

### **Significant strategic results in 2021 despite a challenging year**

2021 has been an extraordinary year. Different external factors have significantly impacted the markets where we operate. Still, we were able to weather the storm, and we've achieved significant strategic, operational, and financial results in 2021.

We owe a huge thank you to our talented and committed employees in Ørsted. Without them, we wouldn't have been able to achieve such great results in 2021. They've brought us one step closer to our vision of creating a world that runs entirely on green energy.

We've gone from an installed capacity of 11.3 GW at the end of 2020 to 13 GW by the end of 2021. This is a 15 % increase. Our target is to have approximately 50 GW of renewable energy installed by 2030. This means that we'll almost have to quadruple our current capacity over the next eight years. We are, however, convinced that we'll be able to meet this ambitious target. In addition to our current installed capacity of 13 GW of renewable energy, we have 4.7 GW under construction: 2 MW hydrogen in Denmark, 1,300 MW offshore wind and 60 MW onshore wind in the UK, 1,200 MW offshore wind in Germany, 560 MW onshore wind and 680 MW solar PV in the US, and 900 MW offshore wind in Taiwan. We've also secured project rights to a total of 8 GW across projects in the US, Germany, and Poland, respectively, and we'll be developing the projects towards final investment decision (FID) over the next few years. This corresponds to a total secured capacity of 26 GW across offshore wind, onshore wind, solar PV, and hydrogen, bringing us well on track to reaching the approximately 50 GW installed capacity by 2030.

The interest in renewable energy is increasing across the world. Over the past few years, and not least in the past months, we've seen countries update and raise their renewable energy ambitions. With more than 30 years of experience in renewable energy and as one of the five green global energy majors and the undisputed leader in offshore wind, we'll take active part in the massive build-out of renewable energy over the coming decades to help address global climate challenges. In order to be able to

play an active role in a globally growing market, the Board of Directors has proposed that it be granted authorisation to increase the share capital by up to 20 %. If the general meeting adopts the proposal, the authorisation will provide Ørsted with the strategic flexibility to pursue investment opportunities beyond the 2030 ambition presented on the Capital Markets Day. I will further elaborate on the rationale for the proposal under agenda item 7.4.

In Ørsted, we're immensely proud to be part of the solution to one of the world's largest and most urgent problems. And we still don't compromise on our targeted efforts. In early 2022, we were named the world's most sustainable energy company by Corporate Knights for the fourth year in a row.

In addition, we were recognised on CDP's A List for the third year running as a global leader on climate action. A is the highest score. Companies on CDP's A list are considered to be leaders in corporate sustainability. Since CDP's assessment, we're one among only seven companies in the world which have had their 2040 targets for net-zero emissions approved as 'science-based' and in compliance with the Paris Agreement's targets to keep the global temperature increase below 1.5 °C. The first milestone for Ørsted's carbon emissions reduction is in 2025 when we expect our own business (scope 1 and scope 2 emissions) to become carbon-neutral by reducing our carbon intensity by at least 98 % compared to 2006 levels. This will make Ørsted the first major energy company to achieve carbon-neutral energy production – far ahead of what climate science requires to limit global warming to 1.5 °C.

We're already well on track to meeting these targets. In 2021, we managed to maintain our greenhouse gas intensity, i.e. scope 1 and 2 emissions, at 2020 levels, despite experiencing low wind speeds during the year. In addition, our scope 3 emissions decreased by 28 % in 2021 compared to 2020 levels, mainly as a result of reduced natural gas sales due to the divestment of our LNG activities in 2020.

Before I go through our annual report, I'd like to make a few comments on the devastating situation in Ukraine. Ørsted is deeply concerned by the situation, especially

the human suffering caused by the war in Ukraine. The Russian aggression goes against everything Ørsted stands for. Therefore, we do not want to cooperate with Russian companies, and we need to find solutions to stop the cooperation which ensure that we don't promote Putin's interests, or that Russian companies benefit from this in any way, while at the same time taking security of supply in Denmark and Europe into account.

Consequently, Ørsted announced on 27 February that the management had introduced the following immediate measures:

- We've ceased sourcing Russian biomass and coal from Russia for our power stations.
- We'll not enter into new contracts with Russian companies.
- We've made sure that none of Ørsted's direct suppliers for the build-out of renewable energy are Russian.
- We've already donated more than DKK 26.5 million to UNICEF and Polish Humanitarian Action.
- We have special focus on Ukrainian employees working at our office in Poland who need time and support to be able to help and support their family and friends in Ukraine.

As most of you are probably aware, Ørsted also has a long-term gas purchase agreement with Gazprom Export. The gas is delivered in Germany and forms part of Ørsted's sourcing strategy towards our Danish and Swedish business-to-business and wholesale customers. Ørsted has received a demand from Gazprom Export to pay for the gas supplies under the agreement in roubles. As previously announced, we have no intention of meeting this demand.

The Russian ambassador to Denmark has stated that the announcement of our intention not to pay in roubles “appears to be dictated by purely political considerations”. Let me take this opportunity to repudiate that. While Ørsted obviously condemns Russia’s invasion of Ukraine, our intention not to pay in roubles is also based on a broader legal and commercial assessment.

We’re also in a dialogue with other European energy companies and authorities regarding a joint European response to Gazprom Export in relation to the demand for payment in roubles.

Furthermore, I’d like to emphasise that gas is not part of our core business, and that we’ll not be extending the contract with Gazprom Export.

Ørsted calls for a clear and coordinated effort from the EU in relation to gas supplied by Gazprom Export. We fully support any potential sanctions on gas supply decided at EU or at a national level, and any such initiatives will be implemented immediately.

For reasons of principle, we’ve decided that we don’t want to earn money on the purchase agreement in the deplorable situation we’re witnessing. As mentioned in the notice of the annual general meeting, the Board of Directors proposes to donate all 2022 net profits (if any) after hedges and tax related to the Gazprom contract for gas supplied from Russia to humanitarian aid in Ukraine. I will return to this proposal under item 7.3.

As part of our gas trading, Ørsted also has three other minor trading relations with Gazprom. We’re working to terminate these:

- These relations include, among other things, power and gas trading agreements with Gazprom Marketing & Trading in the UK. After the invasion, we immediately stopped entering into new gas and power trades under these agreements.

- Ørsted also has a long-term gas sales agreement with Gazprom Marketing & Trading in the UK. We're working on terminating this agreement by Q3 2022 at the latest.
- Finally, Ørsted has participated in two joint ventures in Germany related to the storage and transport of gas volumes to the German and Dutch markets since 2007. Gazprom and BP also have ownership interests in these joint ventures. We're investigating how the cooperation with Gazprom in relation to these joint ventures can be discontinued.

We're pleased to see that the German authorities earlier this week assumed control of all Gazprom's gas storage and gas trading activities in both Germany and the UK. This means that our counterparty in relation to the agreements with Gazprom Marketing & Trading in the UK and the two joint ventures in Germany is no longer Gazprom, but the German authorities. We will, of course, also include this matter in our work going forward.

Now, let me continue with some of our biggest strategic achievements in the past year.

Our offshore wind business has produced significant strategic results.

Back in December, we took final investment decisions on the two German offshore wind farms Gode Wind 3 with a capacity of 242 MW and Borkum Riffgrund 3 with a capacity of 900 MW. Borkum Riffgrund 3 is a landmark project, and we're proud that Ørsted will once again lead the way by being the first company to make a final investment decision on an unsubsidised offshore wind farm. The decision to construct Gode Wind 3 and Borkum Riffgrund 3 will expand our German portfolio to six offshore wind farms. Once completed, Borkum Riffgrund 3 will be Germany's largest offshore wind farm.

Through tenders and auctions during the year, we managed to secure an additional 4.5 GW of offshore wind capacity. It corresponds to 25 % of the global capacity awarded in 2021, excluding China, and it's 50 % more than our strategic ambition of a 3 GW annual build-out of our offshore wind capacity after 2025.

In the US, we were awarded 1,148 MW in New Jersey for our Ocean Wind 2 project and 846 MW in Maryland for our Skipjack 2 project. In Poland, we and our partner PGE were awarded 2,543 MW for our Baltica 2 and 3 projects.

Finally, I'd like to highlight three farm-downs of offshore wind farms. In 2021, we signed an agreement to farm down 50 % of Borkum Riffgrund 3 in Germany, and we completed the 50 % farm-downs of Borssele 1 & 2 in the Netherlands and of Greater Changhua 1 in Taiwan. These partnerships and the interest in becoming our partner clearly demonstrate that our offshore portfolio is attractive to investors.

In our Onshore business, comprising onshore wind, solar PV, and battery storage assets, we commissioned three new projects, all located in the US. In May, we commissioned Permian Energy Center; a 460 MW combined solar and battery storage project. The completion of this project makes Ørsted the first developer in the US to own the full spectrum of new utility-scale renewable technologies: onshore wind, offshore wind, solar PV, and energy storage. Additionally, we completed another solar PV project, the 227 MW Muscle Shoals. Finally, we commissioned the 367 MW onshore wind project Western Trail in Texas and acquired the 302 MW onshore wind farm Lincoln Land Wind by the time of commissioning.

In March, we decided to initiate construction of our largest onshore project so far. Helena Energy Center is a 518 MW combined wind and solar PV project in South Texas. The project has signed CPPAs with multiple offtakers, including Henkel for part of the wind power generation and Target for part of the solar PV generation, and the project is expected to be commissioned in the second half of 2022.

With the acquisition of Brookfield Renewable's onshore wind business in Ireland and the UK in the first half of 2021 we entered the European onshore wind market. As part of this transaction, we gained an attractive portfolio of 389 MW in operation and under construction, 149 MW in late-stage development, and a development pipeline in Ireland and the UK of more than 1 GW. We expect the European solar PV and onshore wind market to grow significantly in the next years, and with the acquisition of Brookfield

Renewable, we've gained a strong platform, enabling us to enter the European market for these technologies.

Thus, we secured new onshore wind capacity of 1.2 GW for our portfolio through organic growth and acquisitions in Europe and the US, and we installed our onshore wind turbine number 1,000.

Our renewable hydrogen and green fuels business also experienced strong progress during the year, with four of our European projects progressing in the Important Projects of Common European Interest (IPCEI) funding process in the EU programme. We're now awaiting the European Commission's final approval and the subsequent funding commitment. Furthermore, we've entered into several other partnerships to explore and develop Power-to-X, green e-methanol, and renewable hydrogen in the US and Europe. Most recently, our landmark agreement with Maersk to develop a Power-to-X facility in the Gulf of Mexico. The facility will produce approximately 300,000 tonnes of e-methanol a year for Maersk's future fleet of 12 methanol-powered vessels. Commissioning is planned for 2025, and the project is expected to become the world's largest e-methanol plant.

We've come a long way, and we've built a strong position as the undisputed global leader in offshore wind. We've proved that it's possible to build and scale large offshore wind farms, and we'll now dedicate our efforts and skills to innovating, scaling, and accelerating the transformation of the world's energy systems, thereby continuing to be a catalyst for creating a world that runs entirely on green energy.

#### **Review of the Group's financial ratios**

Transforming our energy systems to fight climate change requires massive investments and development of renewable energy solutions. We want to play a key role in this transformation. Now and in future. Our massive investments in green solutions over the past decade resulted in a 90 % share of green energy in our own production last year. It's a great accomplishment, but we can do even better. We aim for a 95 % share of green energy in our heat and power generation next year and a 99 % share in 2025.

I'll now turn to the key ratios for 2021 and the underlying factors.

Our operating profit before financial income and expenses, tax, depreciation, amortisation, and impairment losses – called EBITDA – was DKK 24.3 billion, which is an increase of DKK 6.2 billion compared to 2020. The result includes a gain of DKK 8.5 billion from the 50 % farm-down of Borssele 1 & 2 and of Greater Changhua 1. EBITDA excluding these new partnerships was DKK 15.8 billion, which is in line with our expectations at the beginning of the year of DKK 15-16 billion.

Thus, we've met our expectations and delivered strong financial performance despite unforeseen negative impacts during the year, including low wind speeds, the European energy crisis, and provisions resulting from updated calculations of wake effects in our offshore wind farms. Of positive impacts I'd like to emphasise the exceptional performance of our Danish power stations and our gas business in 2021.

Net profits amounted to DKK 10.9 billion compared to DKK 16.7 billion the year before. The decline is a result of the divestment of our Danish power distribution, residential customer, and city light businesses back in 2020, which resulted in a gain of DKK 10.9 billion.

The return on capital employed (ROCE) was 15 % in 2021 compared to 10 % in 2020, positively impacted by the farm-down of Borssele 1 & 2 and of Greater Changhua 1.

#### **Cash flows, investments, and debt**

Cash flows from operating activities decreased from DKK 16.5 billion in 2020 to DKK 12.1 billion in 2021. The decrease was mainly related to our gas business as a result of increased gas storage volumes at a significantly higher price than the year before.

We invested nearly DKK 40 billion in 2021. Investments were primarily related to the construction of offshore wind projects (DKK 23.4 billion) and the construction of onshore wind and solar PV projects (DKK 15.5 billion).

Cash flows from divestments were particularly large in 2021, amounting to DKK 21.5 billion. The amount primarily related to the 50 % farm-down of Borssele 1 & 2 and of Greater Changhua 1.

Our interest-bearing net debt totalled DKK 24.3 billion at the end of 2021 compared to DKK 12.3 billion at the end of 2020. The increase is mainly due to dividends and hybrid coupon payments as well as negative free cash flows.

The level of our net debt brings our FFO to adjusted net debt ratio to 31 %, which is higher than the level required by the credit rating agencies for us to retain our current BBB+/Baa1 credit rating.

#### **Remuneration report**

I'd also like to briefly comment on the separate remuneration report for 2021 for the Board of Directors and the Executive Board.

The purpose of the remuneration report is to ensure greater transparency about the remuneration of the company's management.

The 2021 remuneration report also reflects Mads Nipper's appointment as new CEO and Group President on 1 January 2021 as well as the expansion of the Executive Board with Martin Neubert as Chief Commercial Officer (CCO) and Deputy Group CEO in February 2021.

The 2021 remuneration reflects a satisfactory year which, despite the impact of COVID-19 and lower wind speeds, resulted in strategic progress, global growth, satisfactory financial ratios, and the achievement of a number of other milestones.

As mentioned in the notice of the annual general meeting, the Board of Directors proposes a few amendments to the Remuneration Policy for the Board of Directors and the Executive Board. I will come back to these amendments under item 7.

## Employees

As mentioned in the introduction, safety remains one of our top priorities. We're committed to ensuring that all our workplaces around the world are safe, and that all employees can return home safely to their families at the end of their working day.

We're delighted to see that our efforts are producing a positive impact.

The total number of recordable incidents per one million working hours, the TRIR, decreased from 3.6 to 3.0, corresponding to 4 % fewer incidents in 2021 compared to 2020. I'm very pleased that our safety efforts have led to a declining number of incidents, continuing along a positive trajectory. The impressive performance meant that we were very close to meeting our 2025 TRIR target of 2.9 or lower – four years ahead of schedule. Consequently, we've decided to set an even more ambitious safety target of a maximum TRIR target of 2.5 in 2025.

Our employee satisfaction survey in 2022 showed a high level of satisfaction and motivation with a score of 77 out of 100. The score is just below our target of being in the Ennova top 10 when comparing our performance to external benchmarks in our key markets. The score is, however, still above Ennova's benchmark of 74.

Diversity is key for us, and we firmly believe that a diverse team has better dynamics, makes better decisions, and thus creates more value.

It's important that all Ørsted employees, regardless of demography and geographies, have equal opportunities to deliver on our vision. Since its introduction in 2019, our inclusion and diversity work has made an impact across all employees. We're constantly learning and developing our initiatives and focus areas. In 2021, we launched an ambition of a gender ratio of least 40 % women across Ørsted by 2030. In 2021, the share of women in Ørsted was 31 %, so there is still some way before we've created the workplace we want. The Board of Directors also proposes to increase diversity and inclusion in our election of group representatives to the Board of Directors by making

employees of Ørsted's foreign subsidiaries eligible to be elected and to vote at these elections. I'll get back to that later.

### **Dividends**

Today, the Board of Directors recommends to the annual general meeting that dividends of DKK 12.50 per share be paid for the 2021 financial year, corresponding to an increase of 8.7 % and total dividends of DKK 5.3 billion.

This is in line with our dividend policy of increasing dividends annually towards 2025 by a high single-digit percentage compared to the dividends for the previous year.

### **Outlook 2022**

Our financial outlook for 2022 is as follows:

We expect EBITDA without new partnership agreements to amount to DKK 19-21 billion.

We expect our gross investments to amount to DKK 38-42 billion, reflecting a continued high level of investment in our clean energy build-out.

### **Long-term financial targets and objectives**

In connection with our 2021 Capital Markets Day, Ørsted set out a number of new, ambitious targets for the Group's long-term strategic and financial development:

From 2020-2027, Ørsted expects growth in the operating profit (EBITDA) from offshore and onshore assets in operation of an average of approximately 12 % a year, reaching a level of DKK 35-40 billion in 2027. This growth rate is based on Ørsted holding an ownership interest of 50 % in all offshore wind projects.

The average return on capital employed (ROCE) for 2020-2027 is expected to be 11-12 %.

Ørsted has high visibility on future earnings with an average of approximately 90 % of Ørsted's operating profit (EBITDA) for the period 2020-2027 coming from regulated or contracted activities.

### **Summary**

In many ways, 2021 was a special year with external factors affecting the markets where we operate. We've experienced extreme weather conditions, increasing energy prices, and for the second year in a row, consequences of COVID-19 impacted our daily lives and our business. Despite all these challenges, we made important progress in 2021 towards our vision of creating a world that runs entirely on green energy, and our focus on sustainability is stronger than ever. Financially, we managed to meet expectations despite extraordinary market conditions. Considering this, the Board of Directors concludes that the 2021 results are satisfactory.

Once again, I'd like to commend our talented and dedicated employees, whose daily lives have once again been impacted by COVID-19 restrictions. Our employees deserve tremendous credit for their dedicated performance during the past year.

Also, a special thank you to the Executive Committee for guiding Ørsted safely through a period of global uncertainty.

We welcomed our new CEO, Mads Nipper, at the beginning of 2021. It has been a pleasure working with Mads in the past year, and I'm very impressed with his exceptional leadership skills and his strategic work of making Ørsted a catalyst for the global green transformation.

At the end of today, we'll be saying goodbye to our Group CFO, Marianne Wiinholt, who's been with Ørsted for more than 18 years. She has been part of our entire journey and is one of the leading forces in Ørsted's green transformation and, not least, the IPO back in June 2016. I'd like to thank Marianne for our cooperation for the past many years and wish her all the best for the future.

I'd also like to welcome Daniel Lerup, who'll be taking over the role of Group CFO as of today. Daniel has been with Ørsted since 2009 and has extensive experience from a variety of corporate finance positions, a strong strategic mindset, and in-depth knowledge of Ørsted's markets, business, and finances. I look forward to working with him.

Thank you for listening. I'll now give the floor back to the Chairman of the meeting.