted capacity	26,357	25,197	1,160	26,140

Note: In Q2 2021, we aligned our definition of installed capacity, hence all assets (installed or FID'ed) are reported using nameplate capacity. Previously a few wind farms were reported using 'power optimised capacity' or 'export cable limit capacity'.

Installed renewable capacity

The installed renewable capacity is calculated as the cumulative renewable gross capacity installed by Ørsted before divestments.

For installed renewable thermal capacity, we use the heat capacity, as heat is the primary outcome of thermal energy generation, and as bioconversions of the combined heat and power plants are driven by heat contracts.

Decided (FID) renewable capacity

Decided (FID) capacity is the renewable capacity for which a final investment decision (FID) has been made.

Awarded and contracted renewable capacity

The awarded renewable capacity is based on the capacities which have been awarded to Ørsted in auctions and tenders. The contracted capacity is the capacity for which Ørsted has signed a contract or power purchase agreement (PPA) concerning a new renewable energy plant. Typically, offshore wind farms are awarded, whereas onshore wind farms are contracted. We include the full capacity if more than 50 % of PPAs/offtake are secured.

Installed storage capacity

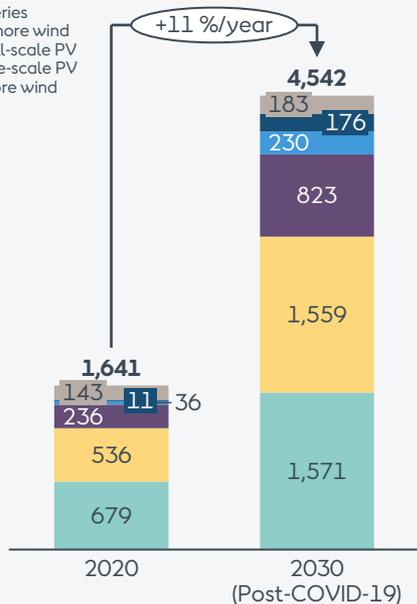
The battery storage capacity is included after commercial operation date (COD) has been achieved. The capacity is presented as megawatts of alternating current (MW_{ac}).

Forecasted renewable capacity build-out

Global renewable energy capacity by technology¹ GW installed

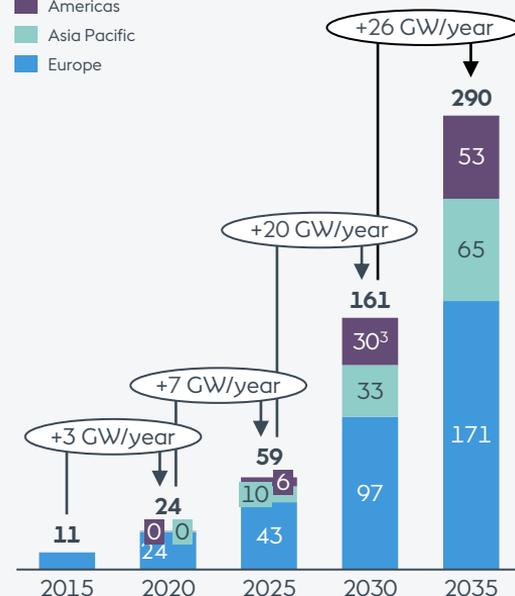
CAGR

- 2% biomass
- 32% Batteries
- 20% Offshore wind
- 13% Small-scale PV
- 11% Large-scale PV
- 9% Onshore wind



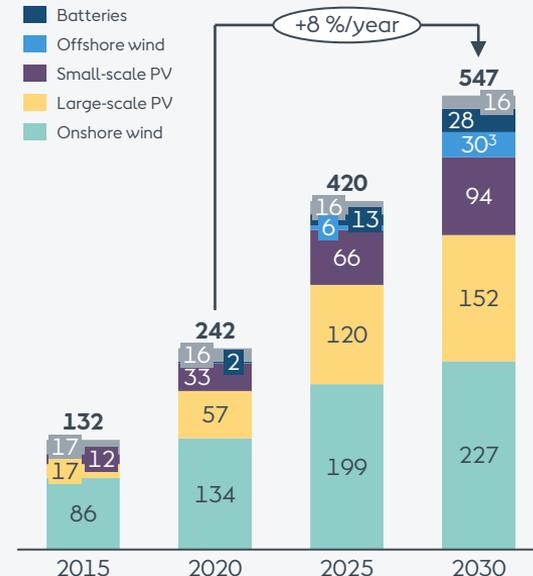
Global offshore wind capacity excl. mainland China GW installed

- Americas
- Asia Pacific
- Europe



North American renewable capacity by technology² GW installed

- Biomass
- Batteries
- Offshore wind
- Small-scale PV
- Large-scale PV
- Onshore wind



1. Excludes solar thermal, geothermal, marine, tidal, and others which combined account for less than 1% of capacity

2. North America includes the United States and Canada. Excludes solar thermal, geothermal, marine, and tidal which combined account for less than 1% of capacity

3. Considering 30 GW offshore wind capacity target announced by US administration

Source: BNEF New Energy Outlook 2021 for capacity of all technologies except offshore wind. Offshore wind figures from BNEF Offshore Wind Market Outlook H2 2021

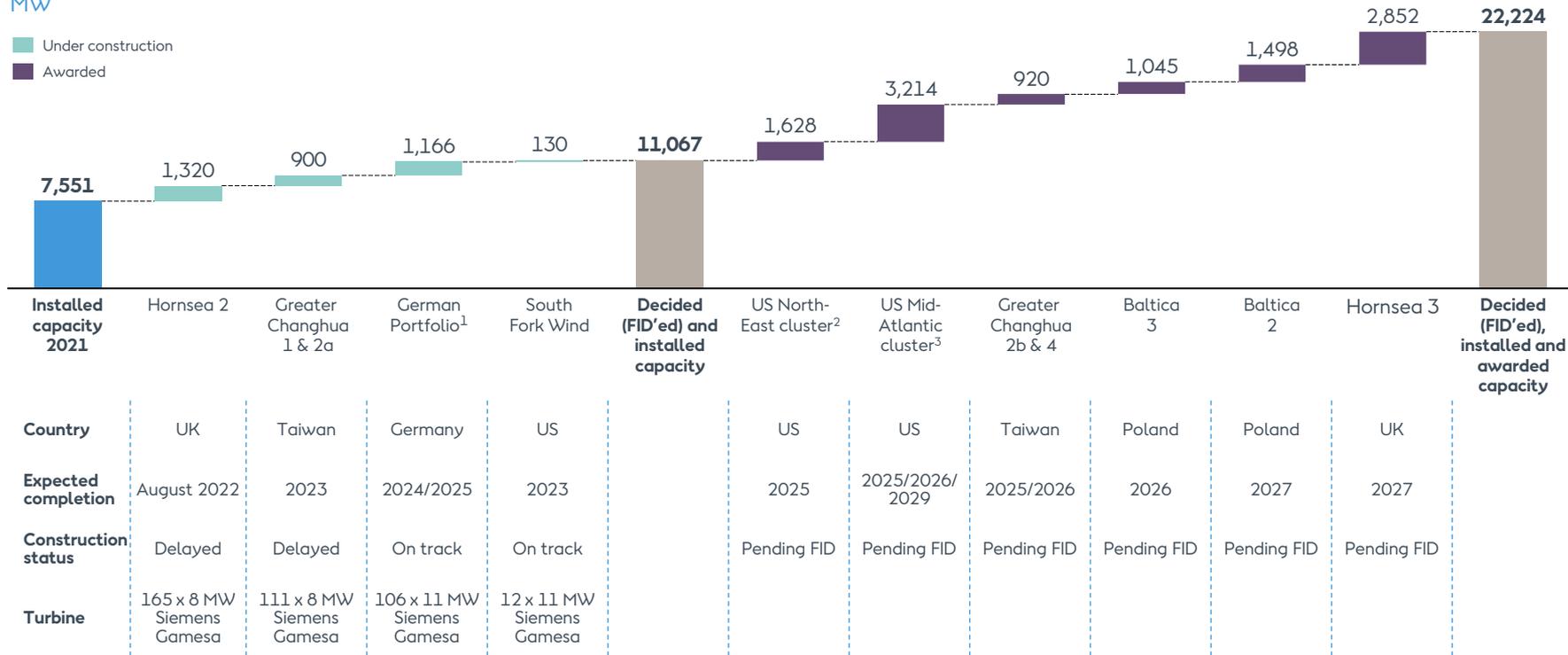
Offshore wind build-out plan

Installed capacity

MW

Under construction

Awarded



	Hornsea 2	Greater Changhua 1 & 2a	German Portfolio ¹	South Fork Wind	Decided (FID'ed) and installed capacity	US North-East cluster ²	US Mid-Atlantic cluster ³	Greater Changhua 2b & 4	Baltica 3	Baltica 2	Hornsea 3	Decided (FID'ed), installed and awarded capacity
Country	UK	Taiwan	Germany	US		US	US	Taiwan	Poland	Poland	UK	
Expected completion	August 2022	2023	2024/2025	2023		2025	2025/2026/2029	2025/2026	2026	2027	2027	
Construction status	Delayed	Delayed	On track	On track		Pending FID	Pending FID	Pending FID	Pending FID	Pending FID	Pending FID	
Turbine	165 x 8 MW Siemens Gamesa	111 x 8 MW Siemens Gamesa	106 x 11 MW Siemens Gamesa	12 x 11 MW Siemens Gamesa								

1. German Portfolio: Gode Wind 3 (253 MW) and Borkum Riffgrund 3 (913 MW)

2. Revolution Wind (704 MW) and Sunrise Wind (924 MW)

3. Skipjack 1 (120 MW), Skipjack 2 (846 MW), Ocean Wind 1 (1,100 MW) and Ocean Wind 2 (1,148 MW)

Offshore market development – UK & Ireland

United Kingdom

- UK Government has increased the ambition of offshore wind to 50 GW by 2030, including 5 GW of floating offshore wind to reduce reliance on imports and improve energy security
- Commitment to decarbonise electricity system by 2035 and binding target to reach net zero emissions by 2050
- CFD auctions to be held annually in an effort to speed up the deployment of renewable energy projects
- Results of Auction Round 4 announced 7 July, where Ørsted was awarded the 2.9 GW Hornsea 3 project
- Clearing process for unsuccessful applicants expected to open in Q2 2022
- Innovation and Targeted Oil & Gas (INTOG) offshore leasing round announced by Crown Estate Scotland targeting up to 500 MW of Innovation projects and up to 5.7 GW of Targeted Oil & Gas Decarbonisation projects; the application window is anticipated to open in August 2022
- Celtic Sea Leasing round announced by The Crown Estate for total of 4 GW of floating projects. The first leases are to be awarded in 2023 with both small scale (300 MW projects pre-2030) and utility scale (1 GW projects 2030-2035)
- Details of auction model and available sites to be clarified through 2022

Ireland

- Climate Action Plan published in Nov. 2021 providing a plan to achieve 51 % reduction in overall greenhouse gas emissions by 2030 and to reach net zero emissions by 2050; also includes target of 80 % of electricity demand from renewables by 2030 and 5 GW offshore wind by 2030
- In Dec. 2021, the Maritime Area Planning (MAP) Act 2021 was enacted providing for the establishment of the Maritime Area Regulatory Authority (MARA) – a dedicated maritime area agency
- The Maritime Area Consent (MAC) regime opened for applications in March, with the first MACs expected to be issued in the second half of 2022 for potentially seven qualified projects ahead of the first Offshore Renewable Energy Support Scheme (ORESS) expected to open in Q4 2022

Offshore market development – Continental Europe

Germany	<ul style="list-style-type: none"> • New Government has ambitions to increase offshore wind targets to 30 GW by 2030, 40 GW by 2035 and 70 GW by 2045 • Tender volumes for 2023 have been increased to 8-9 GW and are expected to be allocated in auctions including both price and qualitative elements
Netherlands	<ul style="list-style-type: none"> • The government doubled its 10.7 GW by 2030 capacity target to more than 21 GW • The government has published an updated auction calendar: 4 GW in Q4 2023, 4 GW in Q2 2025, 4 GW in 2026 and 4.7 GW in 2027 • Next tender is IJmuiden Ver (4 x 1 GW) in H2 2023 - it is expected that the government will opt for a tender design that includes a capped payment and qualitative criteria focused on system integration
Denmark	<ul style="list-style-type: none"> • New Political agreement on tendering 4 GW new offshore wind before 2030 in addition to the existing agreement on 2 GW and potential 1 GW extra dedicated for PtX. First tenders are expected to take place in 2024 • Hesselø tender has been reallocated to a new site due to seabed conditions. New site investigation is planned, and the auction is expected to be kicked off late 2023 with submission deadline in H2 2024 • Tender award for designing, building and co-owning an artificial island in the North Sea as hub for up to 10 GW offshore wind in H1 2024. Furthermore, Ørsted and ATP have signed an agreement with leading digital infrastructure and connectivity player - GlobalConnect to make the North Sea Energy Island a digital hub. • Tenders for 2 GW of offshore wind farms connected to the Bornholm with potential for additional capacity added from new agreement
Poland	<ul style="list-style-type: none"> • Seabed auctions of 11-13 GW offshore wind started, 11 sites have been released by the PL government, results are expected in Q4 2022 • Winners of awarded seabed can participate in auctions for a CFD subsidy scheme in 2025 and 2027 with an expected award of 5 GW offshore wind capacity
Belgium	<ul style="list-style-type: none"> • Capacity will grow from current 2.2 GW in operation to 5.8 GW in total before 2030. Tenders expected in 2024/2025 • First tender 700 MW expected H1 2024 – tenders for remaining volumes in new Princess Elisabeth zone are expected for 2025 • MoU signed with Denmark for large scale offshore wind power imports
Baltic States	<ul style="list-style-type: none"> • Latvia and Estonia: MoU between Latvia and Estonia in place for the development of a joint offshore wind project of up to 1 GW
Sweden	<ul style="list-style-type: none"> • 100 % renewable electricity target by 2040 and carbon neutrality by 2045 • National electrification and hydrogen strategies were presented in spring 2022. Energy Agency tasked to find areas for another 90 TWh offshore for the next version of MSP • TSO has shared new transmission scheme and prioritized grid connection areas in June 2022
Norway	<ul style="list-style-type: none"> • Two areas opened with a max capacity of 3 GW. Tender procedures expected to start in Q4 2022 with allocation in 2023 • Utsira Nord consists of multiple smaller floating projects allocated through a qualitative competition • Sørlige Nordsjø II is a bottom-fixed 1.5 GW project radially connected to Norway and allocated through an auction (format TBD)
Iberia	<ul style="list-style-type: none"> • Spain: Target of up to 3 GW floating offshore wind by 2030 supported by planned investment of EUR 200 mio. in research and innovation • Portugal: An ambition of 10 GW installed capacity by 2030 with an expected first auction in 2023

Offshore market development – US

Massachusetts	<ul style="list-style-type: none">• Target of 5.6 GW offshore wind by 2027, of which 3.2 GW has already been awarded, through and including Dec. 2021 awards• Next auction expected in late 2023
Connecticut	<ul style="list-style-type: none">• Target of 2 GW of offshore wind capacity by 2030, of which 1.2 GW remains available• Next auction expected in 2023/2024
New York	<ul style="list-style-type: none">• Target 9 GW offshore wind by 2035. NY-3 RFP for 2-4.6 GW published on July 26 with bids due Dec. 22 and awards expected H1 2023• 2.5 GW awarded in Q1 2021 and 4.3 GW in total• BOEM completed a sale of 6 new seabed lease areas in the New York Bight, all leases can serve both New York and New Jersey markets
New Jersey	<ul style="list-style-type: none">• Target of 7.5 GW offshore wind capacity by 2035, of which 3.7 GW remains available following recent awards to Ocean Wind 2 and Atlantic Shores• Next auction of at least 1.2 GW expected in early 2023• NJ Board of Public Utilities and PJM currently evaluating 2021 bids for offshore wind shared transmission. Outcome is expected in H2 2022
Maryland	<ul style="list-style-type: none">• Awarded 1.6 GW across two projects in Dec. 2021, meeting its solicitation target and therefore closing future solicitation rounds• No firm targets for offshore wind beyond awarded projects
Rhode Island	<ul style="list-style-type: none">• Executive order signed to power the state with 100 % renewable energy by 2030• Next auction for 600-1,000 MW no later than 15 Oct. 2022 with bids and awards in H1 2023
California	<ul style="list-style-type: none">• First BOEM auction of up to 5 seabed leases expected in late 2022. Sites are in deep waters off California's central and northern coasts• Preliminary planning target updated to 25 GW by 2045
North Carolina	<ul style="list-style-type: none">• Legislation requires electric sector to reach 70 % decarbonisation by 2030 and 100 % by 2050. Executive Order targets 2.8 GW of offshore wind by 2030 and 8 GW by 2040
Other	<ul style="list-style-type: none">• BOEM lease auctions expected in Gulf of Mexico, Central Atlantic, Oregon, and Gulf of Maine between 2022 and 2024

Offshore market development – APAC

Taiwan	<ul style="list-style-type: none">• Taiwan has met its target of awarding 5.5 GW to be commissioned by 2025• More than 6 GW of developing pipeline in preparation to participate future auctions• Third round auction announced with 15 GW offshore wind target to be constructed from 2026-2035, up from 10 GW previously• Round 3 bid submission expected at end of Sep. 2022
Japan	<ul style="list-style-type: none">• Authorities announced the 1st Offshore Wind Vision confirming 10 GW offshore wind target towards 2030 and 30-45 GW by 2040• 18 sites have been designated as potentially suitable for the development of offshore wind for upcoming auctions onwards with a capacity of ~7 GW• Next round of auctions including postponed Happo expected to commence by end of 2022 with bids due in H1 2023. Revisions of auction rules under way towards this milestone
South Korea	<ul style="list-style-type: none">• The previous administration's NDC pledge for 40 % GHG reduction by 2030 against 2018 levels is set to be maintained by newly elected President Yoon• Electricity Business License "EBL" submitted for Incheon 1.6 GW. Approval expected within 2022• Hydrogen Act announced in February 2021 setting targets for 15 GW of hydrogen fuel cells for power generation and production of 6.2 million hydrogen FCEVs by 2040• The baseline of OSW REC multiplier is increased from 2.0 to 2.5 and REC mandate has been reformed from 10 % by 2022 to 25 % by 2026
Vietnam	<ul style="list-style-type: none">• High gas prices delay finalization of Vietnam's energy master plan as gas targets are revised. Offshore wind targets of 7 GW in 2030, 18 GW in 2035, 40.5 GW in 2040 and 66.5 GW in 2045 remain in place.• Prime Minister issues resolution clarifying rules for awarding site survey permits for offshore wind projects including a 90-day process limit for authorities managing applications• Offshore Wind is officially stated to be a technology of strategic importance for VN to achieve its 2050 net zero target
Other markets	<ul style="list-style-type: none">• Australian federal government has released its secondary offshore energy legislation, outlining guidelines for application requirements/assessment criteria and recovery costs• Australia's Victorian government has announced a preliminary target of 9 GW by 2040, preceded by 2 GW by 2032 and 5 GW by 2035• Indian authorities have raised their desire to revive their 30 GW by 2030 ambition, with a tender for 4 GW in Tamil Nadu in 2022

Upcoming offshore seabed competition 2022/2023



Ongoing
Poland
~ 12 GW



H1 2023
Sørlige Nordsjø II
site 1
1.5 GW



H2 2023
Central Atlantic
TBC



2023
Utsira Nord
1.5 GW



H2 2022
Scotland INTOG ¹



H2 2022
California
~ 4.5 GW



Q4 2022 / Q1 2023
Gulf of Mexico
~8 GW



H2 2023
Oregon
~3 GW



2023
Celtic Sea floating
4 GW

Power-to-X: Hydrogen & green fuels project pipeline of +3GW



 Heavy transport
  Refineries
  Chemicals & fertilizers
  Steel
  Green Hydrogen
  eMethanol
  eKerosene

	Project	Maximum potential (MW)	Country	Application	Product(s)	Partners
1	H2RES	2				Everfuel, DSV, GHS, +more
2	Green Fuels for Denmark	1,300		  	  	Maersk, SAS, CPH Airport, DFDS, DSV, +more
3	FlagshipONE	70				Liquid Wind
4	Project Star	675				Maersk
5	Sluiskil	100				Yara
6	SeaH2Land	1,000		  		North Sea Port and a range of regional offtakers
7	Westküste 100 / HySCALE100	700-2,100			 	Raffinerie Heide, Hynamics, Holchim, +more
8	Lingen Green Hydrogen	600				bp
9	Gigastack	100				Philips 66, ITM Power, +more
10	Oyster	1		R&D project for Offshore H ₂		ITM Power, Siemens Gamesa, Element Energy

Overview of US offshore wind federal permitting process

Planning & Analysis

~ 2 years

BOEM¹ conducts a process of area identification, environmental reviews, etc.

Leasing

1-2 years

BOEM conducts auctions and issues leases

Site Assessment

Up to 5 years

BOEM grants developer up to five years (not all time must be taken) to complete requirements

Requirements include conducting site characterization surveys and submitting a Site Assessment Plan (SAP)

BOEM must approve the SAP

Submit COP for NOI

~ 6 months

Developer submits a Construction and Operations Plan (COP) before the five-year site assessment period expires

BOEM issues a Notice of Intent (NOI) once it deems the developer's COP submission as Complete and Sufficient

BOEM may issue an Initiation of Action Notice (IAN) ~2-3 months before issuing its NOI. This can provide an indication on timing

Construction & Operations

~ 2 years

Construction and Operations Plan (COP)

~ 2 years

BOEM's issuance of the NOI starts the ~2-year clock for BOEM to approve the COP, disapprove it, or approve it with modifications. If the COP is approved, then the developer has its final federal permitting needed to start construction

Environmental Impact Statement (EIS)

< 2 years

BOEM prepares a Draft Environmental Impact Statement (EIS) and a Final EIS. BOEM explores alternatives to the proposed COP

A Record of Decision (ROD) is issued at the end of this process. This is not the final approval but is a framework for any further required reviews, site-specific actions, or broad regional mandates

Final Permit Approvals

< 2 years

BOEM coordinates inter-agency approval. Approval timing varies per agency, but the last approval deadline is 90 days after the ROD. This generally coincides with the COP approval

Approvals come from: NOAA,³ The US Army Corps of Engineers, the Fish and Wildlife Service, and the Environmental Protection Agency

Federal permitting overview²

BOEM oversees a four-step process: Planning & Analysis, Leasing, Site Assessment, and Construction & Operations. It can take up to roughly a decade in total

We highlight key milestones within each step

This is a new process for BOEM, who have yet to permit any Projects under this federal process

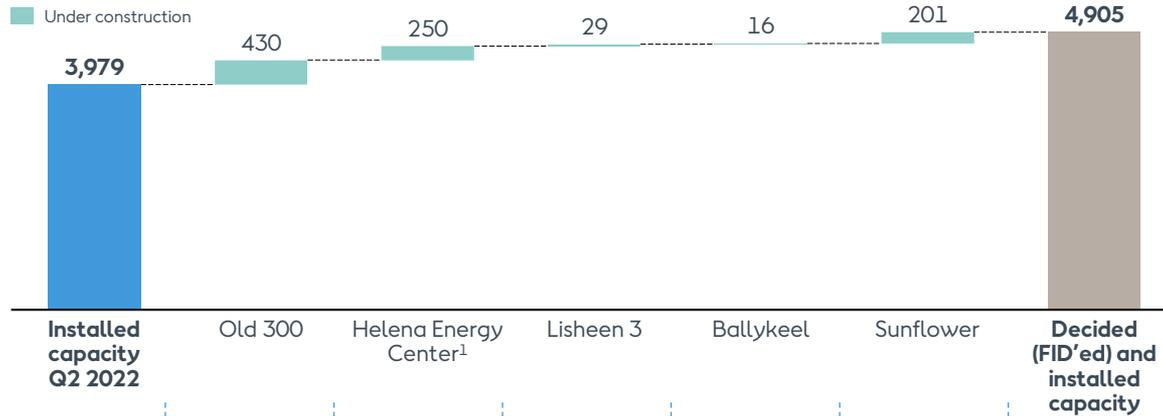
1. BOEM stands for the Bureau of Ocean Energy Management

2. State-level permitting processes vary across states and typically run concurrent with the federal process

3. NOAA stands for National Oceanic and Atmospheric Administration

Onshore build-out plan

Installed capacity MW



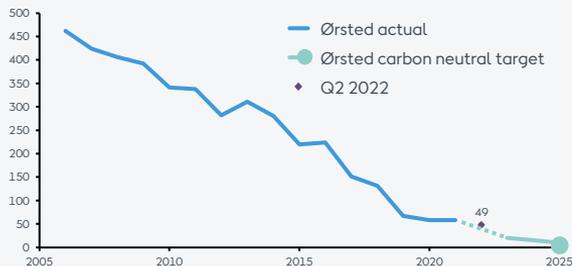
	Old 300	Helena Energy Center ¹	Lisheen 3	Ballykeel	Sunflower	Decided (FID'ed) and installed capacity
Region	ERCOT, TX	ERCOT, TX	Ireland	Northern Ireland	SPP, KS	
Expected completion	H1 2023	2023	H2 2022	2023	H2 2023	
Status	Delayed	Delayed	On track	On track	On track	
Platform	Solar PV	Solar PV	Wind	Wind	Wind	
Offtake Solution	PPA with Microsoft	PPA with Target	PPA with Meta ²	PPA with Amazon	PPA signed	

Sustainability and ESG at Ørsted

Green leadership

- In Q2 2022, 93 % of our energy generation was green. We target 99 % green energy generation by 2025.
- By 2025, we aim to be carbon neutral (scope 1-2) by reducing ≥ 98 % of our carbon emissions vs. 2006, and by eliminating or covering the remaining < 2 % with offset projects certified to remove atmospheric carbon.
- By 2040, we aim to reach net-zero emissions across our entire carbon footprint (scope 1-3), with a midway target to reduce our scope 3 emissions by 50 % in 2018-2032.
- In 2021, we have placed a ban on landfilling of wind turbine blades.
- No later than 2030, all projects commissioned must have net positive biodiversity impact.

Scope 1 & 2 GHG intensity (g CO₂e/kWh)



Contributing to the global goals



Ørsted is a LEAD participant of the UN Global Compact and adheres to its ten principles for responsible business behaviour.



First and only energy company in the world with an approved science-based net-zero target for the full value chain (scope 1-3) to help limit global warming to < 1.5 °C.

Catalysing the green energy transformation

As a renewable energy company, we aspire to have a transformative impact on SDGs 7 – Affordable & Clean Energy, and 13 – Climate Action, while contributing to several others.



Ensure access to affordable, reliable, sustainable and modern energy for all



Take urgent action to combat climate change and its impacts

ESG ratings of Ørsted

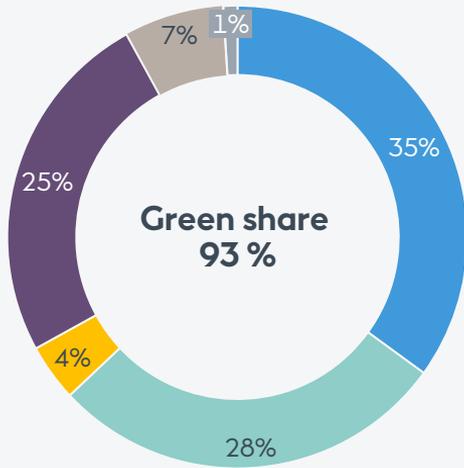
Rating agency	Score	Benchmark
CDP A LIST 2020 CLIMATE	A	Highest possible rating for three consecutive years and recognised as a global leader on climate action
MSCI	AAA	Highest possible rating for five consecutive ratings
SUSTAINALYTICS	16.4 (low risk)	Assessed as “low risk” and placed as no. 1 among direct utility peers measured by market cap
Corporate ESG Performance ISS ESG Prime	A-	Ranked in 1 st decile among electric utilities and awarded highest possible ‘Prime’ status
PLATINUM 2021 ecovadis Sustainability Rating	78	Platinum Medal for being among top 1 % of companies assessed by EcoVadis

ESG Performance

Total heat and power generation Q2 2022

Energy source, %

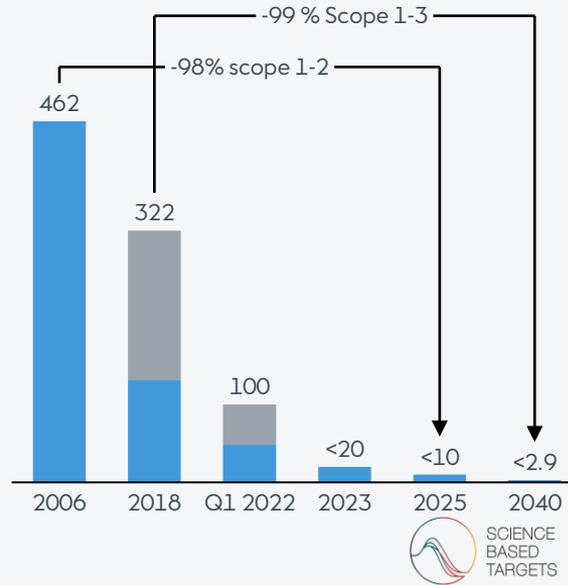
- Offshore wind
- Sustainable biomass
- Onshore wind
- Coal
- Solar PV
- Natural gas



Greenhouse gas emission intensity

g CO₂e/kWh

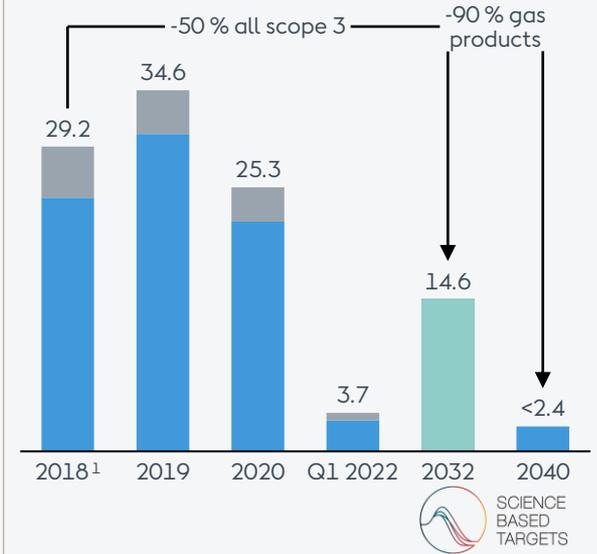
- Scope 3
- Scope 1-2



Scope 3 greenhouse gas emissions,

million tonnes CO₂e

- Other scope 3 emissions
- Natural gas sales
- Total scope 3



Group – Financial highlights

FINANCIAL HIGHLIGHTS		Q2 2022	Q2 2021	Δ	FY 2021	FY 2020	Δ
EBITDA	DKKm	3,615	8,196	(56 %)	24,296	18,124	34 %
- New partnerships		-	5,355	n.a.	8,507	-	n.a.
- EBITDA excl. new partnerships		3,615	2,841	27 %	15,789	18,124	(13 %)
• Offshore		1,904	7,527	(75 %)	18,021	14,750	22 %
• Onshore		1,075	178	504 %	1,349	1,131	19 %
• Bioenergy & Other		647	503	29 %	4,747	2,136	122 %
Operating profit (EBIT)		1,311	6,237	149 %	16,195	10,536	54 %
Total net profit		269	5,544	(95 %)	10,887	16,716	(35 %)
Operating cash flow		2,355	3,147	(25 %)	12,148	16,466	(26 %)
Gross investments		(6,372)	(12,133)	(47 %)	(39,307)	(26,967)	46 %
Divestments		267	10,591	(97 %)	21,159	19,039	13 %
Free cash flow – continuing operations		(3,750)	1,605	n.a.	(5,640)	8,538	n.a.
Net interest-bearing debt		41,449	12,067	243 %	24,280	12,343	97 %
FFO/Adjusted net debt ¹	%	17.6	62.9	(45%p)	31.3	65.0	(34%p)
ROCE ¹	%	14.8	12.5	2%p	14.8	9.7	5%p



Offshore – Financial highlights

FINANCIAL HIGHLIGHTS		Q2 2022	Q2 2021	Δ	FY 2021	FY 2020	Δ
EBITDA	DKKm	1,904	7,527	(75 %)	18,021	14,750	22 %
• Sites, O&Ms and PPAs		2,031	2,368	(14 %)	13,059	15,476	(16 %)
• Construction agreements and divestment gains		601	5,648	(89 %)	7,535	1,593	373 %
• Other, incl. project development		(728)	(489)	(49 %)	(2,573)	(2,319)	11 %

KEY BUSINESS DRIVERS

Power generation	GWh	3,324	2,521	32 %	13,808	15,248	(9 %)
Wind speed	m/s	8.4	7.8	8 %	9.1	10.0	(9 %)
Availability	%	94	93	1 %p	94	94	0 %p
Load factor	%	35	29	6 %p	39	45	(6 %p)
Decided (FID) and installed capacity*	GW	11.1	9.8	13 %	10.9	9.9	10 %
Installed capacity*	GW	7.6	7.6	0 %	7.6	7.6	0 %
Generation capacity**	GW	4.8	4.0	20 %	4.0	4.4	(9 %)

In Q2 2021, we aligned our definition of installed capacity, hence all assets (installed or FID'ed) are reported using nameplate capacity. Previously a few wind farms were using 'power optimised capacity' or 'export cable limit capacity'. We have improved the accuracy of our offshore wind speed calculations in 2021 and restated 2020 wind speed data to support comparison. In 2021 we have used an improved input data set for calculating wind speeds for offshore wind farms. Previously individual wind speed measuring points covered several wind farms and were reported for an average hub height. Now each offshore wind farm has its own specific wind speed measuring point for the actual wind farm height. For comparison reasons we have also updated the actual and normal wind speed data reported for 2020 using the new more detailed wind speed datasets.

Wind speed (m/s), offshore wind farms



The wind speed indicates how many metres per second the wind has blown in the areas where we have offshore wind farms. The weighting is based on our generation capacity

Onshore – Financial highlights

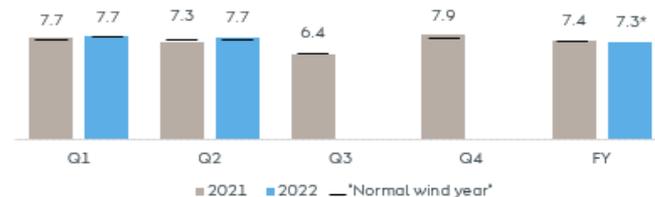
FINANCIAL HIGHLIGHTS		Q2 2022	Q2 2021	Δ	FY 2021	FY 2020	Δ
EBITDA	DKKm	1,075	178	504 %	1,349	1,131	19 %
• Sites		571	(32)	n.a.	535	451	19 %
• Production tax credits and tax attributes		679	312	118%	1,382	1,004	38 %
• Other, incl. project development		(175)	(102)	72 %	(568)	(324)	75 %

KEY BUSINESS DRIVERS

Power generation	GWh	3,795	1,983	91 %	8,352	5,738	46 %
Wind speed, US	m/s	7.7	7.3	4 %	7.4	7.6	(3 %)
Availability, US wind	%	92	97	(5 %p)	96	96	0 %
Availability, US solar PV	%	99	90	9 %p	96	-	n.a.
Load factor, US wind	%	50	45	5 %p	42	45	(3 %p)
Load factor, US solar PV	%	31	29	2 %p	24	-	n.a.
Installed capacity	GW	4.0	2.5	62 %	3.4	1.7	100 %

Wind speed

(m/s), US onshore wind farms



The wind speed indicates how many metres per second the wind has blown in the areas where we have onshore wind farms. The weighting is based on our generation capacity

Bioenergy & Other – Financial highlights

FINANCIAL HIGHLIGHTS		Q2 2022	Q2 2021	Δ	FY 2021	FY 2020	Δ
EBITDA	DKKm	647	503	29 %	4,747	2,136	122 %
• CHP plants		619	351	76 %	3,202	1,111	188 %
• Gas Markets & Infrastructure		66	232	(72 %)	1,829	411	345 %
• Other, incl. project development		(38)	(80)	53 %	(284)	(312)	(9 %)

KEY BUSINESS DRIVERS

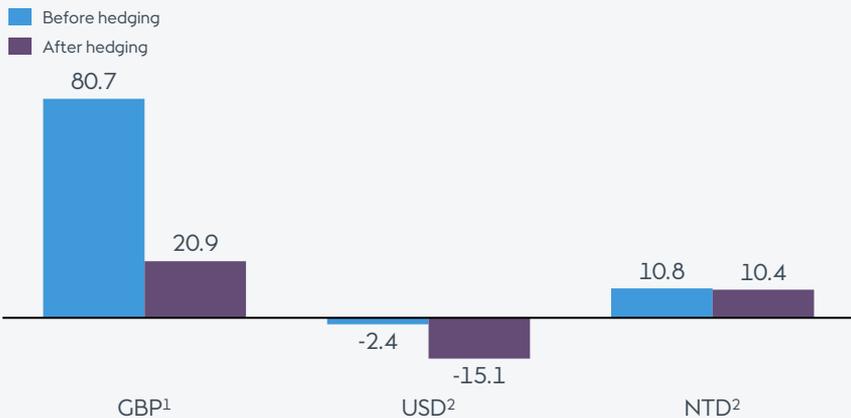
Heat generation	GWh	823	1,148	(28 %)	7,907	6,671	19 %
Power generation	GWh	1,102	1,507	(27 %)	6,890	4,438	55 %
Degree days	#	448	487	(8 %)	2,820	2,432	16 %



Currency and energy exposure

Currency exposure Q3 2022 – Q2 2027

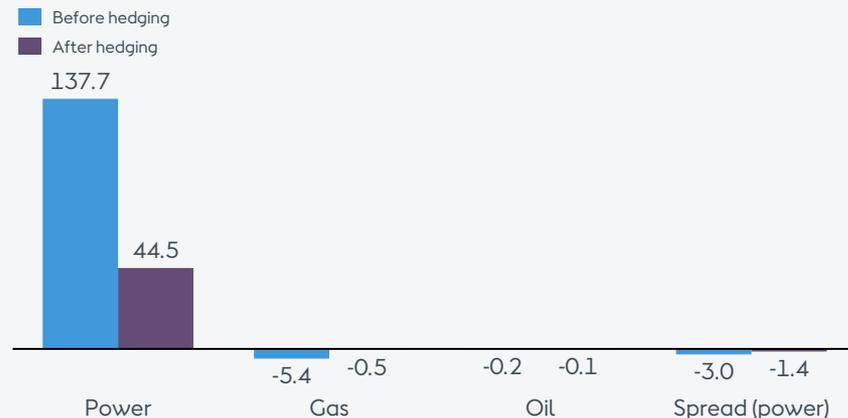
DKKbn



Risk after hedging, DKKbn	Effect of price +10 %	Effect of price -10 %
GBP: 20.9 sales position	+2.1	-2.1
USD: 15.1 purchase position	-1.5	+1.5
NTD: 10.4 sales position	+1.0	-1.0

Energy exposure Q3 2022 – Q2 2027

DKKbn



Risk after hedging, DKKbn	Effect of price +10 %	Effect of price -10 %
Power: 44.5 sales position	+4.5	-4.5
Gas: 0.5 purchase position	-0.1	+0.1
Oil: 0.1 purchase position	-0.0	+0.0
Spread: 1.4 purchase position	-0.1	+0.1

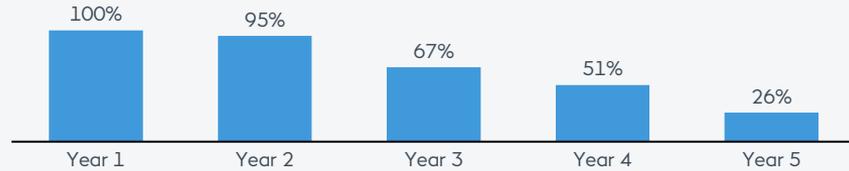
1. The GBP exchange rate for hedges impacting EBITDA in 2022 and 2023 is on average DKK/GBP 8.6 and 8.3 respectively.

2. For USD and NTD, we manage our risk to a natural time spread between front-end capital expenditures and long-term revenue. In the five-year horizon, we are therefore seeing that our hedges increase our net exposure to USD, but in the longer horizon, our hedges reduce the USD risk.

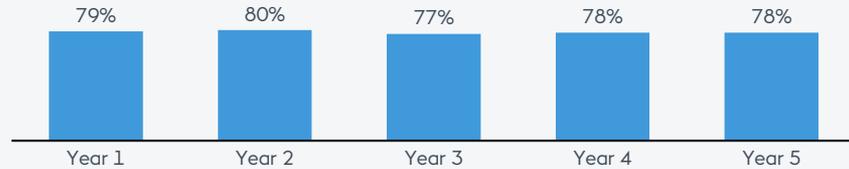
Hedging levels

Hedging level of total exposures for each BU, as of 31/12/2021

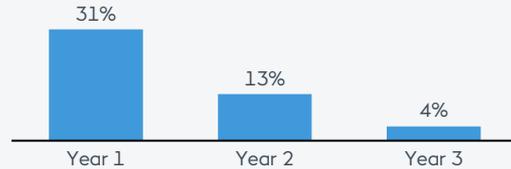
Offshore



Onshore



Bioenergy

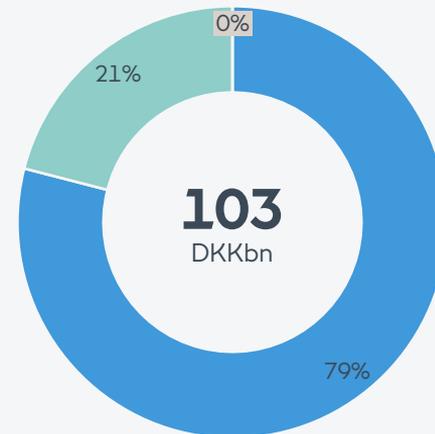


Capital employed

Capital employed, DKKm	Q2 2022	FY 2021	Q2 2021	FY 2020
Intangible assets, and property and equipment	175,704	162,939	138,459	122,249
Assets classified as held for sale, net	741	860	654	793
Equity investments and non-current receivables	1,024	828	902	777
Net working capital, capital expenditures	(8,528)	(8,913)	(4,991)	(4,040)
Net working capital, work in progress	8,070	5,948	6,463	9,775
Net working capital, tax equity	(14,787)	(13,268)	(8,338)	(7,246)
Net working capital, other items	10,271	10,820	1,699	2,228
Derivatives, net	(58,517)	(32,995)	(11,466)	(209)
Decommissioning obligations	(9,306)	(8,851)	(7,768)	(7,003)
Other provisions	(5,916)	(7,037)	(6,811)	(6,860)
Tax, net	8,839	3,844	451	(771)
Other receivables and other payables, net	(4,869)	(4,759)	(278)	(21)
TOTAL CAPITAL EMPLOYED	102,725	109,416	108,977	109,672

Capital employed by segment %, Q2 2022

- Offshore
- Onshore
- Bioenergy & Other



FFO/Adjusted net debt calculation

Funds from operations (FFO), DKKm	30 June 2022	31 Dec 2021	30 June 2021
EBITDA	24,282	24,296	21,423
Change in provisions and other adjustments	(2,128)	(422)	(1,370)
Change in derivatives	(6,791)	(2,050)	1,976
Reversal of gain (loss) on divestment of assets	(4,127)	(7,920)	(5,196)
Income tax paid	(712)	(1,380)	(952)
Interests and similar items, received/paid	(87)	(467)	(1,301)
Reversal of interest expenses transferred to assets	(810)	(782)	(545)
50 % of coupon payments on hybrid capital	(237)	(215)	(215)
Dividends received and capital reductions	23	29	46
FUNDS FROM OPERATION (FFO)	9,413	11,089	13,866
Adjusted interest-bearing net debt, DKKm	30 June 2022	31 Dec 2021	30 June 2021
Total interest-bearing net debt	41,449	24,280	12,067
50 % of hybrid capital	8,992	8,992	8,992
Cash and securities, not available for distribution	3,054	2,130	977
ADJUSTED INTEREST-BEARING NET DEBT	53,495	35,402	22,036
FFO / ADJUSTED INTEREST-BEARING NET DEBT	17.6%	31.3%	62.9%

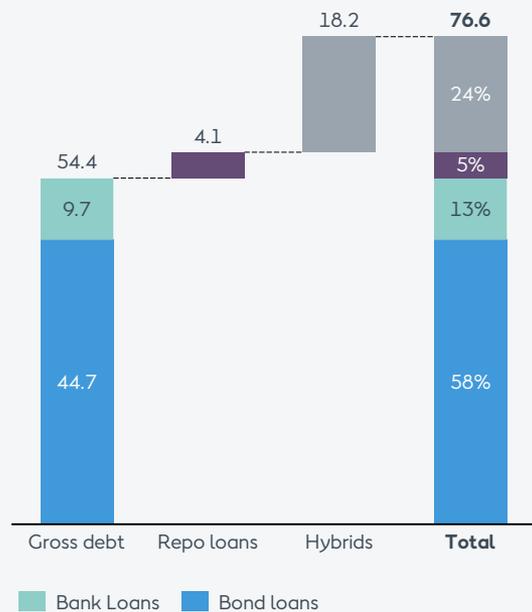


We have adjusted our definition of FFO and adjusted NIBD to better align with the rating agencies. Generally, we are now adjusting FFO for the cash flow effects instead of the profit and loss effects. Further, adjusted NIBD no longer includes the decommissioning obligation. Comparative figures for 2020 are restated

Debt and hybrids overview

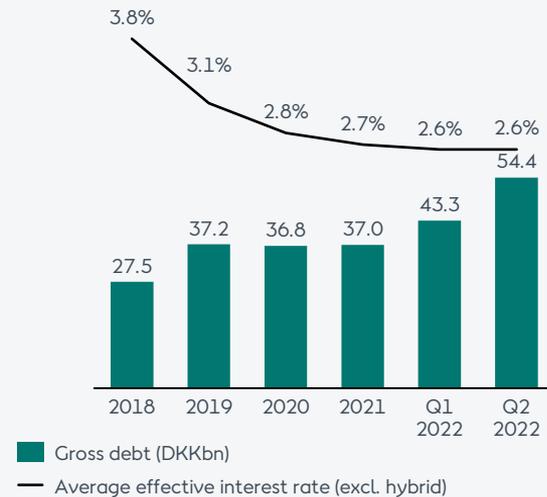
Total gross debt and hybrids

30 June 2022, DKKbn



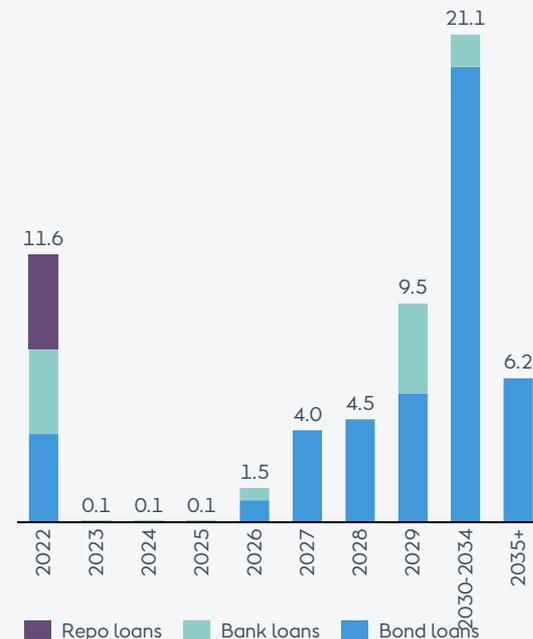
Effective funding costs – Gross debt

	Cost of debt (%)	Modified duration (%)	Avg. time to maturity (years)
Bond loans	2.7	7.7	9.3
Bank loans	2.1	3.5	4.1
Total	2.6	7.0	8.3



Maturity profile

DKKbn



Hybrid capital in short

Hybrid capital can broadly be defined as funding instruments that combine features of debt and equity in a cost-efficient manner:

- Hybrid capital encompasses the credit-supportive features of equity and improves rating ratios
- Perpetual or long-dated final maturity (1,000 years for Ørsted)
- Absolute discretion to defer coupon payments and such deferrals do not constitute default nor trigger cross-default
- Deeply subordinated and only senior to common equity
- Without being dilutive to equity holders (no ownership and voting rights, no right to dividend)

Due to hybrid's equity-like features, rating agencies assign equity content to the hybrids when calculating central rating ratios (e.g. FFO/NIBD).

The hybrid capital increases Ørsted's investment capacity and supports our growth strategy and rating target.

Ørsted has made use of hybrid capital to maintain our ratings at target level in connection with the merger with Danish power distribution and production companies back in 2006 and in recent years to support our growth in the offshore wind sector.

Accounting treatment

- Hybrid bonds are classified as equity
- Coupon payments are recognised in equity and do not have any effect on profit (loss) for the year
- Coupon payments are recognised in the statement of cash flows in the same way as dividend payments
- For further information see note 5.3 in the 2021 Annual Report

Hybrids issued by Ørsted A/S ¹	Principal amount	Type	First Reset Date ³	Coupon	Accounting treatment ²	Tax treatment	Rating treatment
6.25 % hybrid due 3013	EUR 350 m	Hybrid capital (subordinated)	Jun. 2023	Fixed during the first 10 years, first 25bp step-up in Jun. 2023	100 % equity	Debt – tax-deductible coupon payments	50 % equity, 50 % debt
2.25 % Green hybrid due 3017	EUR 500 m	Hybrid capital (subordinated)	Nov. 2024	Fixed during the first 7 years, first 25bp step-up in Nov. 2029	100 % equity	Debt – tax-deductible coupon payments	50 % equity, 50 % debt
1.75 % Green hybrid due 3019	EUR 600 m	Hybrid capital (subordinated)	Dec. 2027	Fixed during the first 8 years, first 25bp step-up in Dec. 2032	100 % equity	Debt – tax-deductible coupon payments	50 % equity, 50 % debt
1.50 % Green hybrid due 3021	EUR 500 m	Hybrid capital (subordinated)	Feb. 2031	Fixed during the first 10 years, first 25bp step-up in Feb. 2031	100 % equity	Debt – tax-deductible coupon payments	50 % equity, 50 % debt
2.50 % Green hybrid due 3021	GBP 425 m	Hybrid capital (subordinated)	Feb. 2033	Fixed during the first 12 years, first 25bp step-up in Feb. 2033	100 % equity	Debt – tax-deductible coupon payments	50 % equity, 50 % debt

1. All listed on Luxembourg Stock Exchange and rated Baa3 (Moody's), BB+ (S&P) and BBB- (Fitch). The four Green

hybrids are furthermore listed on the Luxembourg Green Exchange (LGX)

2. Due to the 1,000-year structure

3. First Par Call Date

Ørsted's outstanding bonds

Bond Type	Issue date	Maturity	Face Value	Principal amount	Coupon	Coupon payments	Green bond	Allocated to green projects (DKKm)	Avoided emissions (t CO ₂ /year) attributable to the bonds
Senior Unsecured	Sep. 2012	19 Sep. 2022	EUR 750m	EUR 517m	2.625%	Every 19 Sep.	No	n/a	n/a
Senior Unsecured	Nov. 2017	26 Nov. 2029	EUR 750m	EUR 750m	1.5%	Every 26 Nov.	Yes	5,499	551,000
Senior Unsecured	Jun. 2022	14 Jun. 2028	EUR 600m	EUR 600m	2.25%	Every 14 Jun.	Yes	0	0
Senior Unsecured	Jun. 2022	14 Jun. 2033	EUR 750m	EUR 750m	2.875%	Every 14 Jun.	Yes	n/a	n/a
Senior Unsecured	Apr. 2010	9 Apr. 2040	GBP 500m	GBP 500m	5.750%	Every 9 Apr.	No	n/a	n/a
Senior Unsecured	Jan. 2012	12 Jan. 2032	GBP 750m	GBP 750m	4.875%	Every 12 Jan.	No	n/a	n/a
Senior Unsecured	May 2019	17 May 2027	GBP 350m	GBP 350m	2.125%	Every 17 May	Yes	2,968	318,000
Senior Unsecured	May 2019	16 May 2033	GBP 300m	GBP 300m	2.5%	Every 16 May	Yes	2,518	258,000
Senior Unsecured/CPI-linked	May 2019	16 May 2034	GBP 250m	GBP 250m	0.375%	Every 16 May & 16 Nov.	Yes	2,128	227,000
Senior Unsecured	Nov. 2019	19 Nov. 2026	TWD 4,000m	TWD 4,000m	0.92%	Every 19 Nov.	Yes	882	69,000
Senior Unsecured	Nov. 2019	19 Nov. 2034	TWD 8,000m	TWD 8,000m	1.5%	Every 19 Nov.	Yes	1,765	139,000
Senior Unsecured	Nov. 2020	13 Nov. 2027	TWD 4,000m	TWD 4,000m	0.6%	Every 13 Nov.	Yes	882	69,000
Senior Unsecured	Nov. 2020	13 Nov. 2030	TWD 3,000m	TWD 3,000m	0.7%	Every 13 Nov.	Yes	661	52,000
Senior Unsecured	Nov. 2020	13 Nov. 2040	TWD 8,000m	TWD 8,000m	0.98%	Every 13 Nov.	Yes	1,763	139,000
Hybrid capital	Jun. 2013	26 Jun. 3013	EUR 700m	EUR 350m	6.25%	Every 26 Jun.	No	n/a	n/a
Hybrid capital	Nov. 2017	24 Nov. 3017	EUR 500m	EUR 500m	2.25%	Every 24 Nov.	Yes	3,674	370,000
Hybrid capital	Dec. 2019	9 Dec. 3019	EUR 600m	EUR 600m	1.75%	Every 9 Dec.	Yes	4,424	528,000
Hybrid capital	Feb. 2021	18 Feb. 3021	EUR 500m	EUR 500m	1.50%	Every 18 Feb.	Yes	0	0
Hybrid capital	Feb. 2021	18 Feb. 3021	GBP425m	GBP425m	2.50%	Every 18 Feb.	Yes	3,630	526,000

Financing strategy



At Ørsted, we have a centralised financing strategy utilising our strong balance sheet and diverse portfolio.

The strategy supports:

- A capital structure supportive of our BBB+ rating ambition
- Concentration of and scale in financing activities
- Cost efficient financing based on a strong parent rating
- Optimal terms and conditions and uniform documentation
- Transparent and simple debt structure
- No financial covenants and restrictions on operating arrangements
- Corporate market more stable and predictable than project finance market
- Avoidance of structural subordination

The financing strategy optimizes the effect of a fully integrated cash pool where cash at practically all of the company's more than 200 subsidiaries is made available for the company's financing and liquidity purposes.

Financing of activities at subsidiary level is provided by Ørsted A/S in a standardised and cost-efficient setup.

Widespread use of project financing is not considered cost-efficient and dilutes the creditworthiness of the company.

Currency risk management

General principles

- Highly certain cash flows are hedged
- Cost-of-hedging is minimized by netting of exposures in the portfolio of projects, as well as use of construction contracts and debt in local currencies.

Managing outright long risk

- Operations: 5-year minimum hedging staircase mandate by the Board of Directors with 100 % in year 1 – declining to 20 % in year 5. The hedging staircase is a compromise between stabilizing cash flows in the front-end and ensuring a balanced FFO/NIBD.
- Beyond the 5-year horizon the currency exposures are to some extent hedged with foreign-currency debt.

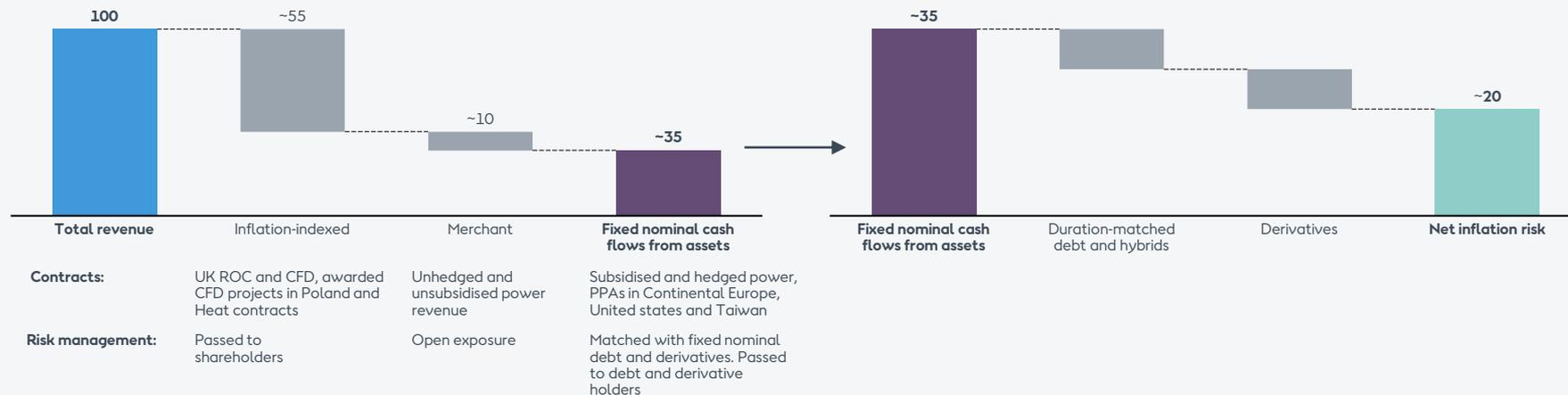
Managing time-spread risk (new markets)

- Construction period: Hedge 100 % of year 1 currency cash flow risk by swapping the exposure to a year with the same currency revenue.
- In new markets the capital expenditures beyond year 1 are netted with future revenue in the same currency.



Inflation and interest rate risks

2022-2031 revenue from assets in operation, under construction, and awarded before debt, %



Objectives of interest rate and inflation risk management

1. Protect long-term real value of equity by offsetting interest and inflation risk exposure embedded in assets by allocating debt with similar, but opposite risk exposure
2. Cost of funding optimized by actively managing debt portfolio
3. Cost of hedging minimised by using natural portfolio synergies between assets, allowing matching of up to 100 % of asset value with appropriate debt

Framework for risk management

- Assets divided into risk categories based on nature of inflation and interest rate risk exposure
- Simple risk metrics are used to match assets with appropriate debt within each category
- Fixed nominal-category has first priority for debt allocation to protect shareholders against inflation
- Inflation-indexed revenues reserved to service equity return for shareholders thereby to a large extent protecting the real value of equity against fluctuations in inflation

Glossary

Balancing costs

The cost of settling intraday differences between expected (day-ahead) and actual (real-time) production

Intermittency costs

As hedges are settled against a fixed baseload production (volume x market price), this is the cost associated with when our actual production is either above or below the baseload production.

When approaching the delivery period, some costs can be proactively addressed by shaping baseload hedges from a P50 volume profile to the expected actual volume profile, minimising profile risk (i.e. real-time pricing impacted by volume of renewables generating at that time)

Overhedging

Misalignment between volume of actual production versus volume that was hedged. Potential causes include delayed ramp-up and low wind

Ineffective hedges

Expected overhedging of future periods, which we, according to IFRS, have to recognise already in the quarter where we report

Price-ineffective hedges under IFRS 9

In 2021, we started reporting according to IFRS 9 instead of the previous 'Business Performance' principle, as it had become easier to apply IFRS hedge accounting for our energy hedges. However, as we hedge up to five years ahead and within markets with low liquidity, we often use proxy hedging in addition to hedges that directly matches our exposures. In periods with 'normal' price levels and volatility, the impact of proxy hedging is insignificant.

However, due to the very high energy prices and volatility in 2022, this has led to a larger part of our trades being deemed ineffective under IFRS 9 (if value of proxy hedge is larger than the change in the exposure), compared to the former business performance principle.

Consequently, we have recognised the negative market value of these ineffective hedges in EBITDA in our Offshore and Bioenergy segments. Compared with the former business performance principle we have therefore included a higher loss on hedges in the current period at the benefit of a lower loss in future periods.



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