

**Ørsted**

Salg & Service

Annual report 2023

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# Company information

## Company

Ørsted Salg & Service A/S  
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Skærbæk  
7000 Fredericia  
Denmark

Telephone: +45 99 55 11 11

Email: [orsted@orsted.com](mailto:orsted@orsted.com)

Company registration number: 27210538

## Shareholder

The entire share capital is held by Ørsted A/S

## Board of Directors

Rasmus Errboe (Chair)

Anja Forup (Deputy Chair)

Heidi Lohse

## Executive Board

Rune Sonne Bundgaard-Jørgensen

## Auditor

PricewaterhouseCoopers, Statsautoriseret

Revisionspartnerselskab

## Consolidated financial statements

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

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

<https://orsted.com/en/investors/ir-material/financial-reports-and-presentations#financial-reports-presentations-and-fact-sheets-2023>

## Annual general meeting

4 June 2024

# Performance highlights

DKKm	2023	2022	2021	2020	2019
<b>Statement of comprehensive income</b>					
Revenue <sup>1</sup>	44,671	75,751	45,785	20,519	31,201
Operating profit (loss) before depreciation and amortisation (EBITDA)	6,051	516	79	(169)	2,004
Operating profit (loss) (EBIT)	5,980	419	(893)	(280)	1,618
Net financial income and expenses	406	(326)	146	(152)	(81)
Profit (loss) before tax	6,399	96	(748)	(432)	1,536
Profit (loss) for the year	5,002	67	(267)	(638)	694
<b>Balance sheet</b>					
Equity	29,468	19,215	5,903	9,348	10,067
Assets	50,100	88,299	69,215	21,007	26,345
<b>Cash flows</b>					
Operating activities	17,884	(7,067)	(10,682)	2,324	(359)
Investments in property, plant, and equipment	(17)	-	-	-	(9)
Other investing activities	394	(1)	(45)	(3)	-
Financing activities	(19,440)	8,120	11,474	(79)	(78)
<b>Financial ratios</b>					
EBITDA margin	14%	1%	0%	(1%)	6%
EBIT margin (profit margin)	13%	0%	(2%)	(1%)	5%
Net interest-bearing debt	(22,516)	(4,513)	3,428	(7,955)	(7,546)
Capital employed	6,633	19,633	12,506	1,393	2,521
Average number of employees	277	269	256	267	295

Financial ratios have been calculated in accordance with 'Recommendations & Ratios' published by the Danish Society of Financial Analysts. For definitions, see note 31 'Calculation of financial ratios'.

<sup>1</sup> In 2023, we changed our accounting policy on recognition of revenue from the settlement of failed own-use contracts related to power. The change only impacts revenue and cost of sales with no impact on EBITDA. The comparisons for 2022 have been adjusted. The related power volumes in 2022 and 2023 have consequently been netted. See more in note 1 'Basis of reporting'.

# Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today considered and adopted the annual report of Ørsted Salg & Service A/S for the financial year 1 January – 31 December 2023.

The Financial Statements of Ørsted Salg & Service A/S, have been prepared in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the company's assets, liabilities, and financial position at 31 December 2023, and of the results of the company's operations and cash flows for the financial year 1 January – 31 December 2023.

In our opinion, the Management's Review represents a true and fair account of the development in the company's operations and financial circumstances, of the results for the year, and of the financial position of the company.

We recommend that the annual report is adopted at the annual general meeting.

Gentofte, 27 May 2024

**Rune Sonne Bundgaard-Jørgensen**  
CEO Executive Board

**Rasmus Errboe**  
Chair Board of Directors

**Anja Forup**  
Deputy Chair Board of Directors

**Heidi Lohse**  
Member Board of Directors

# Independent auditor's report

## To the Shareholder of Ørsted Salg & Service 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 2023, and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Financial Statements of Ørsted Salg & Service A/S for the financial year 1 January – 31 December 2023, which comprise statement of comprehensive income, balance sheet, statement of cash flows, statement of changes in equity and notes, including material accounting policy information ('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.

### 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 IFRS Accounting Standards as adopted by the EU and further requirements in 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.
- 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.

Hellerup, 27 May 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab  
CVR No 3377 1231

**Thomas Wraae Holm**

State Authorised Public Accountant  
mne30141

**Daniel Kønigsfeld Sitch**

State Authorised Public Accountant  
mne47889



# Management's review

## Financial performance 2023

The power portfolio and trading business related to hedging of power generation showed a strong performance in 2023. Reduced balancing cost and intermittency costs had a positive impact. In addition, the decreasing power prices gave a positive impact from fair-value recognised derivatives used for hedging of the Ørsted groups power portfolio. Good performance in our power trading activities contributed to the increased earnings.

After years with very strong performance, our gas business had good, but more normalised earnings. In 2023, we had lower optimisation opportunities related to gas storages and sourcing contracts.

## Revenue

Total revenue amounted to DKK 44.7 billion. The decrease of 41 % relative to 2022 was primarily due to the significantly lower power and gas prices across all markets as well as lower power and gas volumes sold.

Revenue from sale of power decreased with DKK 22.9 billion (47% decrease) mainly due to decrease in average power prices. Sold power volumes amounted to 34.7 TWh in 2023, which was in line with last year. Higher offtake of power generation from Ørsted wind-farms, including investor power purchase agreements, due to the ramp-up of Hornsea II, was offset by lower

offtake on 3rd party power purchase agreements and reduced sale to end-customers.

Revenue from sale of gas decreased with DKK 12.4 billion, driven by both generally lower prices throughout the year compared to last year and a 31 % reduction in the sold gas volumes. The decrease in sold gas volumes was primarily due to the Gazprom contracts, ceased in 2022, and wholesale contracts expired in 2022, which has reduced gas volumes in 2023 compared to 2022.

## EBITDA

EBITDA amounted to DKK 6.1 billion compared to DKK 0.5 billion in 2022.

To reflect end-to-end value chain thinking in Ørsted, earnings from trading related to hedging of power exposures and power portfolio optimisation activities are reported as Offshore earnings.

EBITDA from Offshore sales amounted to DKK 5.5 billion compared to a loss of DKK 2.6 billion in 2022. The increase was mainly due to a positive impact of 5.6 billion from fair-value recognised financial contracts, used for hedging purpose in the Ørsted Group, but recognised in the income statement in Ørsted Salg & Service A/S. Earnings in 2022 was significantly negatively impacted from hedges which was not repeated in 2023. Lower balancing and

Performance highlights		2023	2022	%
<b>Business drivers</b>				
Gas sales (continued operations) <sup>1</sup>	TWh	17.7	25.8	(31 %)
Power sales (continued operations) <sup>2,3</sup>	TWh	34.7	35.1	(1 %)
Gas price, TTF	EUR/MWh	41.4	120.5	(66 %)
Power price, DK	EUR/MWh	89.3	213.7	(58 %)
Power price, LEBA UK	GBP/MWh	94.5	252.0	(63 %)
<b>Financial results</b>				
Revenue	DKKm	44,671	75,751	(41 %)
EBITDA (continued operations)	DKKm	6,051	516	1,073 %
Offshore		5,461	(2,573)	n.a
Gas Markets & Infrastructure		559	3,070	(82 %)
Other, incl. B2B		31	19	63 %
EBITDA (discontinued operations)	DKKm	-	(23)	(100 %)
Depreciation and amortisation	DKKm	(71)	(97)	(27 %)
EBIT	DKKm	5,980	419	1,327 %
Cash flows from operating activities	DKKm	17,884	(7,067)	n.a
Gross investments	DKKm	(26)	(3)	733 %
Divestments	DKKm	498	65	666 %
Cash flows from financing activities	DKKm	(19,440)	8,120	(339 %)
Free cash flow from continued operations	DKKm	(1,084)	1,114	(197 %)
Free cash flow from discontinued operations	DKKm	-	(18)	(100 %)
Capital employed	DKKm	6,115	14,537	(58 %)

<sup>1</sup> Gas volumes from discontinued operations 0 TWh (2022: 6.2 TWh).

<sup>2</sup> Power volumes from discontinued operations 0 TWh (2022: 1.1 TWh).

<sup>3</sup> Power sales volumes for 2022 is changed due to the change of accounting policy described in note 1 'Basis of reporting'.

BSUoS (Balancing Service Use of System) costs in 2023 had a positive impact on the earnings.

EBITDA from Gas Markets & Infrastructure contributed with earnings of DKK 0.6 billion, DKK 2.5 billion lower than last year. The decrease was driven by strong earnings from our gas trading in 2022, when we were able to lock in gains from optimising the offtake flexibility in some of our sourcing contracts and storages, which was partly offset by our decision to unwind gas hedges related to the Gazprom Export contract.

EBITDA from Other business activities amounted to DKK 31 million, an increase of DKK 12 million, which was primarily due to reduced operating costs and increased earnings from end-customer sales.

#### Cash flows

Cash flows from operating activities amounted to DKK 17.9 billion in 2023 compared to DKK -7.1 billion in 2022.

The positive impact in 2023 was due to release of DKK 8.9 billion, net, in variation margin payments on unrealised financial derivatives and initial margin payments at clearing houses because of falling and less volatile power and gas prices. In 2022, we tied up DKK 6.8 billion.

- the initial margin payments (part of change in other receivables), which were a cash inflow of DKK 2.4 billion versus a cash inflow of DKK 3.5 billion in 2022
- in 2022, we issued parent company guarantees (PCG) in total of EUR 1 billion to reduce our initial margin payments and, to some extent, variation margin payments. The PCG were only partly utilised at the end of 2023.

Furthermore, cash flows from operating activities were positively impacted by lower receivables, only partly offset by lower payables and the lower value of gas at storage due to the falling prices in 2023.

Received income tax amounted to DKK 0.4 billion compared to a tax payment of DKK 2.5 billion.

Cash flows from divestment of subsidiaries and other securities amounted to DKK 0.5 billion.

Negative cash flow from financing activities amounted to DKK 19.4 billion mainly due to transactions with Ørsted internal bank and instalment on loans.

#### Earnings related to expected development assumed in previous report

Financial performance for 2023 was higher than expectations primarily driven by:

- Earnings in Offshore ended up higher than expected, mainly due to a partial reversal of negative temporary IFRS 9 adjustments in 2022 together with good performance in power trading activities and lower balancing costs due to power prices decreasing at a faster pace than expected.
- In 'Gas Markets & Infrastructure', we achieved higher earnings from our gas storage activities than expected.

Consequently, realised EBITDA ended higher than our expected range of DKK 1.5-1.8 billion for 2023 as stated in our 2022 annual report.

## Introduction to Ørsted Salg & Service

#### Route-to-market and trading

We serve as an efficient route-to-market for both Ørsted companies and third parties, by providing balancing services for renewable generation portfolios and by selling green certificates to the market. In doing so, we manage large volumes of power contracts that we optimise by leveraging the size of our combined portfolio and our origination and trading capabilities.

We spearhead market risk management for Ørsted's generation assets and contracts by trading power, green certificates and other commodities. We mitigate risks and create value through time-to-market decisions, proxy hedging and netting.

We ensure efficient operations and maximise the commercial value of our legacy gas portfolio.

We are utilizing our gas and power portfolio by part of the volumes being sold to our B2B customers in Denmark and the southern part of Sweden.

#### Gas pipelines and storage facilities

We handle the commercial activities relating to parts of the Ørsted Group's gas infrastructure.

We own pipelines in the Danish sector of the North Sea and have leased capacity across the European pipeline system, securing access to most gas markets in Northern Europe.

We have access to gas storage facilities in Denmark and Germany, where we have capacity on long-term or short-term. Besides higher security of supply, these storage facilities provide flexibility in our gas optimisation and trading.

#### Environment

As part of the Ørsted Group, we work for an increase in the use of renewable energy, while remaining dependent on traditional energy sources to ensure a stable distribution of power.

Reference is made to the Ørsted Group's 2023 annual report, which includes the Group's statutory environmental statement.

### Outlook 2024

For 2024, a lower EBITDA is expected. EBITDA is expected to total DKK 3.2-3.8 billion in 2024.

- 'Offshore' earnings are expected to decrease due to lower positive impact from reversal of temporary IFRS 9 adjustments.
- 'Gas Markets & Infrastructure' are expected to increase compared to 2023. The positive impact on EBITDA in 2024 is driven by earnings from our off-shore gas pipelines, which are expected to increase due increased transportation of gas from the Tyra gas field.

### Events after the end of the financial year

No events have occurred after the end of the financial year which have influenced the evaluation of this annual report.

### Risk management

The activities, financial position, results, and future growth of the Ørsted Salg & Service A/S are affected by a number of non-financial and financial commercial risks. Therefore, we regularly review our risk profile and the associated risk policies to ensure the appropriate balancing of risk exposure and activities at all times.

Formalised risk management is divided into:

- management of general commercial risks,
- management of financial risks and
- management of insurable risks.

Commercial risks are defined as events that may, with a certain probability, adversely impact the realisation of the Ørsted Salg & Service A/S financial results or strategy. The management of commercial risks is anchored in the individual segments in the Ørsted Salg & Service A/S and consolidated at corporate level. Once annually, the Ørsted Salg & Service A/S identifies and prioritises its risks in a risk matrix based on materiality and probability. For further details of risk management, reference is made to note 27 'Financial risks and risk management'.

In addition to these risks, we are involved in litigation and arbitration proceedings, the outcome of which may impact our financial position. Reference is made to note 28 'Contingent liabilities and other liabilities'.

### Management

The member of the Executive Board is:

**Rune Sonne Bundgaard-Jørgensen**  
CEO

The members of the Board of Directors are:

**Rasmus Errboe**  
Chair of the Board of Directors

**Anja Forup**  
Deputy Chair of the Board of Directors

**Heidi Lohse**  
Member of the Board of Directors since  
28 March 2023

For further details regarding remuneration, see note 4 'Employee costs' and note 5 'Share-based payment'.

### Retention and development of skills

Our business is generally highly complex, requiring special skills. Coupled with the growing demand for talent, this increases the challenge of attracting and retaining employees. Much emphasis is placed on making us an attractive workplace, and various initiatives have been put in motion for this purpose. These include management development, skills development, performance systems, talent development, and collaboration with educational institutions.

### Liquidity and financing risks

Our liquidity and financing risks are managed centrally by the Ørsted Group in accordance with the defined principles and delegated authorities laid down by the Board of Directors of Ørsted A/S, in such a way as to ensure that we have an adequate capital base and adequate cash resources at all times. One of the most important financial management tasks in the Ørsted Group is to secure sufficient and flexible financial resources in relation to the Ørsted Group's day-to-day operations and investment programme. For this purpose, internal management objectives have been established determining required level of financial resources, taking into account primarily factors such as the investment programme, cash flows from operating activities, and the debt maturity profile. It is the Ørsted Group's financing policy to concentrate loans in the parent company in order to optimise the loan portfolio on a consolidated basis.

### Insurable risks

The Ørsted Group has an extensive facility and liability insurance programme, while the scope of consequential loss insurance is very limited. Also, separate insurance is taken out for certain large construction projects. The facilities insurance largely relates to the membership of the reinsurance company 'Oil Insurance Ltd.' Through this, assets up to USD 450 million are insured, with an excess of USD 10 million per insurance event. With a view to achieving adequate cover for a number of large assets, this cover has been supplemented by a number of supplementary insurance policies through the commercial insurance market. As part of the optimisation of its insurance portfolio, the Ørsted Group has established a captive, Ørsted Insurance A/S, that is authorised to carry on insurance business and is subject to supervision by the Danish Financial Supervisory Authority. Ørsted Insurance A/S is primarily used to provide insurance cover for facilities and certain construction projects.

### Environmental, social, and governance statement (ESG)

In pursuance to Section 99a (7) of the Danish Financial Statements Act, the Company has omitted information on corporate social responsibility. We are part of the Ørsted Group, and reference is consequently made to the Ørsted Group's 2023 annual report, which includes the Group's statutory ESG report.

Further details on ESG can be found at:  
<https://orsted.com/en/who-we-are/sustainability/sustainability-report/esg-ratings-and-reporting#reporting>

### Policies for the underrepresented gender

Pursuant to Section 99b of the Danish Financial Statements Act, the table to the right reports the number of individuals and gender composition in the three highest management levels.

All employees working for Ørsted Salg & Service A/S are legally employed by other Ørsted Group companies. Therefore, the company falls below the threshold of less than 50 employees and is not required to prepare policies or set targets on the underrepresented gender at other executive levels.

### 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 Data Ethics statement 2023 for Ørsted A/S:

<https://orsted.com/en/who-we-are/our-organisation/corporate-governance/data-ethics-report>

<b>Overview regarding gender diversity pursuant to Section 99b of the Danish Financial Statements Act</b>		<b>2023</b>
<b>The Board of Directors</b>		
Total number of members elected by the general meeting		3
Underrepresented gender (percentage)		33.3%
Target (percentage) and year to meet target – no target as Ørsted Salg & Service A/S has equal representation on the Board of Directors		
<b>Other managerial levels – the Executive Board and people managers employed by Ørsted Salg &amp; Service A/S reporting to the Executive Board</b>		
Total number of members		1
Underrepresented gender		0%
Target (percentage) and year to meet target – no target. In the recent financial year, Ørsted Salg & Service A/S had an average number of full-time employees below 50.		

# Financial statements

1 January – 31 December 2023

## Statement of comprehensive income

1 January – 31 December

Note	DKKm	2023	2022
2	Revenue	44,671	75,751
3	Cost of sales	(37,920)	(73,193)
	Other external expenses	(446)	(573)
4, 5	Employee costs	(292)	(272)
6	Other operating income and expenses	38	(1,197)
	<b>Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>6,051</b>	<b>516</b>
11, 12	Depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment	(71)	(97)
	<b>Operating profit (loss) (EBIT)</b>	<b>5,980</b>	<b>419</b>
	Gain on disposal of enterprises	13	3
7	Financial income	2,030	2,567
8	Financial expenses	(1,624)	(2,893)
	<b>Profit (loss) before tax</b>	<b>6,399</b>	<b>96</b>
9	Tax on profit (loss) for the year	(1,397)	(11)
	<b>Profit (loss) for the year from continuing operations</b>	<b>5,002</b>	<b>85</b>
10	<b>Profit (loss) for the year from discontinued operations</b>	<b>-</b>	<b>(18)</b>
	<b>Profit (loss) for the year</b>	<b>5,002</b>	<b>67</b>
	<b>Other comprehensive income<sup>1</sup>:</b>		
	Value adjustments of cash flow hedging	2,725	(5,276)
	Cash flow hedging transferred to revenue	3,979	4,223
	Cash flow hedging transferred to other operating expenses	27	(1,197)
	Tax on comprehensive income	(1,481)	494
	<b>Total comprehensive income</b>	<b>10,252</b>	<b>(1,689)</b>
	<b>Profit (loss) for the year is attributable to:</b>		
	Shareholder in Ørsted Salg & Service A/S	5,002	67
	<b>Profit (loss) for the year</b>	<b>5,002</b>	<b>67</b>
	<b>Total comprehensive income for the year is attributable to:</b>		
	Shareholder in Ørsted Salg & Service A/S	10,252	(1,689)
	<b>Total comprehensive income</b>	<b>10,252</b>	<b>(1,689)</b>

<sup>1</sup> All items in 'Other comprehensive income' may be recycled to the income statement

## Balance sheet

31 December

Note	Assets DKKm	2023	2022
	Rights	4	4
	Completed development projects	56	20
	Development projects in progress	12	78
11	<b>Intangible assets</b>	<b>72</b>	<b>102</b>
	Land and buildings	2	2
	Production assets	323	356
	Production assets under construction	17	-
12	<b>Property, plant and equipment</b>	<b>342</b>	<b>358</b>
13	Investments in subsidiaries	87	177
14, 15, 16	Derivatives	351	2,016
17	Deferred tax	-	3,442
	Other receivables	7	3
	<b>Other non-current assets</b>	<b>445</b>	<b>5,638</b>
	<b>Non-current assets</b>	<b>859</b>	<b>6,098</b>
18	Inventories	3,572	5,450
14, 15, 16	Derivatives	13,781	48,179
19	Trade receivables	4,883	7,733
	Receivables from group enterprises	24,151	11,777
20	Other receivables	779	3,755
21	Income tax	2,035	1,758
22	Securities	-	380
22	Cash	40	3,169
	<b>Current assets</b>	<b>49,241</b>	<b>82,201</b>
	<b>Assets</b>	<b>50,100</b>	<b>88,299</b>

Note	Equity and liabilities DKKm	2023	2022
	Share capital	2,610	2,610
	Hedging reserve	319	(4,931)
	Development cost reserve	12	79
	Retained earnings	16,527	21,457
	Proposed dividend	10,000	-
23	<b>Equity</b>	<b>29,468</b>	<b>19,215</b>
24	Provisions	1,173	1,179
14, 15, 16	Derivatives	288	10,523
25	Contract liabilities	4	4
17	Deferred tax	154	-
	Other payables	7	1
	<b>Non-current liabilities</b>	<b>1,626</b>	<b>11,707</b>
24	Provisions	21	3
	Lease liabilities	-	19
14, 15, 16	Derivatives	11,930	39,358
25	Contract liabilities	113	121
	Trade payables	4,160	7,223
	Payables to group enterprises	2,566	10,370
20	Other payables	214	283
	Bank loans	2	-
	<b>Current liabilities</b>	<b>19,006</b>	<b>57,377</b>
	<b>Liabilities</b>	<b>20,632</b>	<b>69,084</b>
	<b>Equity and liabilities</b>	<b>50,100</b>	<b>88,299</b>

## Statement of shareholder's equity

1 January – 31 December

	2023						2022				
DKKm	Share capital	Hedging Reserve	Development cost reserve	Retained earnings	Proposed dividend	Total	Share capital	Hedging Reserve	Development cost reserve	Retained earnings	Total
Equity at 1 January	2,610	(4,931)	79	21,457	-	19,215	1,110	(3,175)	110	7,858	5,903
Adjustment opening, merger	-	-	-	-	-	-	-	-	-	3	3
<b>Comprehensive income for the year:</b>											
Profit (loss) for the year	-	-	(67)	5,069	-	5,002	-	-	(31)	98	67
Impact from cash flow hedging	-	6,731	-	-	-	6,731	-	(2,250)	-	-	(2,250)
Tax on cash flow hedging	-	(1,481)	-	-	-	(1,481)	-	494	-	-	494
<b>Total comprehensive income</b>	-	<b>5,250</b>	<b>(67)</b>	<b>5,069</b>	-	<b>10,252</b>	-	<b>(1,756)</b>	<b>(31)</b>	<b>98</b>	<b>(1,689)</b>
<b>Transactions with owners:</b>											
Capital injection	-	-	-	-	-	-	1,500	-	-	13,500	15,000
Share-based payment	-	-	-	1	-	1	-	-	-	(2)	(2)
Proposed dividend	-	-	-	(10,000)	10,000	-	-	-	-	-	-
<b>Total changes in equity</b>	-	<b>5,250</b>	<b>(67)</b>	<b>(4,930)</b>	<b>10,000</b>	<b>10,253</b>	<b>1,500</b>	<b>(1,756)</b>	<b>(31)</b>	<b>13,596</b>	<b>13,309</b>
<b>Equity at 31 December</b>	<b>2,610</b>	<b>319</b>	<b>12</b>	<b>16,527</b>	<b>10,000</b>	<b>29,468</b>	<b>2,610</b>	<b>(4,931)</b>	<b>79</b>	<b>21,457</b>	<b>19,215</b>

Hedging reserve after tax at 31 December 2023 amounting to DKK 319 million is further specified on page 36 (note 14 'Derivatives'). Hedging reserve before tax at 31 December 2023 amounts to DKK 409 million.

The merger of Orsted Pipelines A/S at 1 January 2023 has been adjusted in the opening balance for 2022. The impact on the opening balance for 'Retained earnings' is DKK 3 million. Accounting policies are described in note 1 'Basis of reporting'.



## Statement of cash flows

1 January – 31 December

Note	DKKm	2023	2022
	<b>Operating profit (loss) before depreciation and amortisation (EBITDA)</b>	<b>6,051</b>	<b>516</b>
	Change in derivatives	5,130	(7,220)
	Change in provisions	(14)	(598)
	Other items	50	(140)
26	Change in working capital	5,897	3,094
	Interest income and similar items	1,849	2,291
	Interest expenses and similar items	(1,520)	(2,470)
	Income tax paid	441	(2,540)
	<b>Cash flows from operating activities</b>	<b>17,884</b>	<b>(7,067)</b>
11	Purchase of intangible assets	(9)	(3)
12	Purchase of property, plant and equipment	(17)	-
13	Divestment of subsidiaries	104	-
	Other investments	394	-
	Dividends received	-	65
	<b>Cash flows from investing activities</b>	<b>472</b>	<b>62</b>
	Financial transactions with the Ørsted Group's internal bank	(16,465)	(10,005)
	Capital transactions principal shareholders	-	15,000
	Loan proceeds from Ørsted Group	-	5,008
	Instalments on loans from Ørsted Group	(5,001)	-
	Deposit of restricted cash	2,045	(1,805)
	Instalments on leases	(19)	(75)
	Paid dividend	-	(3)
	<b>Cash flows from financing activities</b>	<b>(19,440)</b>	<b>8,120</b>
	<b>Cash flows from continuing operations</b>	<b>(1,084)</b>	<b>1,114</b>
10	<b>Cash flows from discontinuing operations</b>	<b>-</b>	<b>(18)</b>
	<b>Total net change in cash and cash equivalents</b>	<b>(1,084)</b>	<b>1,096</b>
	Cash and cash equivalents at 1 January	1,124	28
	Total net change in cash and cash equivalents	(1,084)	1,096
22	<b>Cash and cash equivalents at 31 December</b>	<b>40</b>	<b>1,124</b>

### § Accounting policies

The statement of cash flows shows cash flows for the year from operating, investing, and financing activities, the year's changes in cash and cash equivalents, and cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and divestments of enterprises is disclosed separately under 'Cash flows from investing activities'. Cash flows relating to acquired enterprises are recognised in the statement of cash flows from the date of acquisition, and cash flows relating to divested enterprises are recognised up to the date of divestment.

'Cash flows from operating activities' are determined using the indirect method as operating profit adjusted for non-cash operating items, changes in working capital, interest received and paid, dividends received, and income tax paid.

'Cash flows from investing activities' comprise payments in connection with the acquisition and divestment of enterprises and activities; purchase and sale of intangible assets, property, plant and equipment and other non-current assets; and purchase and sale of securities that are not recognised as cash and cash equivalents.

'Cash flows from financing activities' comprise changes in the size or composition of share capital and costs associated with such changes as well as the raising of loans, repayment of interest-bearing debt, purchases and sales of treasury shares, instalments on leases and payment of dividends to owners.

Cash flows relating to assets held under leases are recognised as payment of interest and repayment of debt.

Cash and cash equivalents comprise cash as well as securities that form part of the ongoing cash management, are readily convertible to cash, and are subject to an insignificant risk of changes in value.

Cash flows in currencies other than the functional currency are translated at the average exchange rates for the month in question, unless these differ significantly from the rates at the transaction date.

# Notes

1 January – 31 December 2023

## Basis of reporting

### Note 1

2023	Previous accounting policy	Change	New accounting policy
Revenue <sup>1</sup>	53,898	(9,227)	44,671
Cost of sales <sup>2</sup>	47,147	(9,227)	37,920

  

2022	Reported	Change	Adjusted
Revenue <sup>1</sup>	93,611	(17,860)	75,751
Cost of sales <sup>2</sup>	91,053	(17,860)	73,193

The table illustrates the change in accounting policy regarding presentation of revenue and related costs from settlement of failed own-use contracts.

<sup>1</sup> The line item 'Sale of power' is impacted in note 2 'Revenue'.

<sup>2</sup> The line item 'Power' is impacted in note 3 'Cost of sales'.

### Accounting policies

Ørsted Salg & Service A/S is a public limited liability company based in Denmark.

The financial statements for the period 1 January – 31 December 2023 comprise the parent company Ørsted Salg & Service A/S.

The financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act (Årsregnskabsloven). We provide a more detailed description of the accounting policies applied in the specific notes.

The accounting policy have been applied consistently in the financial year and for comparative figures, except for one change in accounting policy – see below.

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

### Change in accounting policy

From gross to net presentation of revenue and cost of sales from power trading activities.

We have changed our accounting policy regarding presentation of revenue and related costs from the settlement of failed own-use power contracts. These are contracts settled with delivery of physical power where the purpose of entering into them are hedging or optimisation of our revenue. Previously, we recognised revenue and the cost of sales on a gross basis when these contracts were settled. As the gross presentation does not reflect the magnitude of the company's power trading activities, we have changed the presentation

to at net presentation of revenue and related costs. It is management's view that such presentation better reflects the power trading activities.

The change only impacts revenue and the cost of sales and thus our EBITDA is not impacted. The 2022 comparisons have been adjusted accordingly.

The impact on our 2023 and 2022 numbers is illustrated in the table to the left.

### Merger of subsidiary

Ørsted Pipelines A/S, a 100% owned subsidiary, was merged into Ørsted Salg & Service A/S per 1 January 2023. Comparison numbers for 2022 were impacted with use of the predecessor value method using carrying values of the acquired assets and liabilities to reflect the merger.

Equity was impacted with DKK 3 million, which is presented in 'Statement of shareholders equity' on page 16. The 'Cost' of the investment in subsidiaries was reduced with DKK 280 million and 'Value adjustments' with DKK 257 million. Total impact on the carrying amount of 'Investments in subsidiaries' at 1 January 2022 was DKK 23 million. We refer to note 13 'Investments in subsidiaries'.

Finally, the opening balance at 1 January 2022 of 'Receivables from Group companies' was adjusted with DKK 25 million.

### Measurement basis

The financial statements have been prepared on historical cost basis, except for derivatives, financial instruments in the trading portfolio, and carbon emission allowances in trading portfolio which are measured at market value.

### Foreign currency translation

The financial statements are presented in million Danish kroner (DKK), unless otherwise stated.

Transactions in currencies, other than the functional currency of DKK, are accounted for as transactions in foreign currencies and translated on initial recognition at the exchange rate at the transaction date. Exchange differences arising between the exchange rate at the transaction date and at the date of payment are recognised in profit (loss) for the year as financial income or expenses.

Receivables, payables, and other monetary items in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rate at the balance sheet date and the date at which the receivable or payable arose is recognised in profit (loss) for the year as financial income or expenses.

Balance sheet items are translated at the exchange rates at the balance sheet date. All exchange differences are recognised in profit (loss) for the year.

## Basis of reporting

Note 1 – continued

Note	Key accounting estimates and judgements	Estimate/judgement	Potential impact from accounting estimates and judgements
24, 28	Assumptions for decommissioning obligations	Estimate	●●●●
	Estimate of onerous contracts	Estimate	●●●●
	Estimate of litigation outcomes	Estimate	●●●●
27	Valuation of long-term power purchase agreements	Estimate/judgement	●●●●
	Hedge accounting	Estimate/judgement	●●●●

The impact relates to objectivity and business practice.

- Very objective/market-conforming
- Objective/partially conforming
- Partially subjective/partially distinctive
- Subjective/distinctive for Ørsted Salg & Service A/S

### Key accounting estimates and judgements

The use of reasonable estimates and judgements is an essential part of the preparation of the financial statements.

Given the uncertainties inherent in our business activities, we make a number of estimates regarding judgements. The estimates and judgements are based on assumptions concerning future developments which affect our application of accounting policies and reported amounts of our assets, liabilities, sales, costs, cash flows, and related disclosures. Actual amounts may differ from the amounts estimated and estimates made, as more detailed information becomes available.

We regularly reassess these estimates and judgements based, on among other things, historical experience, the current situation in the financial markets, and a number of other relevant factors.

Change in estimates are recognised in the period in which the estimate in question is revised.

Accounting estimates, judgements and assumptions which may entail a risk of material adjustments in subsequent years are listed in the table on page 19.

In addition, we make judgements when we apply the accounting policies.

Reference is made to the specific notes for further information on the key accounting estimates and judgements as well as the assumptions applied.

### Implementation of new and changed accounting standards and interpretations

The International Accounting Standards Board (IASB) has issued amended standards that are effective for the first time in 2023. None of them required a change in our accounting policies.

### New standards and interpretations

IASB has issued new or amended standards and interpretations that have not yet become effective and have consequently not been implemented in the

financial statements for 2023. The new or amended standards or interpretations are not expected to have a significant impact on our financial statements.

## Revenue

### Note 2

DKKm	Offshore	Gas Markets and Infrastructure	Other, incl. end-customers sales	2023 Total	Offshore	Gas Markets and Infrastructure	Other, incl. end-customers sales	2022 Total
Sale of gas	91	4,907	1,315	6,313	254	16,519	1,989	18,762
Sale of power	23,495	94	1,906	25,495	44,308	90	4,006	48,404
Sale of renewable energy certificates	6,921	-	-	6,921	6,150	-	-	6,150
Other revenue	7	172	-	179	2	233	-	235
<b>Total revenue from customers</b>	<b>30,514</b>	<b>5,173</b>	<b>3,221</b>	<b>38,908</b>	<b>50,714</b>	<b>16,842</b>	<b>5,995</b>	<b>73,551</b>
Trading activities, net	1,283	740	-	2,023	964	2,922	-	3,886
Miscellaneous revenue	3,584	156	-	3,740	(1,980)	294	-	(1,686)
<b>Total revenue</b>	<b>35,381</b>	<b>6,069</b>	<b>3,221</b>	<b>44,671</b>	<b>49,698</b>	<b>20,058</b>	<b>5,995</b>	<b>75,751</b>
<b>Timing of revenue recognition from customers</b>								
At a point in time	25,485	3,811	-	29,296	48,868	12,182	-	61,050
Over time	5,029	1,362	3,221	9,612	1,846	4,660	5,995	12,501
<b>Total revenue from customers</b>	<b>30,514</b>	<b>5,173</b>	<b>3,221</b>	<b>38,908</b>	<b>50,714</b>	<b>16,842</b>	<b>5,995</b>	<b>73,551</b>

### Revenue

'Total revenue from sale of goods' in 2023 amounted to DKK 44,471 million (2022: 75,441 million) and 'Total revenue from sale of services' 2023 amounted to DKK 200 million (2022: 310 million).

On 1 January 2023, we changed our accounting policy with respect to presentation of revenue and related costs from the settlement of failed own-use power contracts. See more in note 1 'Basis of reporting'.

### Timing of revenue

The timing of transfer of goods or services to customers is categorized as follows:

'At a point in time' mainly comprises:

- sale of gas or power in the market, e.g. Nord Pool, TTF and NBP.

'Over time' mainly comprises:

- delivery of gas and power to end-customers
- long-term contracts with customers to deliver gas or power.

## 5 Accounting policies

Revenue is measured based on the consideration specified in a contract with a customer (transaction price) and excludes amounts collected on behalf of third parties, i.e. VAT. We recognise revenue when we transfer control over a product or service to a customer.

We adjust the transaction price for the time value of money if the payments exceed twelve months.

Sales agreements are divided into individually identifiable performance obligations. If a sales agreement includes several performance obligations, the sales agreement's transaction price is allocated to each performance obligation's stand-alone selling price.

### Sale of gas

Revenue is recognised when control of the gas is transferred to the buyer. Transfer of control occurs either when the gas is injected into the distribution system or physically delivered to the customer.

Sales contracts for a fixed amount of gas at a variable price, or where we are exclusive suppliers to the customer at a variable price, are considered one performance obligation with multiple deliveries to be satisfied over time. For such contracts, we recognise revenue in the amount up to which we have a right to invoice.

In most cases, the consideration for the gas is due when the gas is injected into the distribution system or delivered to the customer. The delivery of gas is invoiced on a monthly basis, and the payment is due within 10-30 days.

### Sale of power

Revenue from sale of power includes the sale of power produced at Ørsted owned wind farms, the sale of power sourced from other producers, and the sale of ancillary services.

Revenue is recognised when control of the goods is transferred to the buyer. Transfer of control occurs when the actual power is delivered to the customer, which for power generated by us occurs when it is produced.

Sales contracts for a fixed amount of power at a variable price, or where we are exclusive suppliers to the customer at a variable price, are considered one performance obligation with multiple deliveries to be satisfied over time. For such contracts and for long-term agreements on selling power at a fixed price, we recognise revenue in the amount up to which we have a right to invoice.

In most cases, the consideration for the power is due when the actual power is delivered to the customer. The delivery of power is invoiced on a monthly basis, and the payment is due within 10-30 days.

### Renewable energy certificates

Revenue from sale of certificates includes the sale of renewable energy certificates bought from Ørsted owned wind farms and external windfarms.

Revenue is recognised when control of the certificates are transferred to the customer.

### Other revenue

Other revenue primarily includes consultancy services.

Revenue from providing services is recognised in the accounting period in which the services are rendered.

For fixed-priced contracts, revenue is recognised based on the actual service rendered at the end of the reporting period as a proportion of the total services to be rendered because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total labour hours expected.

Fixed-price contracts are invoiced on a monthly basis, and consideration is payable when invoiced. Variable fee services are generally due after the services are rendered.

### Trading activities net

Income from trading activities comprises net realised and unrealised fair value changes, realised gains and losses arising from trading within energy commodity derivatives and inventory held for trading. The energy commodity derivatives make up Ørsted Salg & Service A/S trading portfolio which includes futures, options, swaps, transport, capacities and certain forward sales and forward purchases commodity contracts that are either financially or physically settled.

As the physically settled contracts are managed on a portfolio basis, a practice of net settlement is present, and the contracts are considered in scope of IFRS 9 and treated as derivatives. Net changes in fair value of commodity derivatives and net changes in fair value of inventory held for trading represents unrealised changes in the fair value of commodity derivatives and net changes in fair value of inventory held for trading at the balance sheet date.

### Miscellaneous revenue

Miscellaneous revenue primarily comprises income from unrealised fair value changes from derivative financial instruments that acts as economic hedging of energy generation in related Ørsted Group companies, but where the exposure is not yet transferred to Ørsted Salg & Service A/S, or value adjustment of derivative financial instruments that acts as economic hedges of the company's primary activities, but where hedge accounting are not applied.

## Cost of sales

[Note 3](#)

DKKm	2023	2022
Gas	(5,631)	(18,448)
Power	(31,225)	(54,300)
Distribution and transmission costs	(766)	(217)
Other cost of sales	(298)	(228)
<b>Cost of sales</b>	<b>(37,920)</b>	<b>(73,193)</b>

On 1 January 2023, we changed our accounting policy with respect to presentation of revenue and related costs from the settlement of failed own-use power contracts. See more in note 1 'Basis of reporting'.

### § Accounting policies

#### Cost of sales

Cost of sales for fuel and energy comprises the purchases of fuel in the form of gas and power and transportation costs in connection with the purchase as well as costs related to carbon emission allowances. Costs are recognised in profit for the year as incurred.

#### Other external expenses

Other external expenses comprise expenses for maintenance of production equipment, rent, external assistance, research and development and office supplies, etc..

## Employee costs

Note 4

DKKm	2023	2022
Wages, salaries, and remuneration	(270)	(252)
Share-based payment	(1)	(1)
Pensions	(20)	(18)
Other social security costs	(1)	(1)
<b>Total employee costs</b>	<b>(292)</b>	<b>(272)</b>
Number of full-time employees		
Average for the financial year	277	269

### Remuneration for key management personnel

DKKm	2023	2022
Fixed salary	(6.6)	(5.0)
Short-term cash-based incentive scheme	(2.6)	(2.9)
Share-based payments	(0.9)	(0.6)
Pension, incl. social security and benefits	(2.0)	(1.9)
Salary in notice period and severance payment	(1.8)	(0.7)
Severance payment	(2.4)	(0.5)
<b>Total</b>	<b>(16.3)</b>	<b>(11.6)</b>

The total remuneration stated in the note only includes remuneration attributable to Ørsted Salg & Service A/S.

In 2023, 277 full-time employees are disclosed, as the employees have spend their full working time for Ørsted Salg & Service A/S. All employees are however legally employed by other Ørsted Group companies. Therefore, the company has less than 50 employees and is not required to prepare policies on the under-represented gender at other executive levels.

The Executive Board is in 2023 made up of one person, who is also key management person. Therefore we have applied the exemption in §98 b) stk 3 in the Danish Annual Report Act and not shown the salary to the Executive Board. In 2022 the salary to the Executive Board amounted to DKK 2.1 million.

## 5 Accounting policies

Employee costs comprise wages, salaries, remuneration, pensions, social security costs and other employee-related costs.

### Number of employees

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

All employees are legally employed in other Ørsted Group companies.



## Share-based payment

Note 5

### Share programme

The Executive Board and a limited number of other members of senior management participate in our share programme established in 2016. Five senior executives from Ørsted Salg & Service participate in the programme. As a condition for the granting of performance share units (PSUs), the participant must own a number of shares in Ørsted corresponding to a portion of the individual participant's annual fixed salary. The ownership requirement is between 15-75% of the fixed salary.

If the participants fulfil the shareholding requirement at the time of granting, they will be granted a number of PSUs each year, representing a value of 15-20% of the annual fixed salary on the date of granting.

The granted PSUs have a vesting period of approximately three years. Then, each PSU entitles the holder, without payment, to receive a number of shares corresponding to 0-200% of the number of PSUs granted. The vesting is conditional upon continued employment. Assuming no share price development since the grant, the value would correspond to 0-30% or 0-40%.

The final number of shares for each participant will be determined on the basis of the total shareholder return delivered by Ørsted, benchmarked against ten comparable European energy companies.

The highest rate (200%) will be triggered if Ørsted's results, measured as the total return to shareholders, outperform those of the comparable companies. For each lower ranking, the number of shares granted will fall by 20 percentage points. If, for example, Ørsted ranks third, the participants will be entitled to 160% of the target.

If Ørsted ranks 11 in the comparison, no shares will be granted to the participants. The right to shares is conditional upon continued employment.

### 5 Accounting policies

The share programme is classified as an equity-based programme, as the programme is settled in shares. The market value of the PSUs 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 and in the balance sheet under equity over the vesting period.

The valuation of the PSUs and the estimated number of PSUs granted are carried out as a probability simulation based on the expected performance of Ørsted's total shareholder return relative to ten comparable European energy companies. The expectations are factored into the market value and are not adjusted subsequently.

## Other operating income and expenses

Note 6

<b>Other operating income</b>	<b>2023</b>	<b>2022</b>
DKKm		
Ineffective hedges, etc.	27	-
Miscellaneous operating income	11	-
<b>Total</b>	<b>38</b>	<b>-</b>

  

<b>Other operating expenses</b>	<b>2023</b>	<b>2022</b>
DKKm		
Ineffective hedges, etc.	-	(1,197)
<b>Total</b>	<b>-</b>	<b>(1,197)</b>

Ineffective hedges includes volume-ineffective hedges as a consequence of lower-than-expected offshore generation, resulting in us having hedged too large volumes.

Furthermore, it includes other hedges, which we cannot document as being effective from a hedge accounting perspective and therefore have recognised in the income statement.

### § Accounting policies

Other operating income and expenses comprises items secondary to the activities.

Losses from our market trading activities are presented as other operating income or expenses as 'Ineffective hedges, etc.'

## Financial income

Note 7

DKKkm	2023	2022
Interest income	12	3
Interest income from group enterprises	631	15
Foreign exchange gains	1,346	2,484
Other financial income	41	65
<b>Financial income</b>	<b>2,030</b>	<b>2,567</b>
Revenue for the year includes exchange rate and fair value adjustments of:	(36)	15

## Financial expenses

Note 8

DKKkm	2023	2022
Interest expenses	(209)	(161)
Interest expenses to group enterprises	(13)	(141)
Interest element of provisions	(26)	(37)
Foreign exchange losses	(1,376)	(2,554)
<b>Financial expenses</b>	<b>(1,624)</b>	<b>(2,893)</b>

### 5 Accounting policies

Financial income and financial expenses comprise interest, capital gains and losses, and impairment losses relating to securities, payables, and transactions denominated in foreign currencies, amortisation of financial assets and liabilities, including lease commitments under finance leases, as well as surcharges and refunds under the on-account tax scheme, etc.

Financial income and financial expenses also include realised and unrealised gains and losses relating to derivative financial instruments that have not been entered into to hedge revenue or production costs. Interest is recognised in accordance with the accrual basis of accounting.

Borrowing costs relating to general borrowing or loans directly attributable to the acquisition, construction, or development of qualifying assets form part of the cost of such assets.

## Tax on profit (loss) for the year

Note 9

DKKm	2023	2022
<b>Tax for the year can be specified as follows:</b>		
Tax on profit (loss) for the year	(1,397)	(11)
Tax on other comprehensive income	(1,481)	494
<b>Total tax for the year</b>	<b>(2,878)</b>	<b>483</b>
<b>Tax on profit (loss) for the year can be broken down as follows:</b>		
Current tax	3,705	777
Deferred tax	(5,100)	(783)
Adjustments to current tax in previous years	(1,506)	(5)
Adjustments to deferred tax in previous years	1,504	-
<b>Tax on profit (loss) for the year</b>	<b>(1,397)</b>	<b>(11)</b>
<b>Tax on profit (loss) for the year can be explained as follows:</b>		
Calculated 22 % tax on profit (loss) before tax	(1,408)	(21)
<b>Tax effect of:</b>		
Non-deductible costs	-	(14)
Non-taxable income	13	29
Adjustments to tax in previous years	(2)	(5)
<b>Tax on profit (loss) for the year</b>	<b>(1,397)</b>	<b>(11)</b>
<b>Effective tax rate</b>	<b>22 %</b>	<b>12 %</b>

### 5 Accounting policies

The Ørsted Group is subject to the Danish rules on compulsory joint taxation and has also opted for international joint taxation with the Group's foreign subsidiaries. The Group's subsidiaries are included in the joint taxation from the date they are included in the consolidation in the consolidated financial statements and up to the date at which they are no longer included in the consolidation.

The parent company, Ørsted A/S, is the administration company in relation to the joint taxation and thus settles all payments of income tax with the tax authorities.

The current Danish income tax is allocated among the jointly taxed Danish subsidiaries in proportion to their taxable income. In this connection, Danish subsidiaries with tax losses receive a joint taxation contribution from the parent company corresponding to the tax value of the unutilised losses (full allocation), while companies that use tax losses in other Danish companies pay a joint taxation contribution to the parent company corresponding to the tax value of the utilised losses.

Being made up of the year's current income tax, the year's joint taxation contributions and changes in deferred tax, including – as a consequence of changed tax rates – tax for the year is recognised in the income statement with the part attributable to the profit (loss) for the year and directly in equity with the part attributable to entries directly in equity.

The Group is included in a Danish on-account tax scheme. Tax refunds and tax surcharges are allocated between the jointly taxed Danish companies in accordance with the allocation of the Danish income tax and recognised as financial income and financial expenses, respectively.

## Discontinued operations

[Note 10](#)

<b>Profit from discontinued operations</b>	<b>2023</b>	<b>2022</b>
DKKm		
Revenue	-	3,900
Cost of sales	-	(3,900)
Other external expenses	-	(23)
<b>Operating profit (loss) (EBITDA)</b>	<b>-</b>	<b>(23)</b>
Financial expenses	-	-
<b>Profit (loss) before tax</b>	<b>-</b>	<b>(23)</b>
Tax on profit (loss) for the year	-	5
<b>Profit from discontinued operations</b>	<b>-</b>	<b>(18)</b>
<b>Tax for the year, discontinued operations</b>		
DKKm		
Current tax	-	5
<b>Total tax</b>	<b>-</b>	<b>5</b>
<b>Cash flows for the year, discontinued operations</b>		
DKKm		
Cash flows from operating activities	-	(18)
<b>Total cash flows</b>	<b>-</b>	<b>(18)</b>

Following the decision and closure of our UK B2B business, the activity is presented as discontinued operations.

During 2022 the phaseout of the UK B2B activities was finalised, whereafter the company do not have end-customers activities in the UK and the company's sales office in the country was closed in April 2023.

## Intangible assets

[Note 11](#)

DKKm	Rights	Completed development projects	Development projects in progress	Total
Cost at 1 January 2023	68	411	78	557
Addition	-	-	10	10
Disposals	-	(22)	-	(22)
Reclassified assets	-	76	(76)	-
<b>Cost at 31 December 2023</b>	<b>68</b>	<b>465</b>	<b>12</b>	<b>545</b>
Amortisation and impairment losses at 1 January 2023	(64)	(391)	-	(455)
Amortisation and impairment losses	-	(38)	-	(38)
Disposals	-	20	-	20
<b>Amortisation and impairment losses at 31 December 2023</b>	<b>(64)</b>	<b>(409)</b>	<b>-</b>	<b>(473)</b>
<b>Carrying amount at 31 December 2023</b>	<b>4</b>	<b>56</b>	<b>12</b>	<b>72</b>
Cost at 1 January 2022	68	411	75	554
Additions	-	-	3	3
<b>Cost at 31 December 2022</b>	<b>68</b>	<b>411</b>	<b>78</b>	<b>557</b>
Amortisation and impairment losses at 1 January 2022	(64)	(376)	-	(440)
Amortisation and impairment losses	-	(15)	-	(15)
<b>Amortisation and impairment losses at 31 December 2022</b>	<b>(64)</b>	<b>(391)</b>	<b>-</b>	<b>(455)</b>
<b>Carrying amount at 31 December 2022</b>	<b>4</b>	<b>20</b>	<b>78</b>	<b>102</b>
Amortised over	5 - 20 years	3 - 5 years	-	-

### Impairment testing

The carrying amounts of development projects in progress, rights and completed development projects are assessed annually to determine whether there is any indication of impairment. If any such indication exists, an impairment test is carried out.

There were no indications of impairment in 2023.

### Rights

Rights consist predominantly of customer-related rights and a connection right relating to gas transportation. At 31 December 2023, the carrying amount of rights was DKK 4 million (2022: DKK 4 million).

There were no indications of impairment of rights in 2023.

### Development projects

Completed development projects related to IT software. At 31 December 2023, the carrying amount of development projects was DKK 56 million (2022: DKK 20 million).

Development projects in progress are related to development of IT software.

## 5 Accounting policies

### Rights

Rights comprise acquired customer rights, IT software licences, etc., and are measured at cost less accumulated amortisation and impairment losses.

### Development projects

Development projects comprise development of IT systems, etc.

Development projects that are clearly defined and identifiable, and for which technical feasibility, adequate resources, a potential future market, or an application in the company can be demonstrated, and which the company intends to manufacture, market, or use, are recognised in intangible assets if the cost can be determined reliably, and if there is reasonable certainty that the future earnings or the net selling price will cover production costs, selling costs, administrative expenses, and development costs. Other development costs are recognised in the income statement as incurred.

Recognised development costs are measured at cost less accumulated depreciation and impairment losses. Cost comprises salaries, amortisation, and other costs attributable to the company's development activities as well as borrowing costs relating to specific and general borrowing directly attributable to development projects.

On completion, development projects are amortised on a straight-line basis over their assessed future useful lives from the date the asset is available for use. The amortisation period is usually five years. The basis of amortisation is reduced by any impairment losses.

Amortisation and impairment losses relating to intangible assets are recognised in the statement of comprehensive income.

### Impairment of non-current assets

Intangible assets with an indefinite useful life are tested for impairment annually, initially before the end of the year of acquisition. Development projects in progress are also tested annually for impairment.

An impairment loss is recognised whenever the carrying amount of an asset or cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement under production costs and administrative expenses, respectively.

Impairment losses are reversed to the extent that the assumptions or estimates that led to the impairment have changed. Impairment losses are only reversed to the extent that the asset's new carrying amount does not exceed the value of the asset after depreciation or amortisation, had no impairment losses been charged.

## Property, plant, and equipment

[Note 12](#)

DKKm	Land and buildings	Production assets	Fixtures and fittings, tools and equipment	Property, plant, and equipment under construction	Total
Cost at 1 January 2023	11	8,336	4	-	8,351
Additions	-	-	-	17	17
<b>Cost at 31 December 2023</b>	<b>11</b>	<b>8,336</b>	<b>4</b>	<b>17</b>	<b>8,368</b>
Depreciation and impairment losses at 1 January 2023	(9)	(7,980)	(4)	-	(7,993)
Depreciation and impairment losses	-	(33)	-	-	(33)
<b>Depreciation and impairment losses at 31 December 2023</b>	<b>(9)</b>	<b>(8,013)</b>	<b>(4)</b>	<b>-</b>	<b>(8,026)</b>
<b>Carrying amount at 31 December 2023</b>	<b>2</b>	<b>323</b>	<b>-</b>	<b>17</b>	<b>342</b>
Cost at 1 January 2022	11	8,290	4	-	8,305
Adjustment of decommissioning obligations	-	45	-	-	45
Disposals	-	1	-	-	1
<b>Cost at 31 December 2022</b>	<b>11</b>	<b>8,336</b>	<b>4</b>	<b>-</b>	<b>8,351</b>
Depreciation and impairment losses at 1 January 2022	(9)	(7,898)	(4)	-	(7,911)
Depreciation and impairment losses	-	(82)	-	-	(82)
<b>Depreciation and impairment losses at 31 December 2022</b>	<b>(9)</b>	<b>(7,980)</b>	<b>(4)</b>	<b>-</b>	<b>(7,993)</b>
<b>Carrying amount at 31 December 2022</b>	<b>2</b>	<b>356</b>	<b>-</b>	<b>-</b>	<b>358</b>
Depreciated over	20 years	20 - 40 years	3 - 10 years	-	-

### Impairment testing of property, plant and equipment

The carrying amounts of property, plant and equipment are assessed annually to determine whether there is any indication of impairment. If any such indication exists, an impairment test is carried out.

There were no indications of impairment of property, plant and equipment in 2023.



## 5 Accounting policies

Property, plant and equipment comprise land and buildings, production assets and other tools and equipment. Property, plant and equipment which are not leases are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date the asset is available for use. The cost of self-constructed assets comprises direct and indirect expenses for materials, components, sub-suppliers, and wages. Finance costs that can be attributed to a preparation or production period are recognised in the income statement as finance costs. Specific and general borrowing costs attributable to a construction period are recognised in the cost of the asset constructed.

Cost is increased by the present value of the estimated costs for dismantling and removing the asset and restoring the site to the extent that they are recognised as a provision. The cost of an assembled asset can be divided into separate components that are each depreciated separately if the useful lives of the individual components differ.

In the case of assets held under lease agreements, cost is determined as the lower of the fair value of the assets and the present value of future minimum lease payments. The present value is determined using the interest rate implicit in the lease as the discount rate or an approximated value.

Subsequent costs, for example in connection with replacement of parts of an item of property, plant and equipment, are recognised in the carrying amount of the asset in question when it is probable that future economic benefits will flow to the company from the expenses incurred. Replaced parts are derecognised from the balance sheet, and their carrying

amounts are taken to the income statement. All other general repair and maintenance expenses are recognised in the income statement as incurred.

Development and construction costs relating to property, plant and equipment are recognised, until entry into service, in the balance sheet under property, plant and equipment under construction. Following entry into service, these assets are transferred to the relevant items in property, plant and equipment.

In the case of gas activities, cost is depreciated using the unit-of-production method, taking into account the expected earnings profile, so that the depreciation pattern reflects the expected earnings patterns.

In the case of other property, plant and equipment, cost is basically depreciated on a straight-line basis over the estimated future useful lives.

Depreciation periods for property, plant and equipment:

Useful lives	Years
Buildings used for own purposes <sup>1</sup>	20
Production assets: gas treatment plant <sup>2</sup>	20-40
Production assets: marine pipelines <sup>2</sup>	20-40
Fixtures and fittings, tools and equipment	3-10
Assets under construction <sup>3</sup>	-

<sup>1</sup> Land is not depreciated.

<sup>2</sup> The depreciation profile takes into account that the use of the assets changes substantially over the lives of the assets.

<sup>3</sup> Depreciation does not commence until the date of entry into service, at which date the assets are transferred to production assets.

The basis of depreciation is determined on the basis of the asset's residual value less any impairment losses. The residual value is determined at the acquisition date and reassessed annually. Depreciation ceases if the residual value exceeds the carrying amount.

If the depreciation period or the residual value changes, the effect on depreciation is recognised prospectively as a change in accounting estimates.

Depreciation and impairment losses are recognised in the statement of comprehensive income to the extent that depreciation is not recognised in the cost of self-constructed assets.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as 'Other operating income' or 'Other operating expenses'.

## Investments in subsidiaries

### Note 13

DKKm	2023	2022
Cost at 1 January	1,585	1,928
Adjustment opening, merger	-	(280)
Divestment of shares	(455)	-
Adjustments to liquidated companies	-	(63)
<b>Cost at 31 December</b>	<b>1,130</b>	<b>1,585</b>
Value adjustments at 1 January	(1,408)	(1,666)
Adjustment opening, merger	-	257
Adjustments to liquidated companies	-	1
Divestment of shares	365	-
<b>Value adjustments at 31 December</b>	<b>(1,043)</b>	<b>(1,408)</b>
<b>Carrying amount at 31 December</b>	<b>87</b>	<b>177</b>

Ørsted Salg & Service A/S subsidiaries Company name	Registered office	Currency	Share capital in million	Ownership interest
Ørsted Sales GmbH	Hamburg, Germany	EUR	1.0	100%
Ørsted AB	Gothenburg, Sweden	SEK	5.0	100%
Danish Offshore Gas Systems A/S	Fredericia, Denmark	DKK	1.0	100%
Valified ApS	Copenhagen, Denmark	DKK	0.1	4.29%
Ørsted S&D (UK) Limited	London, UK	GBP	48.0	100%
Ørsted Salg & Service NL, branch of Ørsted Salg & Service A/S Denmark	's-Gravenhage, the Netherlands	EUR	-	100%
Ørsted Commercial Commodities A/S <sup>1</sup>	Fredericia, Denmark	DKK	0.4	100%

<sup>1</sup> 20 February 2024 the name is changed to Ørsted nr. 1 2023 A/S

We have tested investments in subsidiaries for impairment by comparing the expected future income in the individual subsidiary with their carrying amounts.

In 2023 Orsted Markets GmbH, with a carrying amount of DKK 90 million is divested internally to a related company in the Ørsted Group. The divestment has reduced costs with DKK 455 million and value adjustments with DKK 365 million. Ørsted Salg & Service A/S has received a payment of DKK 103 million, resulting in a gain of DKK 13 million in Ørsted Salg & Service A/S.

Ørsted Pipelines A/S, a 100% owned subsidiary, is merged into Ørsted Salg and Service A/S per 1 January 2023. Comparison numbers for 2022 is adjusted to reflect the merger. The cost of 'Investments in subsidiaries' was reduced with DKK 280 million and 'Value adjustments' with DKK 257 million. Total impact on carrying amount at 1 January 2022 is DKK 23 million.

In 2022, Orsted Energy Solutions (UK) Limited is liquidated and dividends of DKK 64 million is received.

## 5 Accounting policies

Investments in subsidiaries are measured at cost. Cost is written down to the recoverable amount whenever it exceeds the recoverable amount.

## Derivatives

### Note 14

Financial instruments by category DKKm	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets</b>				
Derivative financial instruments held for trading	12,717	12,717	46,675	46,675
Securities	-	-	380	380
<b>Financial assets measured at fair value via the income statement</b>	<b>12,717</b>	<b>12,717</b>	<b>47,055</b>	<b>47,055</b>
Derivative financial instruments held for hedging	1,415	1,415	3,520	3,520
<b>Derivatives (assets) used ad hedging instruments</b>	<b>1,415</b>	<b>1,415</b>	<b>3,520</b>	<b>3,520</b>
Trade receivables	4,883	4,883	7,733	7,733
Other receivables, cash, and cash equivalents	24,963	24,963	18,507	18,507
<b>Financial assets measured at amortised cost</b>	<b>29,846</b>	<b>29,846</b>	<b>26,240</b>	<b>26,240</b>
<b>Equity and liabilities</b>				
Derivative financial instruments held for trading	10,760	10,760	40,103	40,103
<b>Financial liabilities measured at fair value via the income statement</b>	<b>10,760</b>	<b>10,760</b>	<b>40,103</b>	<b>40,103</b>
Derivatives financial instruments held for hedging	1,458	1,458	9,778	9,778
<b>Derivatives (liabilities) used as hedging instruments</b>	<b>1,458</b>	<b>1,458</b>	<b>9,778</b>	<b>9,778</b>
Bank loans	2	2	-	-
Other payables	6,802	6,802	17,969	17,969
<b>Financial liabilities measured at amortised cost</b>	<b>6,804</b>	<b>6,804</b>	<b>17,969</b>	<b>17,969</b>

In 2023, we recognised volume ineffectiveness related to power, gas and oil hedges, primarily related to exposure in 2023 and 2024. In total, these amounted to DKK 27 million (2022: DKK -1,197 million).

### Categories of financial instruments

Financial instruments are used for various purposes. The purpose determines the category, and whether the value adjustment of the instrument should be recognised in the profit (loss) for the year or as part of the hedging reserve in equity.

The fair value of financial instruments measured at amortised cost is identical to the carrying amount.

### Fair value measurement

All assets and liabilities measured at fair value are measured on a recurring basis.

Quoted prices comprise derivative financial instruments that are traded in active markets. It is customary to settle these trades on a daily basis.

Observable inputs comprise derivative financial instruments where valuation models with observable inputs are used to measure fair value. For commodity derivatives we can directly apply the observable commodity price adjusted for the credit risk on the counterparty.

### Significant non-observable inputs

Market values based on non-observable input comprise primarily long-term contracts on the purchase or sale of power. Since there are no active markets for the long-term prices of power, the market values

have been determined through an estimate of the future prices based on an extrapolation of the forward curve adjusted for inflation.

### Estimating non-observable power prices

Since our corporate power purchase agreements (CPPAs) are normally settled on the actual production, and the power prices available in the market are based on a constant production (flat profile), we take into account that our expected production is not constant, and thus our CPPAs will not be settled against a flat profile price (intermittency adjustment). For the majority of our markets, the flat profile power price can be observed for a maximum of four to six years in the market, after which an active market no longer exists.

### Valuation principles and material assumptions

In order to minimise the use of subjective estimates or modifications of parameters and calculation models, it is our policy to determine fair values based on the external information that most accurately reflects the market values.

We use pricing and benchmark services to increase data quality. Market values are determined by the Group Treasury & Risk Management function, which reports to the Group CFO. The developments in market values are monitored on a continuing basis and reported to the Executive Committee.

## Derivatives

Note 14 – continued

Energy price cash flow hedge accounting 2023 DKK m	Contractual principal amount	Maturity analysis			Market value		Recognised in comprehensive income	Expected transfers to EBITDA		
		2024	2025	After 2025	Asset	Liability		2024	2025	After 2025
<b>EBITDA impact</b>										
Power swaps, futures and options	2,899	1,302	1,196	401	1,067	1,048	1,128	614	335	179
Gas swaps and futures	1,005	351	596	58	154	207	(710)	(594)	(43)	(73)
Oil futures	8	8	-	-	-	-	-	-	-	-
Currency, forwards	1,272	1,268	(28)	32	194	203	(9)	(3)	(2)	(4)
<b>Total</b>					<b>1,415</b>	<b>1,458</b>	<b>409</b>	<b>17</b>	<b>290</b>	<b>102</b>

Energy price cash flow hedge accounting 2022 DKK m		2023	2024	After 2024				2023	2024	After 2024
<b>EBITDA impact</b>										
Power swaps, futures and options	5,285	1,897	1,820	1,568	2,467	7,981	(4,585)	(2,401)	(1,414)	(770)
Gas swaps and futures	865	196	259	411	349	991	(1,556)	(508)	(733)	(315)
Oil futures	15	9	6	-	-	-	(10)	(10)	-	-
Carbon emission alloqances	46	46	-	-	-	-	(70)	(70)	-	-
Currency, forwards	5,452	5,076	111	265	704	806	(102)	(83)	(4)	(15)
<b>Total</b>					<b>3,520</b>	<b>9,778</b>	<b>(6,323)</b>	<b>(3,072)</b>	<b>(2,151)</b>	<b>(1,100)</b>

## Derivatives

Note 14 – continued

	2023				2022			
	Receivables	Payables	Hedging instruments	Net position	Receivables	Payables	Hedging instruments	Net position
<b>Economic hedging of fair values</b>								
DKKm								
EUR	13,417	(7,449)	-	5,968	38,804	(16,674)	-	22,130
USD	137	(527)	-	(390)	171	(814)	-	(643)
GBP	6,366	(8,987)	-	(2,621)	29,789	(37,203)	-	(7,414)
Other	24	-	-	24	-	(21)	-	(21)
<b>Total</b>	<b>19,944</b>	<b>(16,963)</b>	<b>-</b>	<b>2,981</b>	<b>68,764</b>	<b>(54,712)</b>	<b>-</b>	<b>14,052</b>

	2023		2022	
	Nominal amount	Fair value	Nominal amount	Fair value
<b>Contracts accounted for at fair value through profit or loss (EBITDA)</b>				
DKKm				
Oil swaps and options	277	(492)	507	(803)
Gas swaps	1,504	2,307	3,093	2,339
Gas options	179	-	748	-
Power swaps	5,242	(419)	5,145	2,630
Power options	4,202	573	661	2,414
Coal forwards	-	-	-	(8)
Carbon emission allowances	175	-	50	-
Currency forwards	191	(13)	-	-
<b>Total</b>		<b>1,956</b>		<b>6,572</b>

### § Accounting policies

Derivative financial instruments are used to hedge currency and risks related to the price of oil, gas, and power.

Derivative financial instruments are recognised from the trading date as receivables (positive fair values) and other payables (negative fair values), respectively, and are measured in the balance sheet at fair value. Transaction costs are added to the fair value on initial recognition, unless the financial asset or financial liability is measured at fair value with recognition of fair value adjustments in profit (loss) for the year. Positive and negative values are only offset if the company is entitled to and intends to settle several financial instruments net (in cash).

The fair value of derivative financial instruments is determined on the basis of current market data and assumptions as well as recognised valuation methods.

Value adjustments of derivative financial instruments that act as economic hedges of the company's primary activities, but do not satisfy the criteria for hedge accounting, are recognised as revenue. Likewise, value adjustments of financial contracts offered to customers with a view to price hedging are recognised as revenue. Value adjustments of financial contracts that are not used as economic hedges of the company's principal activities or are part of the company's trading portfolio, are recognised as financial income and expenses.

Under IFRS, contracts that involve physical delivery may, in certain circumstances, be accounted for as derivative financial instruments. The classification is determined based on an evaluation of the purpose of the contract compared with the company's other activities.

## Derivatives

Note 14 – continued

Netting of financial assets DKK m	Recognised financial assets, gross	Financial liabilities, offset	Related amounts not netted in the balance sheet			Net amount
			Financial assets presented in the balance sheet	Liabilities with offsetting rights	Security received	
<b>31 December 2023</b>						
Derivative financial instruments	17,333	(7,273)	10,060	(1,718)	(182)	8,160
Trade receivables	21,728	(16,849)	4,879	-	-	4,879
<b>31 December 2022</b>						
Derivative financial instruments	39,398	(21,641)	17,757	(5,266)	(3,322)	9,169
Trade receivables	121,693	(114,438)	7,255	-	-	7,255

Netting of financial liabilities DKK m	Recognised financial liabilities, gross	Financial assets, offset	Related amounts not netted in the balance sheet			Net amount
			Financial liabilities presented in the balance sheet	Assets with offsetting rights	Security provided in the form of bonds	
<b>31 December 2023</b>						
Derivative financial instruments	13,977	(7,273)	6,704	(1,718)	-	4,986
Trade payables	20,981	(16,849)	4,132	-	-	4,132
<b>31 December 2022</b>						
Derivative financial instruments	55,861	(21,641)	34,220	(5,266)	(380)	28,574
Trade payables	121,661	(114,438)	7,223	-	-	7,223

### Netting of financial assets and liabilities

The netting agreements with the individual counterparties are often limited to offsetting within specific products. In addition, the settlement of liabilities and the realisation of assets do often not take place simultaneously.

We only offset positive and negative values if we are entitled to and intend to settle several financial instruments net.

Consequently, only some of the company's netting agreements meet the provisions in IFRS on offsetting.

The table to the left show financial assets and liabilities that are subject to netting agreements and related security.

Net derivative assets valued on the basis of non-observable inputs are specified in the table on page 39.

### 5 Accounting policies – Continued

Contracts entered into in the course of the company's trading activities or as part of certain hedging activities are classified and accounted for as derivative financial instruments, even though they are settled on physical delivery.

## Fair value measurement

Note 15

Fair value hierarchy of financial instruments DKKm	2023				2022			
	Quoted prices	Observable inputs	Non-observable inputs	Total	Quoted prices	Observable inputs	Non-observable inputs	Total
Commodity derivatives	4,381	7,561	1,910	13,852	14,539	27,270	8,084	49,893
Currency derivatives	-	280	-	280	-	302	-	302
<b>Total derivatives</b>	<b>4,381</b>	<b>7,841</b>	<b>1,910</b>	<b>14,132</b>	<b>14,539</b>	<b>27,572</b>	<b>8,084</b>	<b>50,195</b>
Securities	-	-	-	-	-	380	-	380
Inventories	1,723	-	-	1,723	3,492	-	-	3,492
<b>Total assets measured at fair value</b>	<b>1,723</b>	<b>-</b>	<b>-</b>	<b>1,723</b>	<b>18,031</b>	<b>27,952</b>	<b>8,084</b>	<b>54,067</b>
Commodity derivatives	5,110	4,590	2,216	11,916	12,829	28,482	8,170	49,481
Currency derivatives	-	302	-	302	-	400	-	400
<b>Total liabilities measured at fair value</b>	<b>5,110</b>	<b>4,892</b>	<b>2,216</b>	<b>12,218</b>	<b>12,829</b>	<b>28,882</b>	<b>8,170</b>	<b>49,881</b>

### Derivatives valued on the basis of non-observable inputs

DKKm	2023	2022
<b>Market value at 1 January</b>	<b>(86)</b>	<b>620</b>
Gains and losses recognised in profit (loss) for the year as revenue	1,220	1,531
Sales and redemptions	(1,619)	(2,849)
Purchases and issues	179	612
<b>Market value at 31 December</b>	<b>(306)</b>	<b>(86)</b>
Net assets can be specified as follows:		
Assets	1,910	8,084
Liabilities	(2,216)	(8,170)

### Unobservable input per commodity price

DKKm	2023	2022
German power prices	(1,269)	(3,892)
Dutch power prices	424	2,285
Nordic system power prices	415	752
Other power prices	133	852
Gas prices	(9)	(83)
<b>Total</b>	<b>(306)</b>	<b>(86)</b>

The main non-observable input is German power prices in the period 2025-2034. The average power price for the period is estimated at DKK 440 per MWh, based on an inflation-adjusted extrapolation of the observable price. An increase or decrease in the German power prices of 25% would impact the fair value by +/- DKK 1,256 million.

### Valuation techniques and significant unobservable inputs

We use a discounted cash flow model for the valuation of power derivatives.

We have entered into long-term power purchase agreements exposing us to long term power prices. The power prices are observable for up to five years in the markets we trade. When power prices are no longer observable in the market, we have estimated the power price by extrapolating the last year with an observable power price, taking expected inflation and seasonality into account.

## Maturity analysis of financial liabilities

[Note 16](#)

<b>Maturity analysis of financial liabilities 2023</b> DKKm	<b>Carrying amount</b>	<b>Payment obligation</b>	<b>2024</b>	<b>2025</b>	<b>2026-2027</b>	<b>After 2027</b>
Payables to group enterprises	2,566	2,620	2,620	-	-	-
Trade payables	4,160	4,160	4,160	-	-	-
Fair value of derivative financial instruments	12,218	13,516	8,798	2,372	1,164	1,182
Other payables	204	204	204	-	-	-
<b>31 December</b>	<b>19,148</b>	<b>20,446</b>	<b>15,728</b>	<b>2,372</b>	<b>1,164</b>	<b>1,182</b>

  

<b>Maturity analysis of financial liabilities 2022</b> DKKm	<b>Carrying amount</b>	<b>Payment obligation</b>	<b>2023</b>	<b>2024</b>	<b>2025-2025</b>	<b>After 2026</b>
Payables to group enterprises	10,370	10,408	10,408	-	-	-
Trade payables	7,223	7,223	7,223	-	-	-
Fair value of derivative financial instruments	49,881	52,525	29,338	13,942	4,791	4,454
Other payables	283	283	283	-	-	-
<b>31 December</b>	<b>67,757</b>	<b>70,439</b>	<b>47,252</b>	<b>13,942</b>	<b>4,791</b>	<b>4,454</b>



## Deferred tax

Note 17

DKKkm	2023	2022
Deferred tax at 1 January	(3,442)	(4,226)
Deferred tax for the year recognised in profit (loss)	5,100	784
Adjustments in respect of prior years	(1,504)	-
<b>Deferred tax at 31 December</b>	<b>154</b>	<b>(3,442)</b>
<b>Deferred tax is recognised in the balance sheet as follows:</b>		
Deferred tax (assets)	-	(3,442)
Deferred tax (liability)	154	-
<b>Deferred tax at 31 December, net</b>	<b>154</b>	<b>(3,442)</b>
<b>Deferred tax concerns:</b>		
Non-current assets	74	73
Non-current liabilities	(312)	(314)
Current assets	2	2
Current liabilities	511	(3,202)
Tax loss carry-forward	(121)	-
<b>Deferred tax at 31 December</b>	<b>154</b>	<b>(3,442)</b>

Development in deferred tax assets and liabilities DKKkm	Deferred tax balances at 1 January, net	Movements	Deferred tax balances at 31 December, net
<b>2023</b>			
Intangible assets	5	8	13
Property, plant, and equipment	48	(7)	41
Current assets	1	1	2
Decommissioning obligations	(134)	(5)	(139)
Other non-current liabilities	(158)	6	(152)
Current liabilities and derivatives	(3,204)	3,714	510
Tax loss carryforwards	-	(121)	(121)
<b>Total</b>	<b>(3,442)</b>	<b>3,596</b>	<b>154</b>
<b>2022</b>			
Intangible assets	8	(3)	5
Property, plant, and equipment	55	(7)	48
Current assets	49	(48)	1
Decommissioning obligations	(120)	(14)	(134)
Other non-current liabilities	(278)	120	(158)
Current liabilities and derivatives	(3,940)	736	(3,204)
<b>Total</b>	<b>(4,226)</b>	<b>(784)</b>	<b>(3,442)</b>

### Deferred tax

Deferred tax assets are expected to be utilised for offsetting against the settlement of deferred tax liabilities in companies included in joint taxation in the Ørsted Group.

### § Accounting policies

Deferred tax assets are reviewed annually and recognised only to the extent that it is probable that they will be utilised.

Deferred tax is measured using the balance sheet liability method in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. However, deferred tax on temporary differences in respect of office properties, and other items – apart from business combinations – is not recognised where temporary differences have arisen at the acquisition date without having any effect on profit (loss) or taxable income. When the tax base can be determined applying different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised as other non-current assets at the value at which they are expected to be utilised either by elimination against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax assets and deferred tax liabilities are offset if the company has a legally enforceable right to set off current tax assets and current tax liabilities or intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Adjustment of deferred tax is made relating to eliminations made of unrealised intragroup profits and losses. Deferred tax is measured in accordance with the tax rules and tax rates in the respective countries that will apply under the legislation enacted at the balance sheet date when the deferred tax is expected to crystallise in the form of current tax.

Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

## Inventories

Note 18

Inventories DKKm	2023	2022
Gas	2,165	4,556
Green certificates	1,183	843
Carbon emission allowances (purchased)	213	49
Other inventories	11	1
<b>Total inventories</b>	<b>3,572</b>	<b>5,450</b>

### Inventories

The carrying amount of inventories recognised at fair value was DKK 1,723 million (2022: DKK 3,492 million).

## 5 Accounting policies

### Inventories

Inventories consist of gas in storage facilities and in gas pipelines, acquired carbon emission allowances, and green certificates.

Gas storage in non-Danish facilities are managed on a fair value basis, and therefore the gas in these storage facilities is recognised at fair value less sales costs. Changes in the fair value less costs to sell are recognised in cost of sales in the period of the change.

Gas in Danish storage facilities are recognised at cost and determined as a weighted average of the previous month's purchase price, including transportation costs.

Purchased carbon emission allowances are measured at fair value with value adjustments recognised in the income statement.

Other inventories are measured at the lower of cost using the first-in, first-out (FIFO) principle or net realisable value. The net realisable value of inventories is determined as the expected selling price less any costs of completion and costs incurred to execute the sale and is determined taking into account marketability, obsolescence, and development of expected selling price.

## Trade receivables

[Note 19](#)

### Trade receivables that are overdue, but not individually impaired

DKKm	2023	2022
Days past due:		
Up to 30 days	11	543
30-90 days	49	182
More than 90 days	43	400
Trade receivables, write-downs	(8)	(13)
<b>Trade receivables overdue at 31 December</b>	<b>95</b>	<b>1,112</b>

Expected credit losses on trade receivables are assessed on the basis of due date and historical experience. For receivables with a general credit risk, a write-down of 0-1 % is carried out on initial recognition.

## 5 Accounting policies

### Receivables

We keep our receivables until maturity, and therefore, they are measured at amortised cost.

Write-downs are carried out from initial recognition of our receivables. Write-down is calculated as the difference between the carrying amount of the receivable and the net present value of expected future cash flows from the receivable. The discount rate used is the effective interest rate for the individual receivable or the individual portfolio.

We apply the simplified approach to the write-down of trade receivables, which permits calculating the write-downs as the full loss during the entire term of the receivable.

Other receivables include positive fair values of derivative financial instruments, etc.

### Financial liabilities

Trade payables, payable income tax, and other payables are measured at net realisable value. Other payables include negative fair values of derivative financial instruments, etc.

Financial liabilities whose values have been effectively hedged are adjusted to fair value to the extent of the hedged risk. The value adjustment is recognised in the income statement as financial income or financial expenses.

## Other receivables and other payables

[Note 20](#)

<b>Other receivables</b>		
DKKm	<b>2023</b>	<b>2022</b>
Collateral provided	599	2,985
Margin calls	54	327
Deposits	100	431
Renewables Obligation Certificates (ROC) factoring recycle value	12	-
Other receivables	14	11
<b>Total other receivables</b>	<b>779</b>	<b>3,755</b>

Collateral provided are margin account deposits, which have been pledged as collateral for trading in financial instruments.  
Margin calls are receivables from banks regarding market development in financial instruments used for trading.

<b>Other payables</b>		
DKKm	<b>2023</b>	<b>2022</b>
VAT and other indirect taxes	69	108
Other payables	145	175
<b>Total other payables</b>	<b>214</b>	<b>283</b>

## Income tax receivable

[Note 21](#)

DKKm	2023	2022
Income tax receivable (asset)	(2,035)	(1,758)
Income tax payable (liability)	-	-
Income tax at 31 December, net	(2,035)	(1,758)
Income tax receivable/payable at 1 January	(1,758)	2,049
Adjustments to current tax in respect of prior years	1,506	5
Payments in respect of prior years	443	(2,535)
Current tax for the year	(2,224)	(1,272)
Current tax discontinued operations	-	(5)
Payments in respect of the year	(2)	-
<b>Income tax receivable at 31 December</b>	<b>(2,035)</b>	<b>(1,758)</b>

## Cash, cash equivalents, and securities

[Note 22](#)

Cash, cash equivalents, and securities DKKm	2023	2022
<b>Cash and cash equivalents can be specified as follows:</b>		
Cash, available	40	1,124
<b>Total cash and cash equivalents at 31 December, cf. Statements of cash flows</b>	<b>40</b>	<b>1,124</b>
Cash at 31 December can be specified as follows:		
Cash, available	40	1,124
Cash, not available for use	-	2,045
<b>Total cash at 31 December, cf. balance sheet</b>	<b>40</b>	<b>3,169</b>
Securities at 31 December can be specified as follows:		
Securities, not available for use	-	380
<b>Total securities at 31 December, cf. balance sheet</b>	<b>-</b>	<b>380</b>

### Cash, cash equivalents, and securities

Securities not available for use comprise securities pledged as collateral for:

- trading in financial instruments:  
DKK 0 million at 31 December 2023  
(2022: DKK 380 million).

Cash not available for use comprises:

- payables for the purchase of gas that has not yet been settled placed on a restricted account:  
DKK 0 million (2022 : DKK 2,045 million).

### 5 Accounting policies

#### Income tax receivable and payable

Current tax liabilities and current tax receivables are recognised in the balance sheet as tax calculated on the year's taxable income adjusted for tax on previous years' taxable income and tax paid on account.

## Equity

Note 23

### Share capital

The company's annual report forms part of the consolidated financial statements of Ørsted A/S, Fredericia, which owns the entire share capital.

Ørsted Salg & Service A/S's capital is DKK 2,610,000,000 (2022: 2,610 million) divided into shares of DKK 1,000. All shares rank equally. There are no restrictions on voting rights.

### Dividend

The Board of Directors recommends dividend of DKK 10 billion to be paid for the financial year 2023 (2022: DKK 0 million).

### Capital management

Ørsted Salg & Service A/S's liquidity and financing risks are managed centrally by Ørsted A/S in accordance with principles and delegated authorities laid down by the Board of Directors of Ørsted A/S in order to ensure that Ørsted Salg & Service A/S has an adequate capital base and adequate cash resources at all times. One of the most important financial management tasks in the Ørsted Group is to secure sufficient and flexible financial resources in relation to the day-to-day operations and the Ørsted Group's investment programme. For this purpose, internal management objectives have been set for the required level of

financial resources, primarily considering factors such as the investment programme, cash flows from operating activities, and the debt maturity profile.

It is the Ørsted Group's financing policy to concentrate loans in the parent company in order to optimise the loan portfolio on a consolidated basis.

## 5 Accounting policies

### Dividends

Proposed dividends are recognised as a liability at the date of their adoption at the annual general meeting (declaration date). Up to the declaration date, proposed dividends are disclosed as a separate item in equity.

## Provisions

Note 24

Provisions DKKm	2023				2022			
	Decommissioning obligations	Onerous contracts	Other liabilities	Total	Decommissioning obligations	Onerous contracts	Other liabilities	Total
Provisions at 1 January	607	154	421	1,182	543	618	538	1,699
Used during the year	-	(13)	-	(13)	-	(182)	-	(182)
Provisions reversed during the year	-	-	(2)	(2)	-	(300)	(117)	(417)
Provisions made during the year	-	-	1	1	-	-	1	1
Interest element of obligations	21	5	-	26	19	18	-	37
Change in other abandonment factors	-	-	-	-	45	-	-	45
<b>Total provisions</b>	<b>628</b>	<b>146</b>	<b>420</b>	<b>1,194</b>	<b>607</b>	<b>154</b>	<b>421</b>	<b>1,182</b>
<b>Falling due as follows:</b>								
In 0-1 year	-	20	1	21	-	-	3	3
In 1-5 years	-	126	419	545	-	154	418	572
After 5 years	628	-	-	628	607	-	-	607

### Decommissioning obligations

Decommissioning obligations relates to expected future costs for restoration and decommissioning of gas infrastructure assets.

### Onerous contracts

Onerous contracts comprise a contract for gas storage capacity in Germany of DKK 146 million (2022: DKK 154 million).

### Other liabilities

Other liabilities comprise primarily other contractual obligations.

### § Accounting policies

Provisions are recognised when the following criteria are fulfilled:

- We have a legal or constructive obligation as a result of an earlier event.
- The settlement of the obligation is expected to result in an outflow of resources.
- The obligation can be measured reliably.

For onerous contracts, a provision is made when the expected income to be derived from a contract is lower than the unavoidable cost of meeting our obligations under the contract.

Decommissioning obligations are measured at the present value of the future liability in respect of decommissioning as expected at the balance sheet date. The present value of the provision is recognised as part of the cost of property, plant and equipment and depreciated together with the associated asset. The addition of interest on provisions is recognised in the income statement under financial expenses.

### ρ Key accounting estimate

In the course of Ørsted Salg & Service A/S operations, a number of commercial contracts have been entered into with fixed terms of contract that may result in the contracts becoming onerous depending on market developments, etc., and the obligations incurred by the Ørsted Salg & Service A/S as a result of these contracts may also be subject to uncertainty. The judgements concerning these complex contracts and their future effects are subject to significant uncertainties.

Decommissioning obligations comprise estimated expenses related to decommissioning and disposal of production assets. Estimates of the obligations are based on expectations of the future cost level, timing of decommissioning and the structural risk-free interest rate. The expectation for calculating the provision may depend on future events which are uncertain by nature.

The estimated obligations have been discounted to present value using either the structural risk-free interest rate or the incremental borrowing rate. The structural risk-free rate is used for decommissioning liabilities and onerous contracts. It is calculated as the sum of real return (Gross Domestic Product growth rate), inflation, and inflation premium for other risks.

## Contract liabilities

[Note 25](#)

<b>Contract balances</b>		
DKKm	2023	2022
<b>Contract liabilities</b>		
Non-current contract liabilities	4	4
Current contract liabilities	113	121
<b>Total contract liabilities</b>	<b>117</b>	<b>125</b>

Contract liabilities primarily relate to prepayments of gas and power contracts.

## 5 Accounting policies

We recognise a contract liability when the invoicing on account and expected losses exceed the transaction price of the goods or services transferred to our customer.

## Change in working capital

[Note 26](#)

<b>Change in working capital</b>		
DKKm	2023	2022
Change in inventories	1,878	(362)
Change in contract assets and liabilities	(8)	(262)
Change in trade receivables	6,940	(2,495)
Change in current receivables from group	-	(137)
Change in other receivables	2,945	4,373
Change in trade payables	(5,817)	1,868
Change in other payables, etc.	(41)	109
<b>Change in working capital</b>	<b>5,897</b>	<b>3,094</b>



## Financial risks and risk management

Note 27

### Financial risks

Ørsted Salg & Service A/S is exposed to several different financial risks, including fluctuations in commodity prices, exchange rates, credit risks, and interest rates. The management of these risks is an important focus area in the company.

Risk management is aimed at identifying the various risk areas and determining a strategy for managing them. A special Risk Committee has been appointed who is responsible for monitoring the Ørsted Group's risk management and risk control relating to market and credit risks. A centralised group risk management function has been set up in Ørsted to support the Risk Committee.

Various strategies have been put in place to manage the risks and align the risk profile. The risk profile is managed through the conclusion of financial and physical contracts for commodities, and currencies.

The operating profit may fluctuate considerably from year to year because of price developments.

### Managing short-term market risks

Our focus is on actively managing the market risks for the first five years. We primarily hedge future prices using derivatives to reduce cash flow fluctuations after tax.

Minimum hedging levels are currently determined by the Ørsted group Board of Directors. In the first year,

price risks are almost fully hedged. The degree of hedging declines in subsequent years due to:

- reduced certainty about long-term production volumes
- increasing hedging costs in the medium to long term, both spread costs and costs of collateral
- adverse impacts from collateral, potentially tying up large amounts of capital if hedging contracts become unfavourable.

### Market trading

When the Ørsted Group's desired hedging level has been determined, the exposures are transferred to the market trading function, which is part of Ørsted Salg & Service A/S. Market Trading is responsible for executing the physical and financial transactions in the market. It is not always possible to hedge the transferred price risks in full. Therefore, Ørsted Salg & Service A/S has some remaining exposure resulting from these activities.

The Salg & Service A/S also balances the physical energy volumes in the market and, to a lesser extent, engages in active position taking to ensure an ongoing market presence and thus gain more detailed market insights. Furthermore, Ørsted Salg & Service A/S has assumed the role of market maker in the Danish power market, which entails further market risks.

### Market risk policy

Our most significant market risks relate to:

- energy and commodity prices
- production variability
- foreign exchange rates
- interest rates and inflation.

The overall objective of our financial risk management is to:

- increase the predictability of our short-term income and construction costs
- protect our current and future investment capacity by stabilising key rating metrics like FFO/NIBD
- protect the long-term real value of the shareholders' investment in Ørsted

The governance for managing market, credit, and liquidity risks are based on the three lines of defence model:

The first line of defence is responsible for all risks we take on through our business, hedging, and trading activities.

The second line of defence is Risk Management, which oversees the activities of the first line, challenges, monitors, and reports risk exposures, and mandate compliance.

The third line of defence is Internal Audit.

### Key accounting estimate

#### Valuation of long-term power purchase agreements

When we measure our power purchase agreements at fair value, we use estimates of non-observable prices such as:

- production forecasts – intermittency (expected profiled production versus constant (flat) production)
- forecasted long-term power prices and exchange rates
- forecasted inflation expectations

The development in market values is monitored on a continuing basis and reported to the Group Executive Team.

#### Hedge accounting

Hedge effectiveness is measured using forecasted production as well as estimates regarding energy prices, intermittency, interest, currency and inflation. For periods where we are close to fully hedged, volume overhedging is possible if the forecasted production does not materialize which will lead to recognition of ineffectiveness.

## Financial risks and risk management

Note 27 – Continued

### Managing long-term market risks

Beyond the period where we actively hedge, our market risk picture is determined by our portfolio of assets and long-term contracts. We actively manage the long-term market risk through the investment decisions we take and contracts we enter into. Our power exposure is partly mitigated through long-term corporate power purchase agreements (CPPAs), and we use debt to manage our long-term currency, interest rate, and inflation risks.

### Commodity price risks

Our price risk arise from the purchase and sale of power and gas. The price risks associated with the purchase and sale of gas result from differences in the indexing of sales and purchase prices. Our largest gas purchase contracts include the option of renegotiating the contract price if it no longer reflects market conditions.

The price risks associated with power purchases and sales are given by the difference between the purchase and sales prices. The price risks primarily relate to timing differences between purchases, sales, and the related hedges, and is therefore considered to be limited.

### Currency risks

Currency risks arise primarily from:

- Purchase and sale of power and gas.
- Energy trading, which is typically priced in currencies other than DKK.

Currency exposure is hedged using forward exchange contracts, swaps, and options.

### Interest rate risks

Interest rate risks primarily relate to loan portfolio, cash, and financial hedging. These risks are managed in relation to the Ørsted Salg & Service A/S's net financing requirement and capital structure.

Interest rate risk is measured on a net basis, and both debt and any placing of excess cash are included. Interest rate risk is adjusted through the interest terms attaching to the Group's loans.

### Credit risks

Credit risks arise primarily from transacting in power and gas – both wholesale, physical, and financial transactions, including placing surplus cash.

We conclude contracts with customers and suppliers on the physical delivery of energy products and hedging contracts with other energy companies, specialised trading houses and international banks. Physical contracts with a term of more than one year are normal, and gas purchase contracts can have terms of more than five years. All such contracts involve a risk of loss in the event of a counterparty failing to perform its obligations. Such risks are quantified and managed as credit risks and are a significant focus area in Ørsted Salg & Service A/S.

Credit risk is managed based on internal credit limits for counterparties and structured monitoring of the actual exposure. Credit limits are established based on an assessment of the counterparty's credit rating. If the counterparty has an external credit rating, for example from Moody's or Standard & Poor's, this is an important factor in determining the counterparty's credit rating.

Credit risks are coordinated in relation to all business activities, so that Ørsted Salg & Service A/S does not assume inappropriately large exposures to individual counterparties. With a view to reducing its credit exposure, the company endeavours, as far as possible, to clear transactions via a clearing centre, such as Nord Pool, and uses formalised framework agreements, such as ISDA and EFET agreements and master netting agreements. To this should be added the limited use of security, such as bank guarantees.

As part of its risk management, the Group monitors its credit exposure in relation to all trading counterparties daily as well as monthly or quarterly in the case of other counterparties. Historically, losses due to default by counterparties have been small.

### Financing and capital resources

One of the main financial management responsibilities is to secure sufficient, flexible financial resources for the day-to-day operations and for the implementation of

#### Key accounting judgement

##### Valuation of long-term power purchase agreements

We measure our power purchase agreements at fair value, but they cannot always be measured on quoted prices in active markets due to the long duration of the contracts. We use elements of judgements determining models to measure the fair value and we aim to limit the use of subjective estimates and base the fair values on external information including external pricing and benchmark services.

##### Hedge accounting

Judgements are used to consider whether forecasted transactions are highly probable exposures as hedged item in a hedge relationship, eg. expected production from wind farms, and judgment is applied in whether the hedge instruments applied in the hedge relationships identified are effective.

## Financial risks and risk management

Note 27 – Continued

Credit quality of counterparties DKKm	2023	2022
AA	(22)	6
A	293	221
BBB <sup>1</sup>	23,455	7,245
B	-	2
Other <sup>2</sup>	4,977	11,532
<b>Total credit exposure</b>	<b>28,703</b>	<b>19,007</b>

<sup>1</sup> In 2023 DKK 22,481 million (2022: DKK 5,990 million) is related to Ørsted A/S and the Inhouse Clearing Bank.

<sup>2</sup> DKK 1,671 million (2022: DKK 5,761 million) is related to group companies which are not individually rated.

Sensitivity Analysis Risks DKKm	Price change	Estimated effect on profit (loss) 31 December		Estimated effect on equity 31 December	
		2023	2022	2023	2022
Oil	+25%	27	43	2	4
	-25%	(18)	(42)	(2)	(4)
Gas	+25%	(375)	(944)	(106)	(218)
	-25%	387	964	106	218
Power	+25%	(1,340)	(2,329)	(836)	(2,864)
	-25%	1,324	2,427	836	2,864
Carbon emission allowances	+25%	(24)	(25)	-	-
	-25%	25	25	-	-
USD	+10%	(67)	(103)	-	-
	-10%	67	103	-	-
GBP	+10%	(305)	(1,030)	142	(71)
	-10%	305	1,030	(142)	71
EUR	+1%	70	248	(3)	(8)
	-1%	(70)	(248)	3	8

Ørsted Salg & Service's strategy, considering the Ørsted Group's rating. To this end, internal management objectives have been established for the required level of financial resources, taking into account factors such as investment programme, operating cash flow, and debt maturity profile.

### Sensitivity analysis

The sensitivity analysis in the tabel shows the effect of market value changes assuming a relative price change at 31 December. The illustrated effect on profit (loss) comprises financial instruments that remained open at the balance sheet date and have an effect on profits in the financial year in question. Besides derivative financial instruments on commodities and currency, financial instruments in this context include receivables and payables in foreign currencies.

It should be noted that the illustrated sensitivities only comprise Ørsted Salg & Service A/S's financial instruments and therefore exclude the effect from contracts concluded under which physical delivery of the underlying assets is made, as these are not recognised as financial instruments in accordance with IFRS 9. Thus, the sensitivity only comprises the derivative financial instruments and not the physical contracts they hedge.

### Estimated effect on profit (loss)

The illustrated effect on profit (loss) is the effect from financial instruments that remained open at the balance sheet date and have an effect on profit (loss) in the financial year in question. Besides derivative financial instruments on commodities and currencies, financial instruments in this context include receivables and payables in foreign currencies. It should be noted that the shown sensitivities only comprise the company's financial instruments and consequently are not representative of the company's total risk profile in relation to commodity prices and exchange rates. Furthermore, the sensitivities only reflect the effect of changes at the balance sheet date and not for an entire accounting period.

### Estimated effect on equity

The illustrated effect on equity is the effect from financial instruments that remained open at the balance sheet date and affect equity at the balance sheet date, excluding instruments that affect the income statement. Here, financial instruments include derivative financial instruments on commodities and currency, which are accounted for as hedges of cash flows.

## Contingent liabilities and other liabilities

Note 28

At year-end, Ørsted Salg & Services A/S had the following contingent and other liabilities:

### Indemnities

The company is taxed jointly with other companies in the Ørsted Group. The companies have unlimited as well as joint and several liability together with the other taxed companies for Danish income taxes and withholding taxes on dividends, interest, and royalties within the jointly taxed companies.

Ørsted A/S is the management company. Reference is made to the Ørsted Group's annual report 2023.

### Liability to pay compensation (absolute liability)

According to legislation, Ørsted Salg & Service A/S is liable in tort for any damage caused by the companies' gas activities even where there is no proof of negligence (absolute liability). The usual insurance has been taken out to cover any such claims.

### Litigation

The company is party to a number of litigation proceedings and legal disputes that are not estimated to have any material effect on the financial position, neither individually nor collectively.

The outcome of litigation proceedings and legal disputes is based on the expected legal assessment, which is updated quarterly. The expectations may depend on future events which are uncertain by nature.

# Other notes

1 January – 31 December 2023

## Auditor's fees

[Note 29](#)

DKKm	2023	2022
Statutory audit	(2)	(2)
<b>Total fees to PwC</b>	<b>(2)</b>	<b>(2)</b>

PwC is Ørsted's auditor appointed by the general meeting. PwC audits the consolidated financial statements of Ørsted and the subsidiaries' financial statements in all the countries where we are represented.

## Related-party transactions

Note 30

DKKkm	Ørsted A/S		Subsidiaries		Group enterprises		Joint ventures and associates	
	2023	2022	2023	2022	2023	2022	2023	2022
Sale of goods and services	5	12	669	4,391	4,620	16,806	-	-
Purchase of goods and services	-	-	(122)	(3)	(17,621)	(31,100)	(191)	(220)
Interest, net	618	(126)	-	-	-	-	-	-
Dividends	-	-	-	65	-	-	-	-
Receivables	26	219	40	1,976	3,497	27,843	-	-
Ørsted Group's internal bank receivables <sup>1</sup>	22,481	5,990	331	824	1,340	4,800	-	-
Payables	384	334	5	2,697	3,518	10,479	25	18

<sup>1</sup> Ørsted Salg & Service have the right to require the receivable from Ørsted Group's internal bank settled with short notice.

Related parties with a controlling interest is Ørsted A/S and the Danish state, represented by the Danish Ministry of Finance, which has a majority holding in the parent company Ørsted A/S.

Related parties with significant influence include the companies' boards of directors, executive boards, executive employees, and members of their families. Related parties also comprise companies in which the persons referred to above have significant influence and group enterprises and associates in the Ørsted Group.

As part of its ordinary operations, Ørsted Salg & Service A/S sells to and buys its products from related parties on market terms.

The company was involved in the following transactions with related parties in the financial year under review.

Ørsted Salg & Service A/S uses the exception set out in IAS 24.25 concerning entities in which the state is a related party, and transactions with state enterprises are therefore not disclosed.

### Specific transactions

The company has had transactions with group enterprises as part of its responsibility for the trading function for the Ørsted Group's companies in relation to commodity instruments, etc. Furthermore, balances with group enterprises have been established as part of the normal financing of the Group's activities.

In 2023 Orsted Markets GmbH is divested internally.

Remuneration of the Board of Directors and the Executive Board is disclosed in note 4 'Employee costs' and note 5 'Share-based payment'. All employees are legally employed by other Ørsted group companies, but the employees spend full-working time in Ørsted Salg & Service A/S why employee costs are recharged to Ørsted Salg & Service A/S.

## Calculation of financial ratios

[Note 31](#)

Unless otherwise stated, financial ratios have been calculated in accordance with 'Recommendations & Financial Ratios' published by the Danish Society of Financial Analysts.

Financial ratios have been calculated as follows:

<b>EBITDA margin</b>	$\frac{\text{Earnings before interest, tax, depreciation, and amortisation}}{\text{Revenue}}$
<b>EBIT margin (profit margin)</b>	$\frac{\text{Earnings before interest and tax}}{\text{Revenue}}$
<b>Net interest-bearing debt</b>	$\text{Interest-bearing liabilities} - \text{interest-bearing assets}^1$
<b>Capital employed</b>	$\text{Equity plus/minus gains/losses relating to hedging instruments on equity} + \text{net interest-bearing debt}^2$

<sup>1</sup> Bank overdrafts that are included in the statement of cash flows as cash and cash equivalents are included as negative interest-bearing assets.

<sup>2</sup> The definition deviates from 'Recommendations & Financial Ratios 2015' published by the Danish Society of Financial Analysts.



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