

Orsted

Investor
presentation

Q2 2023



10 August 2023

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This presentation contains certain forward-looking statements which include projections of our short- and long-term financial performance and targets as well as our financial policies, including but not limited to, the statements and expectations contained in the “Financial Outlook” section of this presentation. Statements herein, other than statements of historical fact, regarding our future results of operations, financial condition, cash flows, business strategy, plans and future objectives are forward-looking statements. Words such as “targets”, “believe”, “expect”, “aim”, “intend”, “plan”, “seek”, “will”, “may”, “should”, “anticipate”, “continue”, “predict” or variations of these words, as well as other statements regarding matters that are not historical facts or regarding future events or prospects, constitute forward-looking statements.

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CMD 2023 – Becoming the world's leading green energy major

Our strategy

Be selective in the massively growing market, and continue to deliver industry-leading value creation

Maintain global leadership in offshore wind across Europe, Americas, and APAC

Establish a significant regional growth platform in onshore renewables and shape the market for P2X

Leverage our unrivalled global pipeline of more than 100 GW to advance the most value-creating ~50 GW renewable capacity by 2030

Deliver significant growth in operating earnings, attractive long-term return on capital, and a long-term dividend commitment to our shareholders

Our strategic ambition, financial targets, and policies

~50 GW

installed renewable capacity by 2030

150-300 bps

targeted range for spread to WACC¹

DKK 50-55 bn

Group EBITDA by 2030

~14 %

ROCE for the period 2023-2030

Extending dividend commitment to 2030



Q2 2023 – Highlights

Financials

- H1 2023 EBITDA of DKK 10.2 billion. Offshore sites amounting to DKK 9 billion, up 57 % compared to the same period last year
- Divested remaining 25 % minority interest in UK offshore wind farm, London Array, at an attractive NPV retention

Awarded projects

- Ocean Wind 1 received Federal Record of Decision. New Jersey passed legislation for Ocean Wind 1 to access and retain all federal tax credits
- Broke ground on FlagshipONE (70 MW) which will be Europe's largest e-methanol facility
- Foundation installation commenced at Gode Wind 3
- 20-year contract awarded for the Kalundborg Hub carbon capture and storage project

Sustainability

- First energy company in the world to issue blue bond at World Oceans Day with a EUR 100 million private placement
- Announced industry-first pioneering sustainability partnership to procure low-carbon steel turbine towers and blades towards net-zero wind farms
- Announced ban on landfill of solar panels with immediate effect

Continued expansion of industry-leading offshore wind pipeline

3 GW added to substantiated pipeline

- Expanded pipeline in US through acquisition of 2 GW seabed from Eversource
- Vikinge Banke (1.1 GW) selected to be part of the Danish open door application process

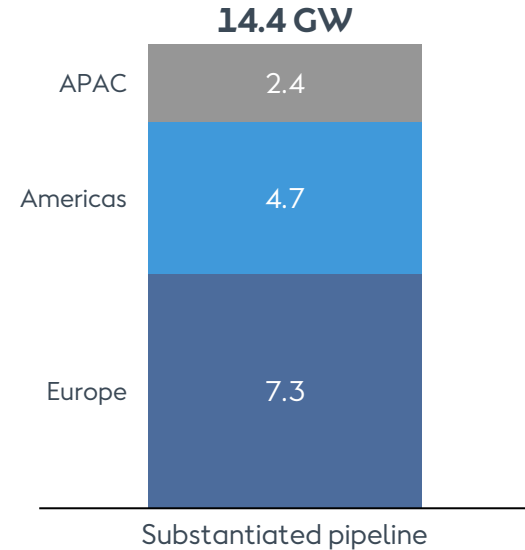
Other recent developments

- Entered offshore wind in Ireland through partnership with ESB
- Hornsea 4 (up to 2.6 GW) received development consent order
- Secured 210 MW of additional seabed capacity in Poland with our partner PGE

Offshore wind opportunity pipeline > 60 GW

Offshore wind substantiated pipeline

GW, gross capacity



Offshore substantiated pipeline: Projects that have reached a certain level of maturity in a market with a regulatory framework such as secured consent, exclusivity through lease, secured EIA or established partnership. Offshore opportunity pipeline: Less mature projects that we are actively working on, where we have not secured exclusivity yet, where the regulatory regime is immature or where there are centralised tenders with no exclusivity options

Up to 50 GW offshore wind capacity expected to be auctioned in 2023-2024

Bids submitted



Award Q4 2023
New York 3
2,000 – 4,600 MW

Upcoming auctions and tenders



Q3 2023
New Jersey 3
1,200 – 4,000 MW



H2 2023
Sørlige Nordsjø II site 1
1,500 MW



Q1 2024
Connecticut 3
Up to 2,000 MW



Q1 2024
Massachusetts 4
Up to 3,600 MW



2024
ORESS 2.1
900 MW



H1 2023
CfD R5
Ongoing



H1 2024
Taiwan auction
3,000 MW



H1 2024
Ijmuiden Ver
4 GW



2024
Danish tender
9 – 14 GW

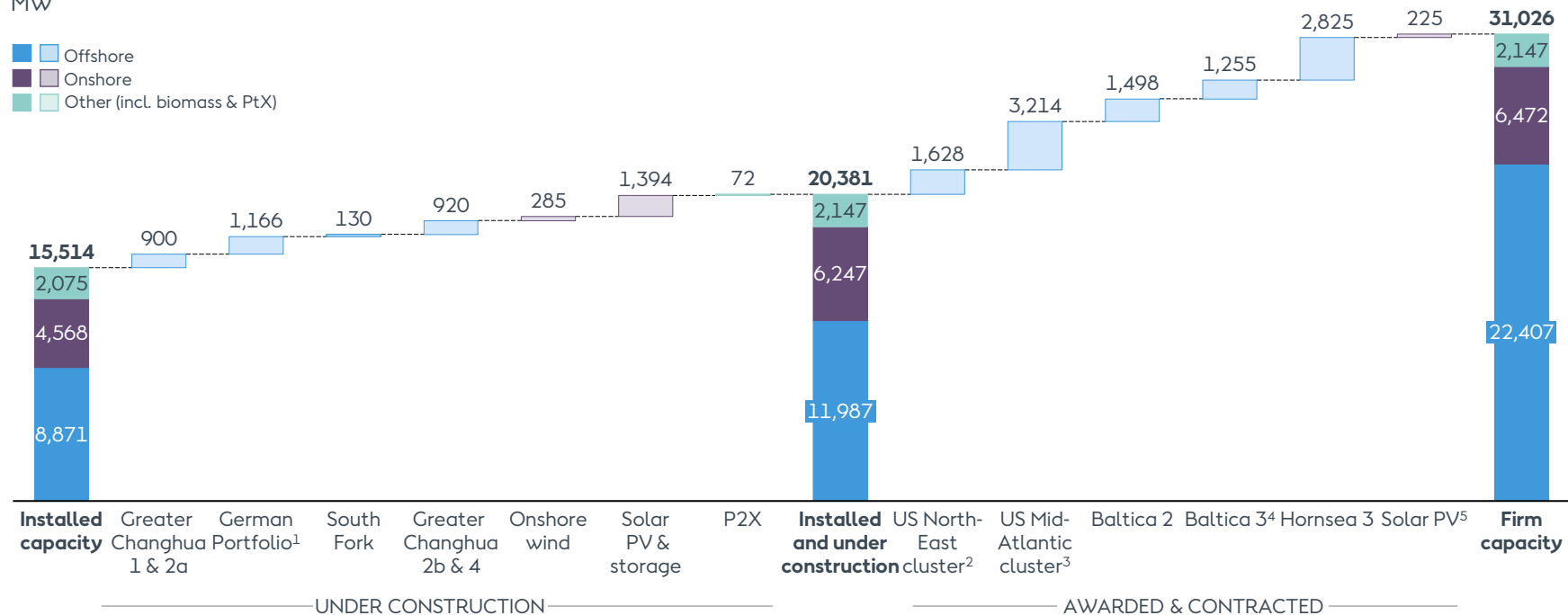
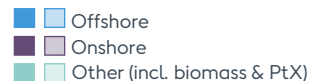


2024
German tender
Up to 8 GW

Ørsted construction programme and pipeline

Gross renewable capacity

MW

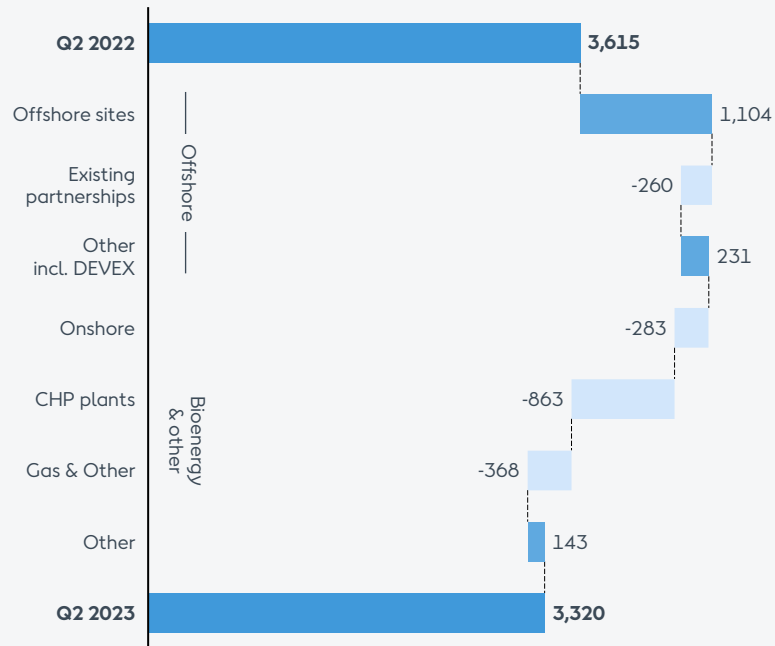


1. German Portfolio: Gode Wind 3 (253 MW) and Borkum Riffgrund 3 (913 MW), 2. US North-East cluster: Revolution Wind (704 MW) and Sunrise Wind (924 MW),
 3. US Mid-Atlantic cluster: Skipjack 1 (120 MW), Skipjack 2 (846 MW), Ocean Wind 1 (1,100 MW) and Ocean Wind 2 (1,148 MW), 4. Includes both Baltica 3 (1,045
 MW) and the awarded lease capacity for Baltica 2+ (210 MW), 5. Ballinrea Solar Farm (65 MW) and Greenleem Solar Farm (160 MW)
 Onshore firm capacity (6,472 MW) consist of 3,785 MW wind, 2,347 MW solar PV, and 340 MW storage

Offshore earnings increased by 56 %

EBITDA of DKK 3.3 billion in Q2 2023

DKKm



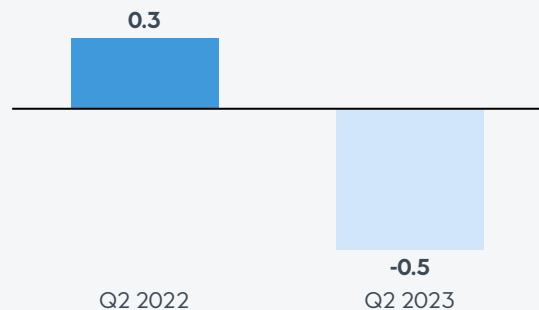
EBITDA excluding new partnerships

- Offshore sites earnings increased 54 % driven by:
 - Ramp-up generation at Greater Changhua 1 & 2a, higher prices on inflation-indexed CfD and ROC wind farms as well as lower balancing costs and BSUoS costs
 - Wind speeds below norm (8.1 m/s in Q2 2023 vs. norm of 8.7 m/s), and below last year (8.4 m/s in Q2 2022)
 - Negative effects from overhedging in Q2 2022
- Earnings from existing partnerships in Q2 2023 mainly from adjustment of provisions towards partners, partly offset by a reduction in earnings from construction agreement related to Greater Changhua 1
- Onshore earnings lower than Q2 2022 as higher generation from new assets was offset by significantly lower power prices
- Negative earnings from CHP plants driven by unfavourable spreads due to the significantly lower power prices and higher fuel costs
- Lower earnings from our gas activities mainly driven by a temporary negative effect from revaluation of gas at storage

Net profit, ROCE, and Equity

Net profit

DKKbn

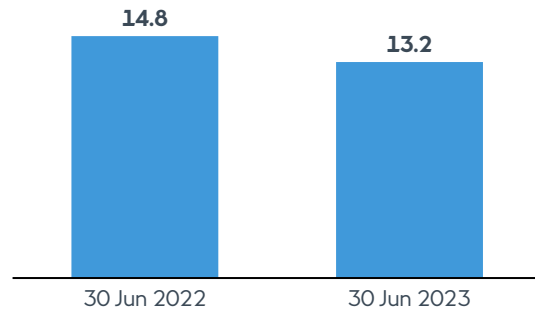


Net profit of DKK -0.5 bn

- Lower EBITDA
- Increased financial expenses driven by exchange rate adjustments related to internal loans (no impact on cash flow and NIBD)

ROCE

%, last 12 months

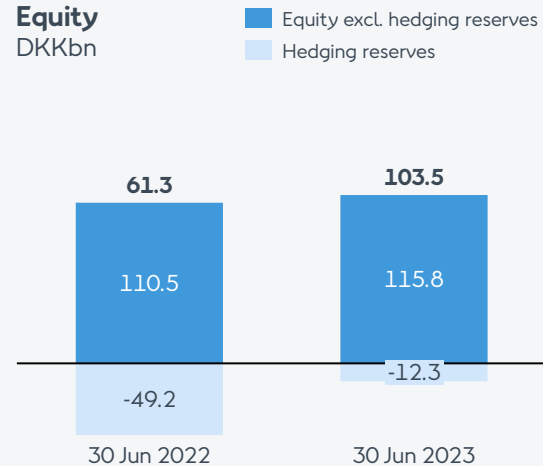


ROCE of 13.2 %

- Decrease driven by lower EBIT and higher capital employed
- On track to achieve average ROCE of ~14 % towards 2030

Equity

DKKbn



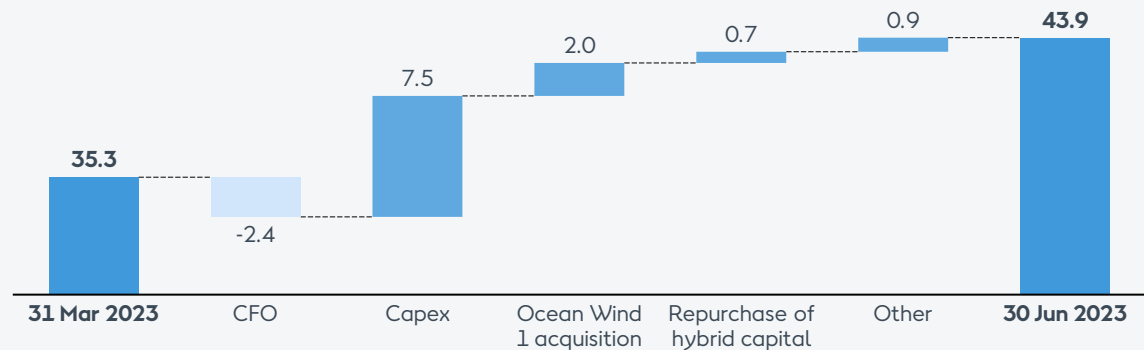
Equity of DKK 103.5 bn

- Reduced hedge reserve driven by lower forward power prices and hedge run off

Net interest-bearing debt and credit metric

Net interest-bearing debt

DKKbn

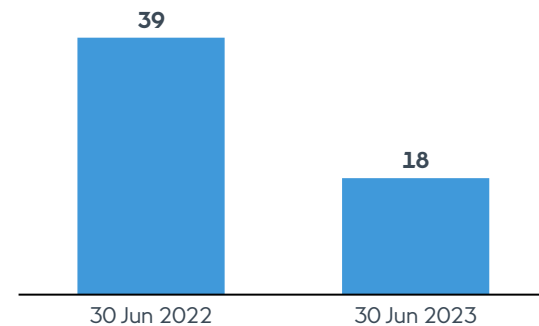


Net interest-bearing debt of DKK 43.9 bn, up DKK 8.6 bn

- Positive operating cash flow from EBITDA and release of collateral (net DKK 3 bn during Q2)
- Gross investments relating to construction of offshore and onshore assets
- Acquisition of PSEG's 25 % equity stake in Ocean Wind 1 (part of 'Divestment' cash flow given transaction with non-controlling shareholder)

FFO / Adj. net debt

%

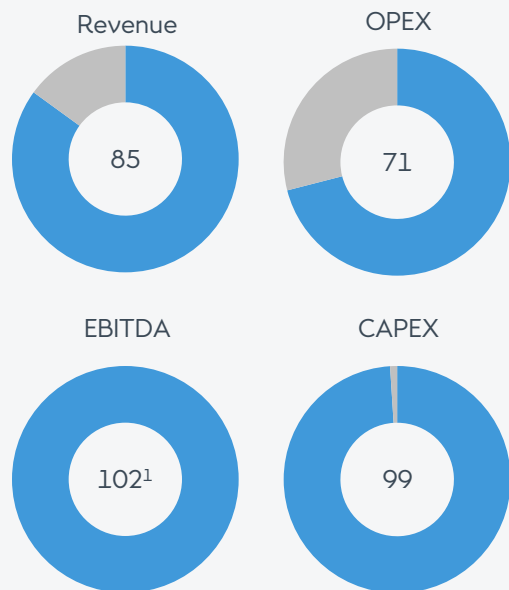


FFO / Adj. net debt of 18 %¹

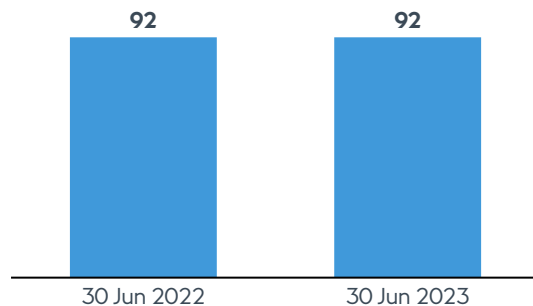
- Higher adj. NIBD and lower FFO
- Remain committed to our threshold of ~25 %
- Expect to be above 25 % threshold at year-end

Non-financial ratios

Taxonomy-eligible KPIs %, YTD



Green share of energy generation %, YTD

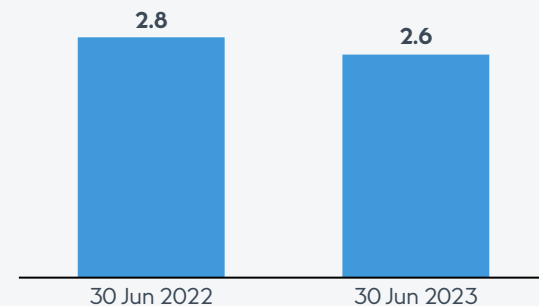


Green share of energy at 92 %

- Higher generation from our wind and solar assets
- Offset by lower share of generation based on biomass at Studstrup Power Station which has started to run on sustainable biomass again during Q2 2023

Safety

Total recordable injury rate, YTD



TRIR of 2.6

- Improvement in safety performance for own employees
- TRIR reduction plans from 2022 continue, and additional actions targeted at areas with safety performance issues

2023 guidance, strategic ambition and financial targets

2023 guidance

EBITDA (excluding new partnerships) DKK 20 – 23 bn

Gross investments DKK 44 – 48 bn

Strategic ambition and financial targets

Ambition for installed renewable capacity by 2030 ~50 GW

Fully loaded unlevered lifecycle spread to WACC¹ 150 – 300 bps

Group EBITDA (excl. new partnerships) by 2030 (CAGR 13-14 %) DKK 50 – 55 bn

Average ROCE, 2023-2030 ~14 %



Q&A

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For questions, please press 5*



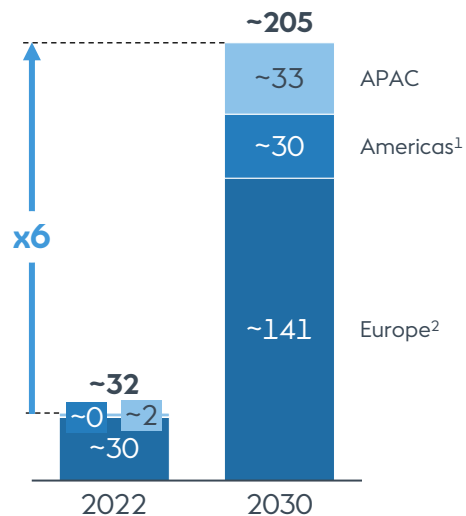


Appendix

Rapidly growing addressable market for Ørsted

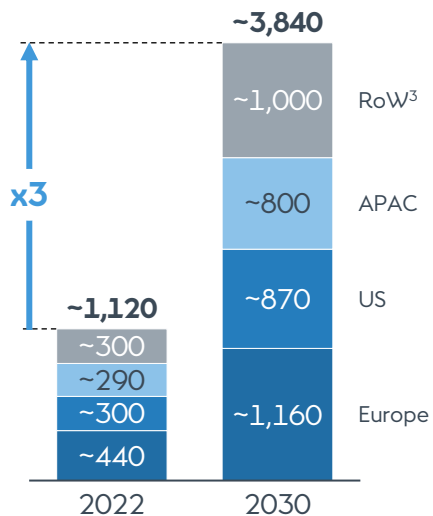
Offshore wind

Installed capacity (excl. China), GW



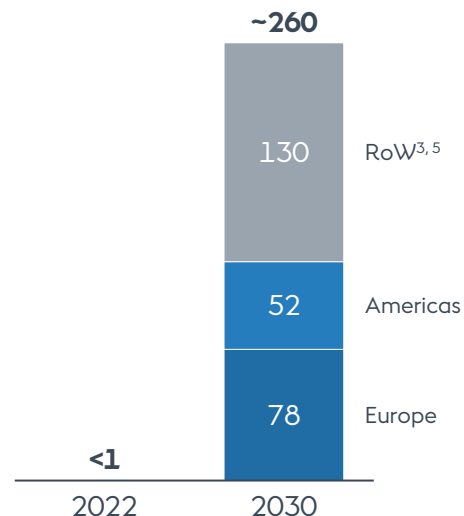
Onshore renewables

Installed capacity (excl. China), GW



Power-to-X (P2X)

Electrolyser capacity, GW⁴



1. US Biden administration's target of 30 GW by 2030. 2. Based on the Ostend Declaration target (120 GW in the North Sea), the Marienborg Declaration target (19.6 GW in the Baltic Sea), and BNEF data for European countries not participating in these declarations (Portugal, Italy, Greece, and Spain). 3. Rest of world. 4. Estimated electrolyser capacity required to meet forecasted renewable H₂ demand of 21 mtpa, based on IEA's Announced Pledges Scenario (APS) H₂ balance. Regional split indicates location of expected demand (which may differ from supply) and is based on internal estimates applied to IEA data. 5. Incl. APAC.
Sources: BNEF (2022), Ostend Declaration, Marienborg Declaration, The White House, IEA (2022).

Renewable capacity as of 30 June 2023

Indicator, MW, gross	H1 2023	H1 2022	Δ	FY 2022
Installed renewable capacity	15,514	13,605	1,909	15,121
Offshore, wind power	8,871	7,551	1,320	8,871
Onshore	4,568	3,979	589	4,175
- Wind power	3,500	3,282	218	3,464
- Solar PV power	1,028	657	371	671
- Battery storage	40	40	-	40
Other (incl. P2X)	2,075	2,075	-	2,075
- Biomass, thermal heat	2,054	2,054	-	2,054
- Battery storage	21	21	-	21
Decided (FID) renewable capacity	4,867	4,444	423	4,340
Offshore, wind power	3,116	3,516	(400)	2,196
Onshore	1,679	926	753	2,072
- Onshore wind power	285	246	39	321
- Solar PV power	1,094	680	414	1,451
- Battery storage	300	-	300	300
Other (incl. P2X)	72	2	70	72
Awarded/contracted renewable capacity (no FID yet)	10,645	8,305	2,340	11,222
Offshore, wind power	10,420	8,305	2,115	11,157
Onshore, solar PV power	225	-	225	65
Sum of installed and FID capacity	20,381	18,049	2,332	19,461
Sum of installed, FID, and awarded/contracted capacity	31,026	26,354	4,672	30,683

Installed renewable capacity

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

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

Decided (FID) renewable capacity

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

Awarded and contracted renewable capacity

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

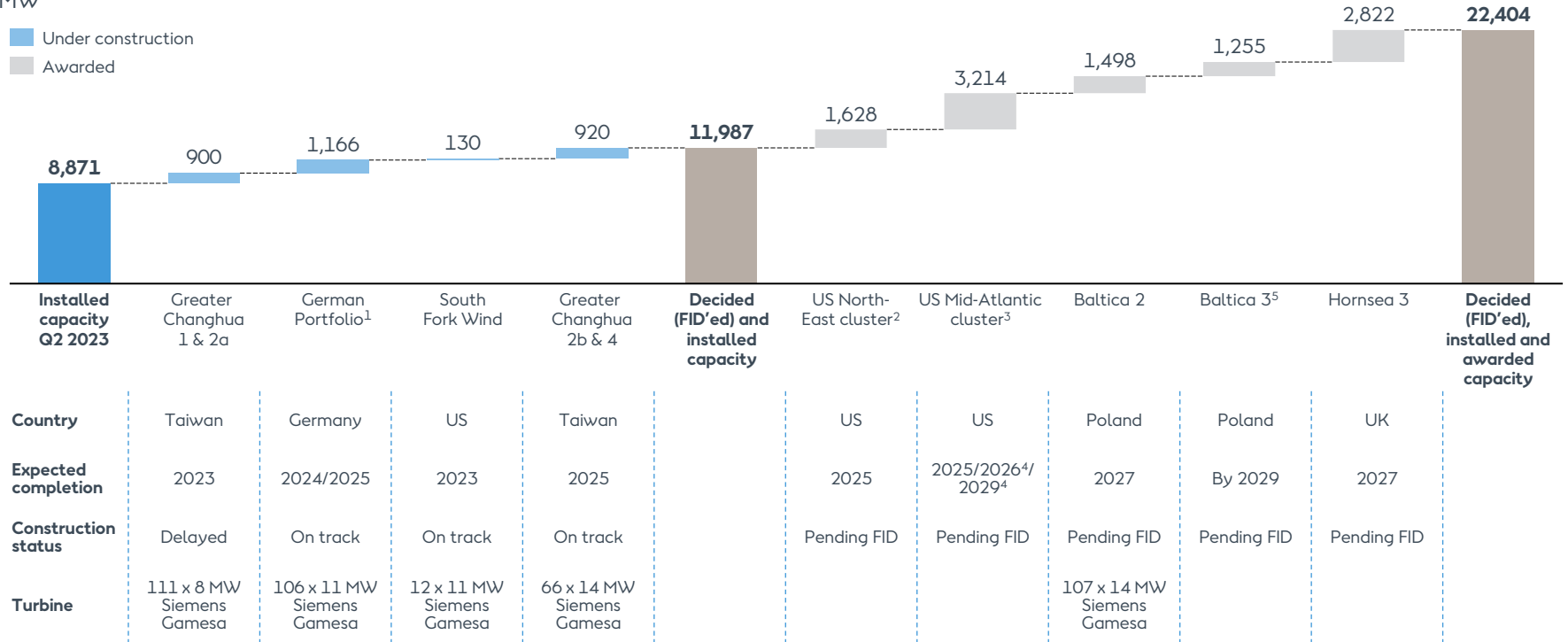
Installed storage capacity

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

Offshore wind build-out plan

Installed capacity MW

Under construction
Awarded

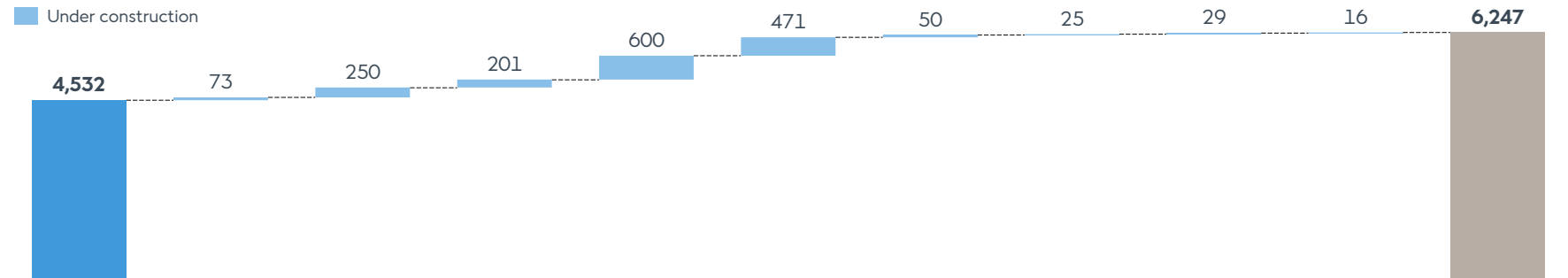


Onshore build-out plan

Installed capacity

MW

■ Under construction



Installed capacity Q2 2023	Old 300 ¹	Helena Energy Center ²	Sunflower	Eleven Mile	Mockingbird	German portfolio ⁴	French portfolio ⁵	Irish portfolio ⁶	UK portfolio ⁷	Decided (FID'ed) and installed capacity
Region	ERCOT, TX	ERCOT, TX	SPP, KS	WECC, AZ	ERCOT, TX	Germany	France	Ireland	Northern Ireland	
Expected completion	H1 2024	H1 2024	H2 2023	H1 2024	H2 2024	H2 2024	2023/2024	H2 2023	H1 2023	
Status	Partly commissioned	Delayed	On track	On track	On track	On track	On track	On track	On track	
Platform	Solar PV	Solar PV	Wind	Solar PV and BESS ³	Solar PV	Wind	Wind	Wind	Wind	
Offtake Solution	PPA with Microsoft	PPA with Target	PPA signed	AZ state contract	PPA with DSM	Expected with Government contract	Government contract	PPA with Meta	PPA with Amazon	

1. Full park capacity of 430 MW Argent 9 MW 2. Solar PV phase of Helena Energy Center 3. 1,200 MWh for BESS 4. Bahren West 1 50 MW 5. Les Dix-Huit 7 MW, Gatineau 9 MW, Delta Sèvre-Argent 9 MW 6. Lisheen 3 29 MW 7. Ballykeel 16 MW

Offshore market development – Europe (1/2)

United Kingdom

- In April 2021, the UK Government increased its ambition for offshore wind to 50 GW by 2030, including 5 GW of floating offshore wind, to reduce reliance on imports and improve energy security. This ambition was reiterated in the Government's Powering Up Britain report in March 2023
- Commitment to decarbonise electricity system by 2035 and binding target to reach net-zero emissions across the whole economy by 2050
- CfD allocation rounds to be held annually in an effort to speed up the deployment of renewable energy projects. Allocation Round 5 (AR5) is currently open, with expected awards in September 2023
- UK Government programme in place to tackle barriers to accelerated deployment (grid, planning etc.) as well as a fundamental review of the electricity market in support of decarbonising the electricity system (REMA) and targeted support for offshore wind supply chain investment
- Ørsted is engaging with the (official opposition) Labour Party who have published their Mission-Climate report, including a fully decarbonised electricity system by highly-ambitious target of 2030 with a focus on green jobs and building the UK supply chain. 2030 aspirations are 55 GW of offshore wind, 5 GW floating offshore wind, 35 GW of onshore wind, 50 GW of solar, and 10 GW of green hydrogen
- UK Government implemented the previously announced levy, targeting exceptional electricity generation receipts with effect from 1 January 2023
- The Information Memorandum for the Celtic Sea Leasing round (Lease Round 5) announced by The Crown Estate for total of 4 GW of floating projects for delivery by 2035 will be released in late-2023. The tender process is expected to begin in 2024 for pre-defined sites

Ireland

- Climate Action Plan published Nov. 2021 provided a binding target to achieve 51 % reduction in overall greenhouse gas emissions by 2030 and to reach net-zero emissions by 2050; also includes target 80 % of electricity from renewables by 2030. The recent update CAP23 sets out the policies measures and actions required, including for the target of least 5 GW grid-connected offshore wind by 2030
- The Maritime Area Regulatory Authority was established in July and its responsibilities will include granting seabed exclusivity by way of a Maritime Area Consent (MAC)
- The first MACs were awarded to 'Phase 1' projects in December 2022 ahead of the first Offshore Renewable Energy Support Scheme (ORESS 1) which concluded in May 2023, awarding 4 projects totalling 3.1 GW of offshore wind capacity at weighted average EUR 86.05 /MWh. Phase 1 projects now need to progress through planning
- In March 2023, the Irish Government published its "Phase Two Policy Statement", with a plan-led approach to seabed leasing, towards the 5 GW of grid-connected projects by 2030. A state-selected 900 MW site will be made available to participate in the ORESS 2.1 auction expected in 2024

Isle of Man

- The Isle of Man is a Crown Dependency and, as it is not part of the UK, energy projects in its territorial waters are not currently eligible to participate in UK CfD auctions
- In 2014, the Isle of Man Government ran a formal tender for offshore wind, and Ørsted was successful in being awarded the first and so-far only Agreement for Lease in 2015
- The Island has now introduced its own Climate Change Act and set out its pathway to net-zero by 2050 and the framework for setting 5 year rolling plans and interim carbon emission reduction plans
- In October 2022, Tynwald (parliament) in the Isle of Man approved the first Climate Change Action Plan 2022-2027. This sets a target for 100 % carbon neutral electricity by 2030 and at least 20 MW of local renewable energy generation on the Island by 2026
- Ørsted continues to engage regularly with key stakeholders, including the Isle of Man Government, and we continue to be excited about the opportunity to deliver a large-scale offshore wind farm off the east coast of the Island
- In June 2023, the Isle of Man Department of Environment, Food & Agriculture published the Energy Strategy with a stated policy principle to work with Ørsted to maximise the benefits of the Agreement for Lease in the coming years and to begin work scoping future licensing rounds for offshore wind in the Isle of Man Territorial Sea

Offshore market development – Europe (2/2)

Germany	<ul style="list-style-type: none"> • New government has ambitions to increase offshore wind targets to 30 GW by 2030, 40 GW by 2035 and 70 GW by 2045, necessary to achieve the countries' target of GHG-neutrality by 2045 with 80 % renewables in the energy mix by 2030 • Out of the total ~9 GW of tender volumes for 2023, 7 GW of capacity was awarded through a price-only mechanism in July 2023. Remaining 1.8 GW will be tendered through a combined price and non-price process with submission deadline 1 August 2023 and expected to be awarded by the end of the year. Tendering volumes for 2024 are expected to be approx. 8 GW, split across the two different tendering processes
Netherlands	<ul style="list-style-type: none"> • The government doubled its 10.7 GW by 2030 capacity target to more than 21 GW • The government has published an updated auction calendar: 4 GW in H1 2024, 4 GW in H1 2025, 4 GW in 2026, and 4.7 GW in 2027. The government has initiated development of two offshore electrolyser sites; 100 MW in 2027 and 500 MW in 2031. Next tender is Ijmuiden Ver (2 x 2GW) in H1 2024 - government has opted for a tender design that includes a capped payment and qualitative criteria focused on ecology and system integration
Denmark	<ul style="list-style-type: none"> • Political agreement reached for centralised tenders of 9 GW, with potential of overplanting for an additional potential 5 GW in May 2023. Mechanism will be price-only with the Danish state requiring 20 % ownership of 6 out of the 9 GW offshore wind farms. Tender for the Energy Island Bornholm was confirmed (3 GW out of the 9 GW) with a state support scheme level of DKK 17.6 bn. The tender process for the North Sea Energy Island has been temporarily suspended. The government remains committed to realising an energy island in the North Sea and will investigate alternative solutions • In June 2023, a political agreement was made to reject all paused Open-Door applications for offshore wind, except three sites that were in areas planned for renewable energy production in the old Maritime Spatial Plan. For the joint Ørsted and CIP projects, only one project will proceed to the next phase of approval, expected to entail a competitive process with a step-in right for Ørsted/CIP. Potential tender process is expected in 2026
Poland	<ul style="list-style-type: none"> • Draft regulation published with increased capacity targets for CfD auctions from 5 GW to 12 GW towards 2031 • Seabed auctions of total capacity of 11-13 GW offshore wind have finalised – all sites have been awarded/considered, with Ørsted and PGE being successful for the 210 MW Baltica 2+ site. Winners of awarded seabed can participate in auctions for a CfD subsidy scheme
Belgium	<ul style="list-style-type: none"> • Capacity will grow from current 2.2 GW in operation to 5.8 GW before 2030. First tender 700 MW expected H2 2025 – tenders for remaining volumes in new Princess Elisabeth zone are expected for 2026-2028. Exact timing of the tenders is driven by onshore grid reinforcement. • MoU signed with Denmark for large scale offshore wind power imports
Sweden	<ul style="list-style-type: none"> • 100 % fossil free electricity target by 2040 and carbon neutrality by 2045. Energy Agency tasked to find areas for another 90 TWh offshore for the next version of MSP • Energy Agency forecasts electricity demand could double by 2035, TSO planning grid reinforcement of SEK 100 bn to support increased electricity demand • Government announced plans to simplify permitting process for wind, solar, and nuclear, and has begun awarding OFW projects under it's Greenfield framework
Norway	<ul style="list-style-type: none"> • Target of awarding 30 GW of offshore wind by 2040. Tenders for Utsira Nord (UN) and Sørlige Nordsjø II (SNII) launched for conclusion in 2023 with total of 3 GW capacity • UN consists of 3 x 500 MW leases areas allocated through a qualitative competition with bids due 1 September and award in December. Subsidy auction will run later • SNII is a bottom-fixed 1.5 GW project radially connected to Norway with price auction and allocation in December 2023
Iberia	<ul style="list-style-type: none"> • Spain: Target of up to 3 GW floating offshore wind by 2030. The pending draft framework on offshore wind is not expected until after the national elections in July 2023 • Portugal: An ambition of 10 GW auctioned capacity by 2030 with prequalification for the first round of up to 3 GW expected to start in late-2023

Offshore market development – US

Massachusetts	<ul style="list-style-type: none">• Target of 5.6 GW offshore wind by 2027 of which 3.2 GW has already been awarded. Up to 2.0 GW have been “withdrawn” (Commonwealth Wind & SouthCoast Wind)• Next OSW procurement for up to 3.6 GW released, with bid submission by 31 January 2024
Connecticut	<ul style="list-style-type: none">• Target of up to 2.3 GW of offshore wind capacity by 2030, of which 1.2 GW remains available• CT targeting OSW procurement for up to 2.0 GW in 2024, potentially in coordination with Massachusetts Round 4, draft RFP likely released in August of 2023
New York	<ul style="list-style-type: none">• Target 9 GW offshore wind by 2035. 4.3 GW awarded in total• Ongoing NY-3 RFP for 2.0-4.6 GW with estimated timeline for award in Q4 2023
New Jersey	<ul style="list-style-type: none">• 21 September 2022, Governor Murphy announced an increase in the state’s offshore wind goal to 1.1 GW by 2040• Third solicitation of between 1.2 GW and 4 GW with bids due in Q3 2023 and anticipated decision by the end of 2023
Maryland	<ul style="list-style-type: none">• Legislation setting 8.5 GW OSW goal by 2031 passed in April 2023
Rhode Island	<ul style="list-style-type: none">• Legislation signed to power the state with 100 % renewable energy by 2033
California	<ul style="list-style-type: none">• In 2022, BOEM completed a sale of five seabed leases located in deep waters off California’s central and northern coasts• Preliminary planning target updated to 25 GW by 2045
Other	<ul style="list-style-type: none">• Louisiana’s first ever Climate Action Plan outlined a 5 GW by 2035 offshore wind goal• BOEM lease auctions expected in Gulf of Mexico, Central Atlantic, Oregon, and Gulf of Maine between 2023 and 2024• Oregon’s governor and members of the state Congressional delegation asked BOEM in June 2023 to slow down the leasing process

Offshore market development – APAC

Taiwan

- Taiwan has met its target of awarding 5.5 GW to be commissioned by 2025. Target of 20.6 GW offshore wind by 2035
- Third round auction announced with 15 GW offshore wind target to be constructed from 2026-2035
- Auction round 3.2 bid submission deadline expected in Q4 2023 / Q1 2024 with award announced 3-6 months later
- Taiwan demo floating projects expected to be announced in Q4 2023 / Q1 2024. It will be a beauty contest with known FIT
- Ørsted has more than 3 GW of developing pipeline in preparation to participate in future auctions including floating options

Japan

- Target of 10 GW offshore wind towards 2030 and 30-45 GW by 2040
- 18 sites have been designated as potentially suitable for the development of offshore wind for upcoming auctions onwards with a capacity of ~7 GW

South Korea

- Target of 12 GW offshore wind by 2030
- The previous administration's NDC pledge for 40 % GHG reduction by 2030 against 2018 levels is set to be maintained by President Yoon
- Hydrogen Act announced in February 2021 setting targets for 15 GW of hydrogen fuel cells for power generation and production of 6.2 million hydrogen FCEVs by 2040
- The baseline of OSW REC multiplier is increased from 2.0 to 2.5, and REC mandate has been reformed from 10 % by 2022 to 25 % by 2026
- Ørsted submitted application for Electricity Business License "EBL" for Incheon 1.6 GW. Approval expected within 2023

Australia

- Target of 2 GW offshore wind by 2032 and 9 GW by 2040 in Victoria
- Australian federal government has released its secondary offshore energy legislation, outlining guidelines for application requirements/assessment criteria and recovery costs
- Deadline for application for feasibility license with seabed exclusivity for sites in Victoria was 27 April 2023 with award announcement expected in Q4 2023 / Q1 2024. Total number of licenses available for award has not been disclosed

Offshore seabed competition



H2 2023
Gulf of Mexico
~6 GW



Q1 2024
Central Atlantic
TBD



2024
Oregon
~3 GW



2023
Utsira Nord (floating)
1.5 GW



2024
Celtic Sea (floating)
4 GW



2024
Gulf of Maine
TBD

Power-to-X: Renewable hydrogen & e-fuels updates for Q2 2023

Signals for significant market growth



Critical regulatory developments in the EU

Critical regulatory success has been achieved in the EU by getting visibility on the definition of renewable hydrogen and with the introduction of binding targets for hydrogen in industry and transport, mandates for e-fuels in shipping and aviation, and introducing new direct funding instruments



Increasing ambitions at a national level

44 countries now have a hydrogen strategy with a combined electrolyser target of approx. 115 GW by 2030. Germany updated its national hydrogen strategy with ambitious plans to double the electrolyser target to 10 GW by 2030 and establish Germany as a hydrogen technology provider



Tangible signs of hydrogen & e-fuels demand

Continued tangible signs of demand in shipping and steel sectors (incl. steel majors taking FID on green steel production equipment and >100 new dual-fuel methanol fuelled vessels on order); however, rate of green hydrogen FIDs indicates caution on supply side

Ørsted Power-to-X (P2X) highlights during Q2 2023

FlagshipONE (FS1) maturation

Ground broken at the 50,000 tpa e-methanol Swedish project in May 2023. Once operational in 2025, FS1 will be one of the largest commercial-scale electrofuel facilities in the world



Ørsted-P2X ambition and strategy

Announced our ambition to deliver +2 GW gross electrolyser installed capacity by 2030 from a project pipeline of approximately 4 GW across priority markets



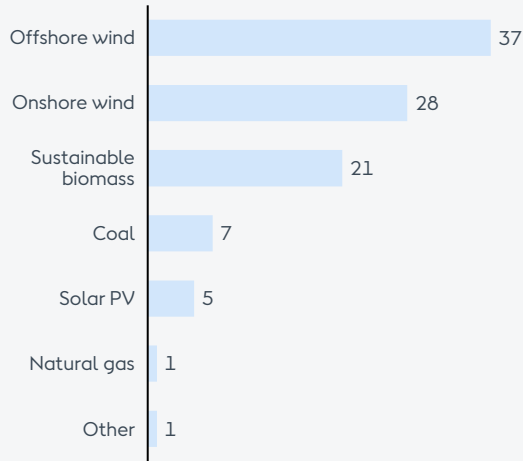
Project development

Ørsted Power-to-X continues to mature a pipeline of renewable hydrogen and e-fuels projects, primarily building on a foundation of project opportunities in Northern Europe and North America



ESG Performance

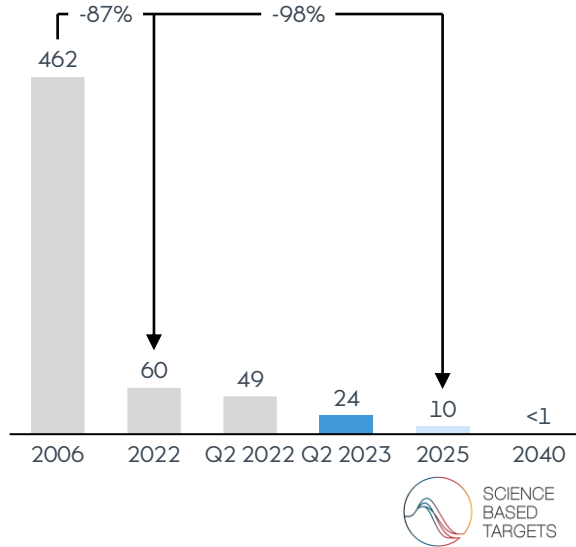
Total heat and power generation Q2 2023
Energy source, %



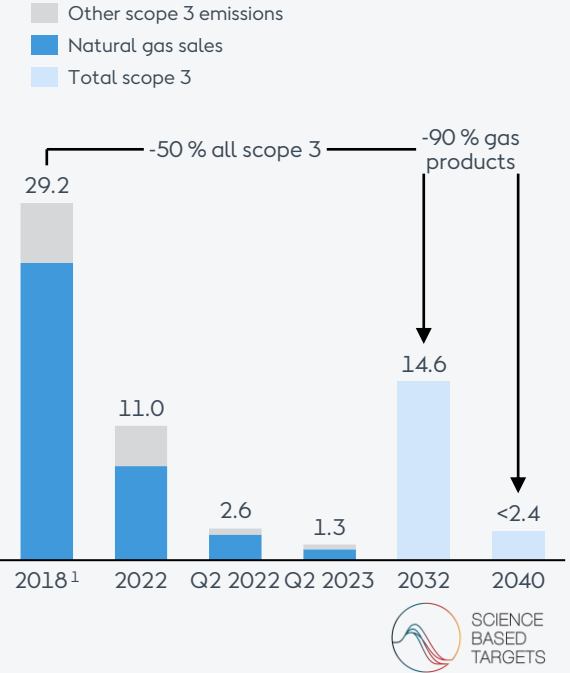
Green share of energy generation, Q2 2023



Scope 1 and 2 GHG intensity
g CO₂e/kWh



Scope 3 greenhouse gas emissions,
million tonnes CO₂e



Sustainability leadership in Ørsted

Globally recognised sustainability leadership

Net-zero in 2040 across scope 1-3

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



SCIENCE
BASED
TARGETS

Industry leading supply chain decarbonisation programme

We work strategically with our suppliers to decarbonise our supply chain. Key initiatives to meet our ambition include:

- 1) Expect all tier 1 suppliers to cover their electricity consumption **with 100 % renewable electricity** by 2025
- 2) Signed an agreement on the world's first service operation vessel that can **run on 100 % green fuels**
- 3) Committed to **procure at least 10 % 'near-zero' concrete** per year by 2030 as part of the First Movers Coalition



First Movers
Coalition



CLIMATE GROUP
STEELZERO



Read about our
net-positive
biodiversity
projects [here](#)

Net-positive biodiversity impact from all new renewable energy projects commissioned from 2030 at the latest

Key initiatives launched to meet our ambition include:

- 1) Five-year **global partnership with WWF** to improve ocean biodiversity
- 2) Launched **five new biodiversity pilot projects** with the aim of scaling successful solutions



Working
together
for ocean
biodiversity

Ban on landfilling of wind turbine blades

We work actively to develop industry solutions to recycle wind turbine blades, e.g. through cross-industry project DecomBlades



DecomBlades

ESG rating performance

Rating agency	Score	Benchmark
CDP CLIMATE A LIST 2022	A	Climate: Highest possible rating for four consecutive years and recognised as a global leader on climate action
CDP WATER B 2022	B	Water: awarded the score 'B' in 2022
MSCI	AAA	Highest possible rating for six consecutive ratings
SUSTAINALYTICS ESG INDUSTRY TOP RATED	16.4 (low risk)	Assessed as "low risk" and placed as no. 1 among direct utility peers measured by market cap
Corporate ESG Performance ISS ESG Prime	A-	Ranked in 1 st decile among electric utilities and awarded highest possible 'Prime' status
PLATINUM 2021 ecovadis Sustainability Rating	78	Platinum Medal for being among top 1 % of companies assessed by EcoVadis

Our reporting

Annual report 2022

Read more about our sustainability journey



ESG performance report 2022

Read more about Ørsted's ESG indicators



Sustainability report 2022

Read more in detail about Ørsted's sustainability priorities and programmes



Green bond impact report 2022

Read more about Ørsted's green bond portfolio and its' sustainability impacts



Our strategic sustainability priorities & targets



Science-aligned climate action

Aspiration

We scale our green energy business while delivering science-aligned emissions reductions, thereby enabling our customers to also take climate action.

Key sustainability targets

- **2025:** 98 % reduction in scope 1-2 emissions intensity (from 2006)
- **2032:** 50 % absolute reduction in scope 3 emissions (from 2018)
- **2040:** Net-zero emissions in scope 1-3 and 90 % reduction in absolute emissions (scope 3, from gas sales)



Green energy that revives nature

Aspiration

We work to ensure that each of our energy projects contributes positively to a thriving nature.

Key sustainability targets

- **2025:** 40 % reduction in freshwater withdrawal intensity (m³ per GWh)
- **2030:** Net-positive biodiversity impact from all new renewable energy projects commissioned from 2030 at the latest
- **Today:** Zero wind turbine blade waste directed to landfill
- **Today:** Zero solar panel waste directed to landfill



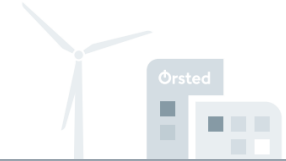
A green transformation that works for people

Aspiration

We focus our efforts on making the green energy transition just and inclusive.

Key sustainability targets

- **2023:** Develop external human rights reporting and track our most salient human rights risks
- **2025:** Achieve a total recordable injury rate (TRIR) of 2.5 per million hours worked
- **2030:** Reach a 40:60 gender balance in our total workforce (women:men)
- **Employee satisfaction:** Be in the top 10 % among benchmarking companies



Governance that enables the right decisions

Aspiration

To deliver on our sustainability goals, we continuously work to integrate sustainability and integrity into processes and decision-making across our organisation.

Key sustainability targets

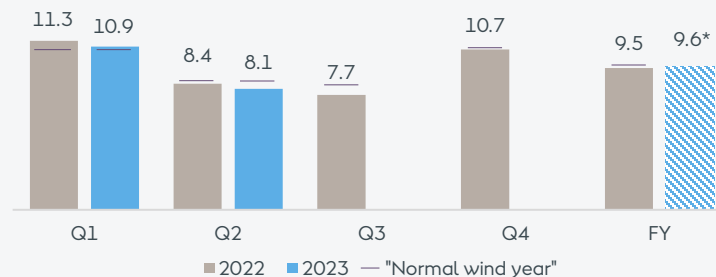
- Sustainability embedded consistently across relevant steps of our operating model
- All future projects are EU taxonomy-aligned
- Code of conduct risk screenings on all sourcing contracts above DKK 3 million

Group – Financial highlights

Financial highlights		Q2 2023	Q2 2022	Δ	FY 2022	FY 2021	Δ
EBITDA	DKKkm	3,320	3,615	(8 %)	32,057	24,296	32 %
- New partnerships		-	-	n.a.	10,993	8,507	29 %
- EBITDA excl. new partnerships		3,320	3,615	(8 %)	21,064	15,789	33 %
• Offshore		2,979	1,904	56 %	19,569	18,021	9 %
• Onshore		792	1,075	(26 %)	3,644	1,349	170 %
• Bioenergy & Other		(583)	647	n.a.	8,619	4,747	82 %
Operating profit (EBIT)		866	1,311	(34 %)	19,774	16,195	22 %
Total net profit		(538)	269	n.a.	14,996	10,887	38 %
Operating cash flow		2,447	2,355	4 %	11,924	12,148	(2 %)
Gross investments		(7,498)	(6,372)	18 %	(37,447)	(39,307)	(5 %)
Divestments		(2,038)	267	n.a.	25,636	21,519	19 %
Free cash flow		(7,089)	(3,750)	89 %	113	(5,640)	n.a.
Net interest-bearing debt		43,924	41,449	6 %	30,571	24,280	26 %
FFO/Adjusted net debt ¹	%	17.7	39.0	(21 %p)	42.7	26.3	16 %p
ROCE ¹	%	13.2	14.8	(2 %p)	16.8	14.8	2 %p

Offshore – Financial Highlights

Financial highlights		Q2 2023	Q2 2022	Δ	FY 2022	FY 2021	Δ
EBITDA	DKKkm	2,979	1,904	56 %	19,569	18,021	9 %
• Sites, O&Ms and PPAs		3,135	2,031	54 %	9,940	13,059	(24 %)
• Construction agreements and divestment gains		340	601	(43 %)	12,277	7,535	63 %
• Other, incl. project development		(496)	(728)	(32 %)	(2,648)	(2,573)	3 %
Key business drivers							
Power generation	GWh	3,044	3,324	(8 %)	16,483	13,808	19 %
Wind speed	m/s	8.1	8.4	(4 %)	9.5	9.1	4 %
Availability	%	91	94	(3 %p)	94	94	(0 %p)
Load factor	%	29	35	(6 %p)	42	39	3 %p
Decided (FID) and installed capacity ¹	GW	12.0	11.1	8 %	11.1	10.9	1 %
Installed capacity ¹	GW	8.9	7.6	17 %	8.9	7.6	17 %
Generation capacity ²	GW	4.9	4.8	3 %	4.7	4.0	17 %

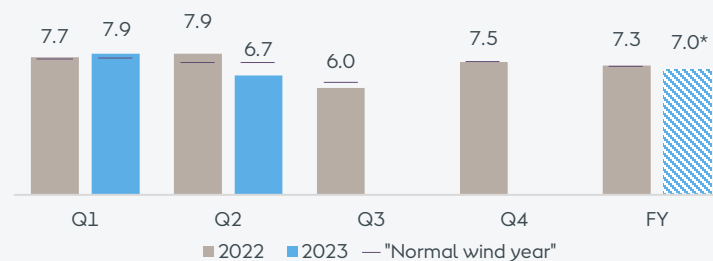


1. Installed capacity: Gross offshore wind capacity installed by Ørsted before divestments. 2. Generation capacity: Gunfleet Sands and Walney 1 & 2 are consolidated according to ownership interest. Other wind farms are financially consolidated.

* Indicates m/s for full year 2023 (if Q3 and Q4 follow the normal wind year)

Onshore – Financial Highlights

Financial highlights		Q2 2023	Q2 2022	Δ	FY 2022	FY 2021	Δ
EBITDA	DKKm	792	1,075	(26 %)	3,644	1,349	170 %
• Sites		292	571	(49 %)	2,097	535	292 %
• Production tax credits and tax attributes		637	679	(6 %)	2,556	1,382	85 %
• Other, incl. project development		(137)	(175)	(22 %)	(1,009)	(568)	77 %
Key business drivers							
Power generation	GWh	3,321	3,795	(12 %)	13,146	8,352	57 %
Wind speed ¹	m/s	6.7	7.8	(15 %)	7.4	7.4	(0 %)
Availability, wind ¹	%	92	92	(0 %p)	93	96	(3 %p)
Availability, solar PV ¹	%	98	99	(1 %p)	98	96	2 %p
Load factor, wind ¹	%	34	48	(14 %p)	40	42	(2 %p)
Load factor, solar PV ¹	%	30	31	(1 %p)	25	24	1 %p
Installed capacity	GW	4.6	4.0	15 %	4.2	3.4	25 %

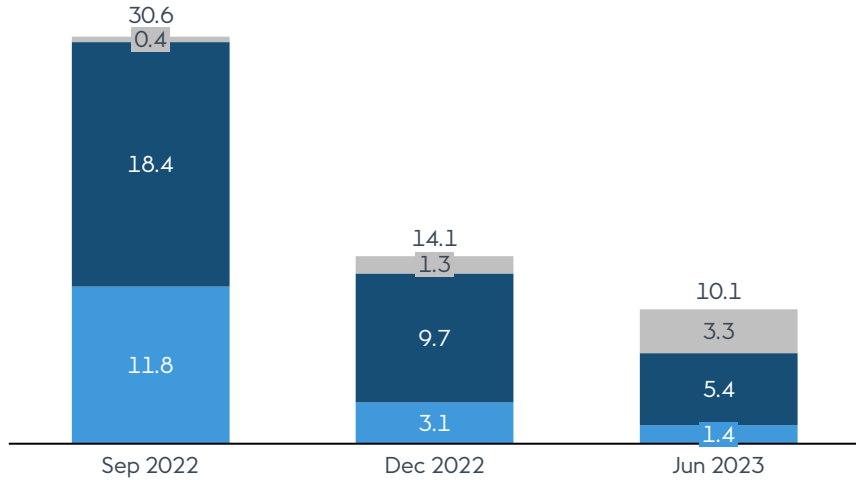


Bioenergy & Other – Financial Highlights

Financial highlights		Q2 2023	Q2 2022	Δ	FY 2022	FY 2021	Δ
EBITDA	DKKm	(583)	647	n.a.	8,619	4,747	82 %
• CHP plants		(244)	619	n.a.	5,851	3,202	83 %
• Gas Markets & Infrastructure		(279)	66	n.a.	3,117	1,829	70 %
• Other, incl. project development		(60)	(38)	58 %	(349)	(284)	23 %
Key business drivers							
Heat generation	GWh	790	823	(4 %)	6,368	7,907	(19 %)
Power generation	GWh	917	1,102	(17 %)	6,012	6,890	(13 %)
Degree days	#	409	448	(9 %)	2,548	2,820	(10 %)

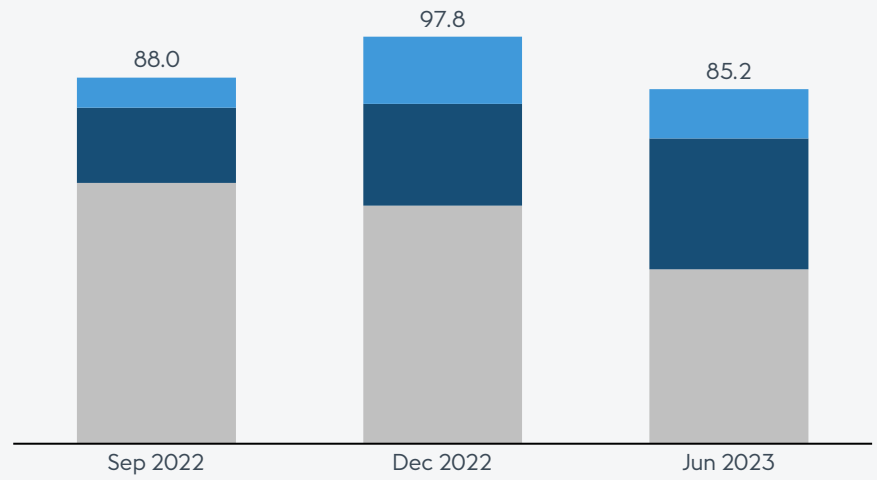
Liquidity reserve significantly above target

Collateral and margin postings,
DKKbn



- Initial margin
- Variation margin
- Treasury collateral

Liquidity reserve
DKKbn



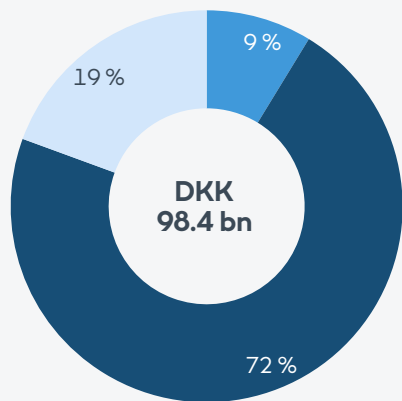
- Cash, available
- Securities, available
- Undrawn, non-cancellable credit facilities

Debt and hybrids overview

Total gross debt and hybrids

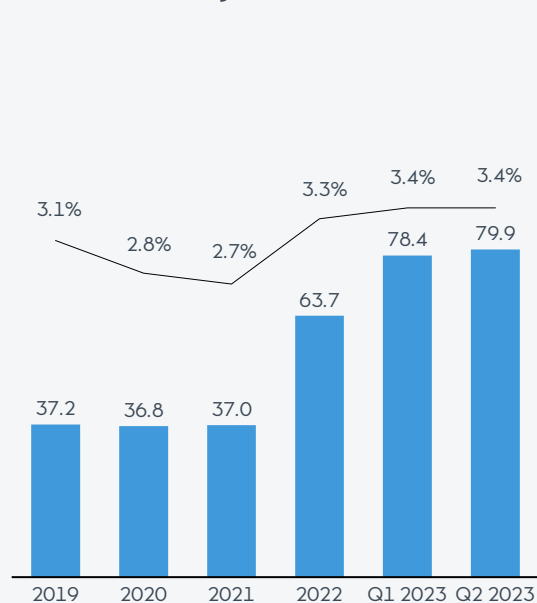
30 June 2023, DKKbn

>95 % of gross debt (bond and bank loans) fixed interest rate. Remainder floating or inflation-linked



- Bank loans
- Bond loans
- Hybrid securities

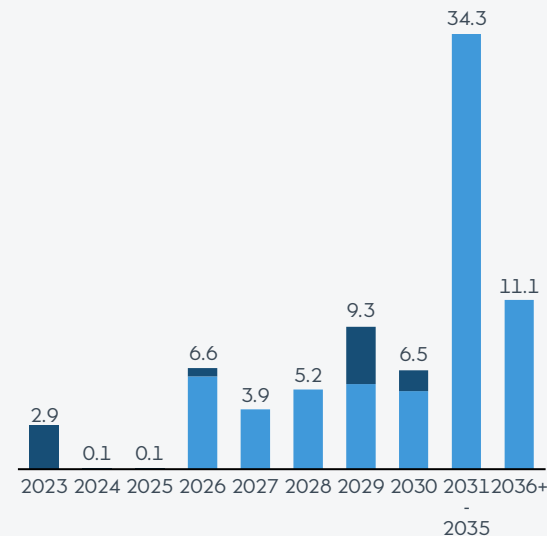
Effective funding costs – Gross debt



- Gross debt (bank and bond loans) (DKKbn)
- Average effective interest rate of gross debt

Maturity profile of notionals of gross debt

DKKbn



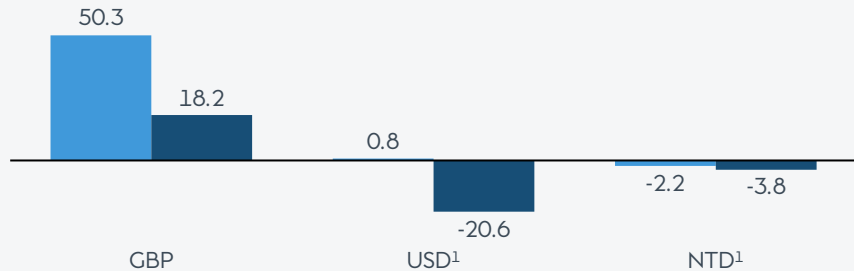
- Bank loans
- Bond loans

Currency and merchant exposure

Currency exposure Q3 2023 – Q2 2028

DKKbn

■ Before hedging
■ After hedging

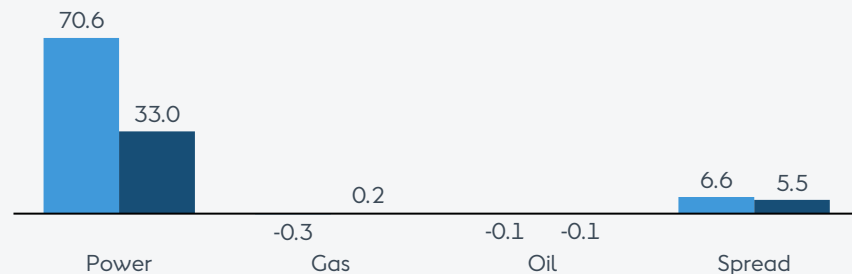


Risk after hedging, DKKbn	Effect of price +10 %	Effect of price -10 %
GBP: 18.2 sales position	+1.8	-1.8
USD: 20.6 purchase position	-2.1	+2.1
NTD: 3.8 purchase position	-0.4	+0.4

Merchant exposure Q3 2023 – Q2 2028*

DKKbn

■ Before hedging
■ After hedging via as-produced PPAs and traded markets



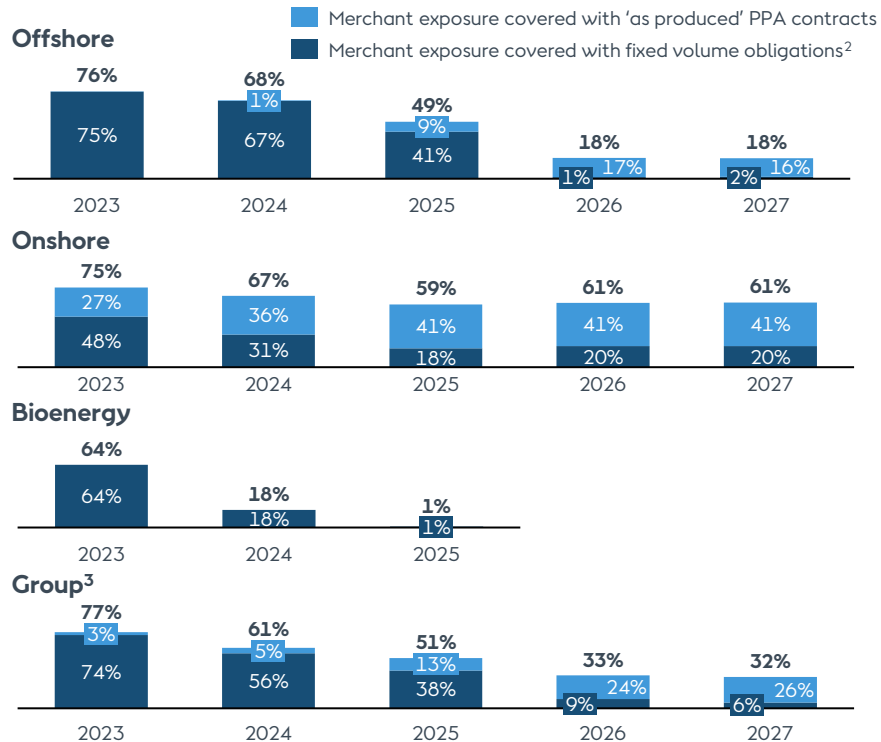
Risk after hedging ² , DKKbn	Effect of price +10 %	Effect of price -10 %
Power: 33.0 sales position	+3.3	-3.3
Gas: 0.2 sales position	+0.0	-0.0
Oil: -0.1 purchase position	-0.0	+0.0
Spread (power): 5.5 sales position	+0.6	-0.6

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

34 * Bioenergy (spread) exposure risk horizon is from Q3 2023 to Q3 2025 (both quarters included). I.e., no spread exposure included from Q4 2025 and onwards.

Hedge levels for merchant exposure¹

As of June 30th, 2023



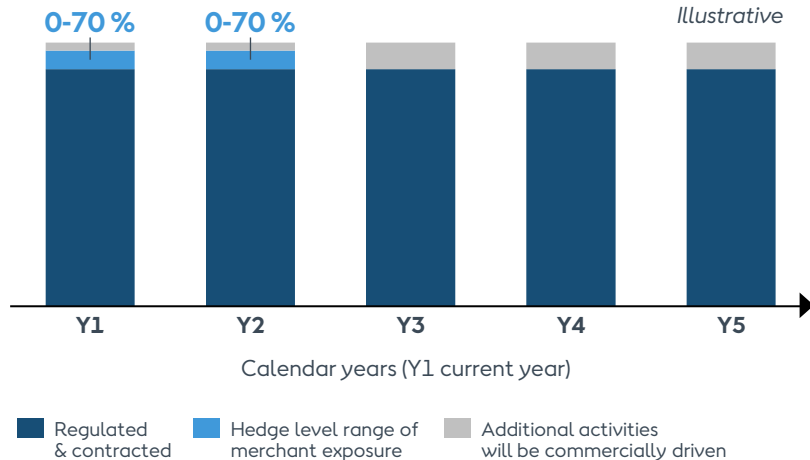
1. Exposure is calculated as the expected production times the forward price. The total hedge level is expressed as merchant volumes that are covered either by 'as produced' PPAs or fixed volume obligations traded in the market 2. Fixed volume hedges over merchant exposure after as-produced PPA contracts. 3. Group hedge level include exposure from offshore, onshore, contract exposure from IPPAs and Bioenergy.



New approach better suited for the characteristics of our portfolio

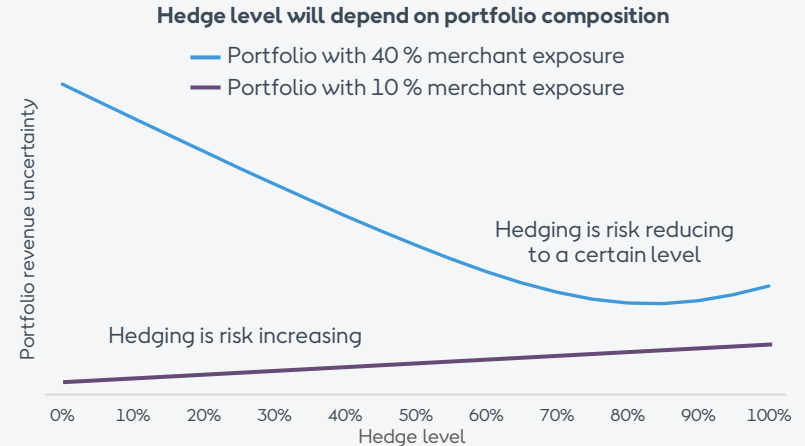
Lower hedge level and shorter time horizon. Hedge level of merchant exposure between 0-70 % in Y1 & Y2

- Risk of overhedging and IFRS 9 ineffective hedges significantly reduced
- Hedging no more than 70 % will lead to overhedged volumes in 1 out of 20 months, instead of 1 out of 3 months with previous approach
- Reduction in liquidity and counterparty risk



Hedge level will depend on portfolio composition

- Leveraging portfolio diversification as natural hedge between price and production variability
- Desired year-to-year level will account for portfolio effects
- Low share of merchant power exposure in front years leads to low hedges levels and vice versa

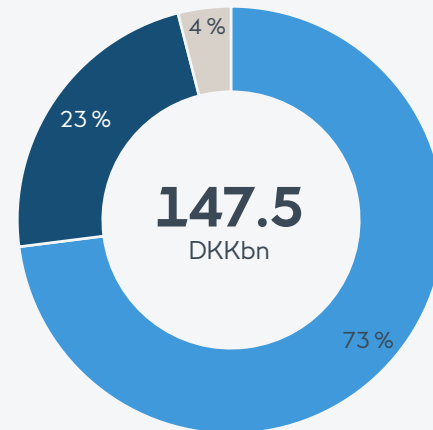


Capital employed

Capital employed, DKKm	Q2 2023	FY 2022	Q2 2022	FY 2021
Intangible assets, and property and equipment	190,353	181,694	175,704	162,939
Assets classified as held for sale, net	-	-	741	860
Equity investments and non-current receivables	1,183	996	1,024	828
Net working capital, capital expenditures	(4,028)	(5,665)	(8,528)	(8,913)
Net working capital, work in progress	3,873	1,471	8,070	5,948
Net working capital, tax equity	(14,105)	(15,157)	(14,787)	(13,268)
Net working capital, other items	7,687	11,928	10,271	10,820
Derivatives, net	(15,867)	(32,322)	(58,517)	(32,995)
Decommissioning obligations	(14,631)	(14,076)	(9,306)	(8,851)
Other provisions	(4,219)	(5,630)	(5,916)	(7,037)
Tax, net	(311)	1,609	8,839	3,844
Other receivables and other payables, net	(2,464)	1,255	(4,869)	(4,759)
TOTAL CAPITAL EMPLOYED	147,471	126,103	102,725	109,416

Capital employed by segment %, Q2 2023

- Offshore
- Onshore
- Bioenergy & Other



Taxonomy-aligned KPIs

	Unit	H1 2023	H1 2022	Δ	FY 2022
Revenue	DKKm	45,846	60,057	(24 %)	132,227
Taxonomy-aligned revenue	%	85	70	15 %p	73
- Electricity generation from solar PV and storage electricity	%	1	0	1 %p	0
- Electricity generation from wind power	%	74	61	13 %p	65
- Cogeneration of heat and power from bioenergy	%	10	9	1 %p	8
Taxonomy-non-eligible revenue	%	15	30	(15 %p)	27
- Gas sale	%	8	21	(13 %p)	16
- Coal-based activities	%	3	3	0 %p	4
- Other activities	%	4	6	(2 %p)	7
CAPEX	DKKm	14,902	13,855	8 %	35,595
Taxonomy-aligned CAPEX	%	99	99	0 %p	99
Taxonomy-non-eligible CAPEX	%	1	1	0 %p	1
OPEX	DKKm	3,065	2,848	8 %	7,049
Taxonomy-aligned OPEX	%	71	81	(10 %p)	80
Taxonomy-non-eligible OPEX	%	29	19	10 %p	20
EBITDA	DKKm	10,230	13,044	(22 %)	32,057
Taxonomy-aligned EBITDA (voluntary)	%	102	90	12 %p	85
- Electricity generation from solar PV and storage electricity	%	3	2	1 %p	2
- Electricity generation from wind power	%	95	73	22 %p	71
- Cogeneration of heat and power from bioenergy	%	4	15	(11 %p)	12
Taxonomy-non-eligible EBITDA (voluntary)	%	-2	10	(12 %p)	15

FFO/Adjusted net debt calculation

Funds from operations (FFO), DKKm¹	30 Jun 2023	31 Dec 2022	30 Jun 2022
EBITDA	29,242	32,057	24,282
Change in provisions and other adjustments	(1,174)	(2,213)	(2,128)
Change in derivatives	1,786	(8,687)	(6,791)
Variation margin (add back)	(5,855)	10,332	11,514
Reversal of gain (loss) on divestment of assets	(10,304)	(10,885)	(4,127)
Income tax paid	(2,240)	(1,263)	(712)
Interests and similar items, received/paid	(972)	(563)	(85)
Reversal of interest expenses transferred to assets	(472)	(586)	(812)
50 % of coupon payments on hybrid capital	(202)	(264)	(237)
Dividends received and capital reductions	1	23	23
FUNDS FROM OPERATION (FFO)	9,810	17,951	20,927
Adjusted interest-bearing net debt, DKKm	30 Jun 2023	31 Dec 2022	30 Jun 2022
Total interest-bearing net debt	43,924	30,571	41,449
50 % of hybrid capital	9,552	9,897	8,992
Other interest-bearing debt (add back)	(3,498)	(4,924)	(3,458)
Other receivables (add back)	4,917	3,290	3,590
Cash and securities, not available for distribution, excl. repo loans	669	3,241	3,054
ADJUSTED INTEREST-BEARING NET DEBT	55,564	42,075	53,627
FFO / ADJUSTED INTEREST-BEARING NET DEBT	17.7 %	42.7 %	39.0 %



Hybrid capital in short

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

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

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

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

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

Accounting treatment

- Hybrid bonds are classified as equity
- Coupon payments are recognised in equity and do not have any effect on profit (loss) for the year
- Coupon payments are recognised in the statement of cash flows in the same way as dividend payments
- For further information see note 5.3 in the 2022 Annual Report

Hybrids issued by Ørsted A/S ¹	Outstanding amount	Type	First Reset Date ³	Coupon	Accounting treatment ²	Tax treatment	Rating treatment
2.25 % Green hybrid due 3017	EUR 500 m	Hybrid capital (subordinated)	Nov. 2024	Fixed during the first 7 years, first 25bp step-up in Nov. 2029	100 % equity	Debt – tax-deductible coupon payments	50 % equity, 50 % debt
1.75 % Green hybrid due 3019	EUR 600 m	Hybrid capital (subordinated)	Dec. 2027	Fixed during the first 8 years, first 25bp step-up in Dec. 2032	100 % equity	Debt – tax-deductible coupon payments	50 % equity, 50 % debt
1.50 % Green hybrid due 3021	EUR 500 m	Hybrid capital (subordinated)	Feb. 2031	Fixed during the first 10 years, first 25bp step-up in Feb. 2031	100 % equity	Debt – tax-deductible coupon payments	50 % equity, 50 % debt
2.50 % Green hybrid due 3021	GBP 425 m	Hybrid capital (subordinated)	Feb. 2033	Fixed during the first 12 years, first 25bp step-up in Feb. 2033	100 % equity	Debt – tax-deductible coupon payments	50 % equity, 50 % debt
5.25 % Green hybrid due 3022	EUR 500 m	Hybrid capital (subordinated)	Dec. 2028	Fixed during the first 6 years, first 25bp step-up in Dec. 2028	100 % equity	Debt – tax-deductible coupon payments	50 % equity, 50 % debt

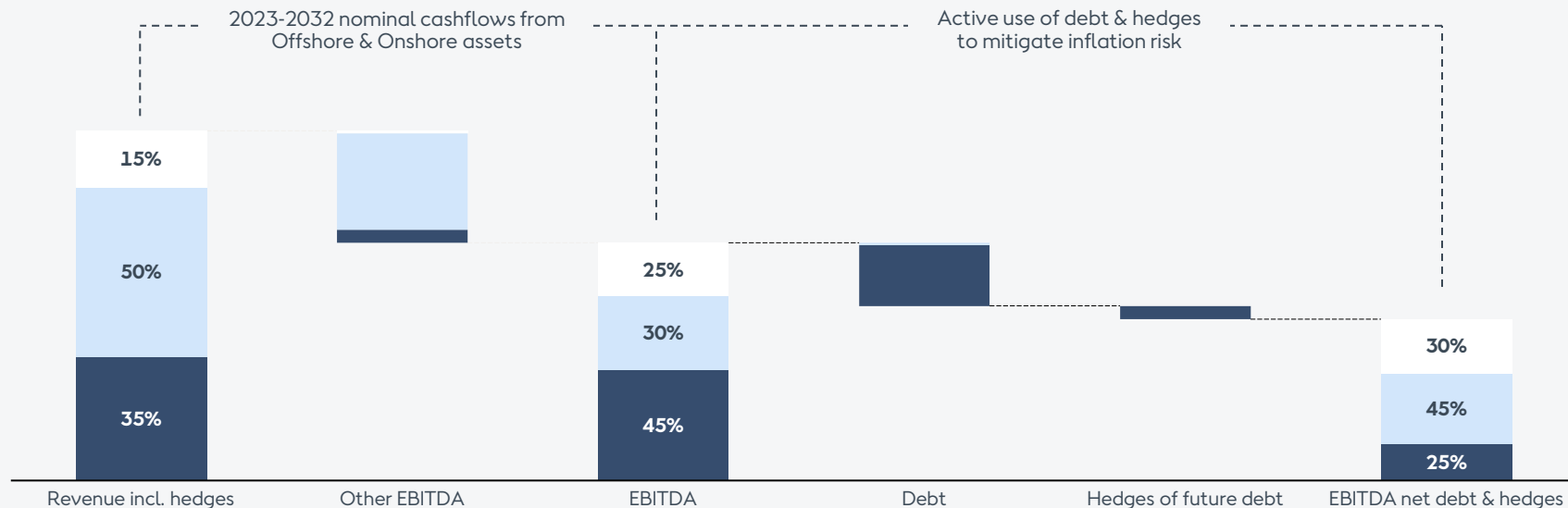
1. All listed on Luxembourg Stock Exchange and rated Baa3 (Moody's), BB+ (S&P) and BBB- (Fitch). The four Green hybrids are furthermore listed on the Luxembourg Green Exchange (LGX); 2. Due to the 1,000-year structure; 3. First Par Call Date

Ørsted's outstanding senior bonds

Bond Type	Issue date	Maturity	Face Value	Outstanding amount	Fixed/Floating rate	Coupon	Coupon payments	Green bond	Allocated to green projects (DKKm)	Avoided emissions (thousand tons CO ₂ /year)
Senior Unsecured	Nov. 2017	26 Nov. 2029	EUR 750m	EUR 750m	Fixed	1.5%	Every 26 Nov.	Yes	5,499	545
Senior Unsecured	Jun. 2022	14 Jun. 2028	EUR 600m	EUR 600m	Fixed	2.25%	Every 14 Jun.	Yes	4,260	684
Senior Unsecured	Jun. 2022	14 Jun. 2033	EUR 750m	EUR 750m	Fixed	2.875%	Every 14 Jun.	Yes	0	0
Senior Unsecured	Sep. 2022	13 Sep. 2031	EUR 900m	EUR 900m	Fixed	3.25%	Every 13 Sep.	Yes	0	0
Senior Unsecured	Mar. 2023	1 Mar. 2026	EUR 700m	EUR 700m	Fixed	3.625%	Every 1 Mar.	Yes	0	0
Senior Unsecured	Mar. 2023	1 Mar. 2030	EUR 600m	EUR 600m	Fixed	3.75%	Every 1 Mar.	Yes	0	0
Senior Unsecured	Mar. 2023	1 Mar. 2035	EUR 700m	EUR 700m	Fixed	4.125%	Every 1 Mar.	Yes	0	0
Senior Unsecured	Jun. 2023	8 Jun. 2028	EUR 100m	EUR 100m	Fixed	3.625%	Every 8 Jun.	Blue	n/a	n/a
Senior Unsecured	Apr. 2010	9 Apr. 2040	GBP 500m	GBP 500m	Fixed	5.75%	Every 9 Apr.	No	n/a	n/a
Senior Unsecured	Jan. 2012	12 Jan. 2032	GBP 750m	GBP 750m	Fixed	4.875%	Every 12 Jan.	No	n/a	n/a
Senior Unsecured	May 2019	17 May 2027	GBP 350m	GBP 350m	Fixed	2.125%	Every 17 May	Yes	2,968	311
Senior Unsecured	May 2019	16 May 2033	GBP 300m	GBP 300m	Fixed	2.5%	Every 16 May	Yes	2,518	257
Senior Unsecured/CPI-linked	May 2019	16 May 2034	GBP 250m	GBP 295m	Inflation-linked	0.375%	Every 16 May & 16 Nov.	Yes	2,128	223
Senior Unsecured	Sep. 2022	13 Sep. 2034	GBP 375m	GBP 375m	Fixed	5.125%	Every 13 Sep.	Yes	0	0
Senior Unsecured	Sep. 2022	13 Sep. 2042	GBP 575m	GBP 575m	Fixed	5.375%	Every 13 Sep.	Yes	0	0
Senior Unsecured	Nov. 2019	19 Nov. 2026	TWD 4,000m	TWD 4,000m	Fixed	0.92%	Every 19 Nov.	Yes	882	69
Senior Unsecured	Nov. 2019	19 Nov. 2034	TWD 8,000m	TWD 8,000m	Fixed	1.5%	Every 19 Nov.	Yes	1,765	138
Senior Unsecured	Nov. 2020	13 Nov. 2027	TWD 4,000m	TWD 4,000m	Fixed	0.6%	Every 13 Nov.	Yes	882	69
Senior Unsecured	Nov. 2020	13 Nov. 2030	TWD 3,000m	TWD 3,000m	Fixed	0.7%	Every 13 Nov.	Yes	661	52
Senior Unsecured	Nov. 2020	13 Nov. 2040	TWD 8,000m	TWD 8,000m	Fixed	0.98%	Every 13 Nov.	Yes	1,763	138

Inflation and interest rate risks

■ Fixed nominal ■ Inflation-indexed ■ Merchant



Objectives of interest rate and inflation risk management

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

Framework for risk management

- Asset cash flows divided into risk categories based on nature of inflation, fixed nominal or merchant exposure
- Fixed nominal revenue service fixed costs and has first priority for debt allocation to protect shareholders against inflation
- Inflation-indexed revenues service inflation-linked costs and protect the real value of equity return for shareholders

Glossary

Balancing costs

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

Intermittency costs

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

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

Overhedging

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

Ineffective hedges

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

Price-ineffective hedges under IFRS 9

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

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

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



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