

ØRSTED INSURANCE A/S

ANNUAL REPORT 2022

Approved at the Annual General Meeting on 27 April 2023

Chairman Jeppe Skov Andersen

Ørsted Insurance A/S, CVR no. 28330766, Kraftværksvej 53, 7000 Fredericia



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Company information

Company	Ørsted Insurance A/S Kraftværksvej 53 Skærbæk DK-7000 Fredericia
	Telephone +45 9955 1111 Fax +45 9955 0002 Email info@orsted.dk Internet www.orsted.com
	CVR no. 28 33 07 66
	Registered office: Municipality of Fredericia, Denmark
	The 2022 financial year is the company's 18th financial year
Secondary names	Orsted Insurance A/S (Ørsted Insurance A/S)
Shareholders	The entire share capital is held by Ørsted A/S, Kraftværksvej 53, Skærbæk, 7000 Fredericia, Denmark
Board of Directors	Jeppe Hoff Nielsen (Chairman) Helle Risbjerg Nielsen (Deputy Chairman) Anders Zoëga Hansen Gert Olander
Executive Board	Jens Helskov Varder
Auditor	PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab
Annual General Meeting	Adopted at the company's Annual General Meeting on 27. April 2023

Management's review

Principal activities

Ørsted Insurance A/S is licensed to conduct direct insurance and reinsurance business within the following classes of insurance: 6 (Vessels), 7 (Goods in transit), 8 (Fire and natural perils), 9 (Other damage to property), 12 (Third-party liability for vessels), 13 (General liability), and 16 (Miscellaneous financial loss).

The company writes policies exclusively for companies that are wholly or partly owned by Ørsted A/S.

Ørsted A/S handles the administration of the company.

Development in activities and finances

In 2022, the company wrote all-risk insurance in respect of the Ørsted Group's assets as well as transport insurance. It is generally the company's policy to mitigate insurance risk by means of reinsurance. In 2022, the company reinsured most of the insurance risk written and only retained a fairly limited insurance risk.

Gross earned premiums for 2022 totalled DKK 149,572 thousand against DKK 45,580 thousand in 2021. The increase in gross premium income from 2021 to 2022 is mainly due to insurance of two offshore wind construction projects in Germany and one in the US in 2022. These construction insurances are fully reinsured and the net premium income therefore also fairly limited.

The company's provisions for outstanding claims have increased markedly in 2022 due to both new claims and a negative development in the claims provisions for claims reported in prior years.

A total of five new claims were reported in 2022, including a large claim related to a smouldering fire in a silo with wood pellets at a power plant in Denmark. The four smaller claims reported concern damage to turbines at another power plant in Denmark (two separate claims), an overturned wind turbine at one offshore wind farm in Denmark and a rotor fallen off at another.

The negative development in claims provisions for claims reported in prior years is mainly driven by an increase in case provisions related to a dropped blade from a wind turbine at an offshore wind farm in the UK as well as cable damages related to another offshore wind farm in the UK.

Against this background the company's total claims provisions net of reinsurance amounted to DKK 192,213 thousand at 31 December 2022.

The company posted a technical loss for 2022 of DKK 131,016 thousand against a profit of DKK 27,107 thousand in 2021. The loss for the year amounted to DKK 132,505 thousand in 2022 against a profit of DKK 28,321 thousand in 2021.

The company had expected a positive result for 2022 in the range of DKK 20-25 million. This expectation was conditional on the company avoiding major claims. This condition was not met in a year where the company experienced a large claim and a generally unsatisfactory claims development.

The negative technical result for 2022 was not helped by a negative investment return of DKK 4,496 thousand against a positive investment return of 422 thousand in 2021.

The company's liquidity during the financial year was satisfactory. It is the company's policy to manage its investment assets maintaining a low risk profile. In 2022, the company's investment assets were primarily invested in Danish mortgage credit bonds, UK government bonds and deposits in Danish banks.

Solvency II

At 31 December 2022, the solvency capital requirement (SCR) totalled DKK 207.244 thousand, calculated using the standard formula, which was covered by a capital base of DKK 551.178 thousand. The Danish Financial Supervisory Authority's capital requirement was thus met 2,66 times.

By comparison, at 31 December 2021, the company's solvency capital requirement (SCR) totalled DKK 186.614 thousand, while its capital base was DKK 621.605 thousand. The Danish Financial Supervisory Authority's capital requirement was thus met 3,33 times.

The decrease in the company's solvency ratio in 2022 is mainly due to the increase in the company's provisions for outstanding claims, which affects both the calculated capital requirement and the available capital. The decrease in the solvency ratio stemming from the claims development is partially offset by the inclusion of the profit associated with the Bound But Not Incepted (BBNI) insurance contracts for 2023. The BBNI contracts for 2023 represent a significant increase in business volume and premium rates compared to recent years, cf. the below outlook for 2023.

The table below shows the development of the company's solvency ratio for the past five years.

	2022	2021	2020	2019	2018
Solvency ratio – Solvency II (unaudited)	2,66	3,33	3,35	3,42	3,56

Sensitivity information

DKK '000	2022	2021
Interest rate increase of 0,7-1,0 percentage points	(3.882)	(3.970)
Interest rate decrease of 0,7-1,0 percentage points	3.882	3.970
Currency risk (Var 99)	1.535	1.431
Loss on counterparties of 8 percentage points	1.819	2.111

Significant risks and uncertainty factors

The various types of risk associated with the activities of an insurance company are described in note 16.

Audit Committee

The Audit Committee functions are performed by the Board of Directors. Under the Danish Act on Approved Auditors and Audit Firms (*revisorloven*), the conditions for doing so are met.

In connection with the Board of Directors' performance of the Audit Committee's functions, at least one member of the Board of Directors must be independent of the company and have qualifications within accounting or auditing. Gert Olander has been appointed by the Board of Directors, and as a state authorised public accountant, he meets the criterion concerning qualifications. He also fulfils the independence criterion.

Unusual circumstances

The company's assets, liabilities, and financial position at 31 December 2022 and the results of the company's operations for the 2022 financial year were not affected by unusual circumstances.

Gender composition

In accordance with section 79a of the Danish Financial Business Act (*lov om finansiel virksomhed*), the Board of Directors has set targets for the gender composition of the Board of Directors. The Board of Directors' objective is to have a more equal gender distribution among its members in 2025. However, the decisive factor is still that the directorships are elected based on the qualifications required for the company's Board of Directors.

Helle Risbjerg Nielsen has on 1 July 2022 replaced Allan Bødskov Andersen as deputy chairman of the Board of Directors. The company has with this change fulfilled the objective of a more equal gender distribution among its members before 2025. The Board of Directors has against this background decided to set an equal gender distribution among its members before 2030 as a new target.

Financial rating

AM Best has on 11 October 2022 affirmed a Financial Strength Rating of A- (Excellent) and a Long-Term Issuer Credit Rating of "a-" (Excellent) to Ørsted Insurance A/S. The outlook assigned these Credit Ratings is stable. AM Best originally assigned the ratings to Ørsted Insurance A/S on 21 September 2021.

Outlook for 2023

A positive result in the range of DKK 75-100 million is expected for 2023. The expected result is positively affected by an increased business volume from an increased share of Ørsted's renewables assets as well as by increased premium rates. The increased business volume has become possible following the financial rating assigned to the company in September 2021, which was affirmed in October 2022.

The expectation for 2023 is conditional on the company avoiding an unsatisfactory claims development similar to 2022.

Events after the end of the financial year

No events have occurred after the end of the financial year which will have a material effect on the financial reporting at 31 December 2022.

Managerial posts

The Board members' and CEO's managerial posts in enterprises:

Jeppe Hoff Nielsen	Ørsted Insurance A/S (Chairman of the Board of Directors) Ørsted Services A/S (Board member and CEO) EM EL Holding A/S (Board member and CEO) Energigruppen Jylland EL Holding A/S (Board member and CEO) Energigruppen Jylland EL A/S (Board member and CEO) Ørsted EGJ A/S (CEO) Ørsted EL A/S (CEO) Ørsted North America Holding A/S (CEO) Ørsted Onshore A/S (Board member and CEO) Ørsted Onshore Holding A/S (CEO) Ørsted Pipelines A/S (Board member) Danish Offshore Gas Systems A/S (Board member) Danish Oil Pipe A/S (Board member) Ørsted Real Estate A/S (Deputy Chairman)
Helle Risbjerg Nielsen	Ørsted Insurance A/S (Deputy Chairman of the Board of Directors) Energigruppen Jylland EL A/S, (Chairman of the Board of Directors) EM EL Holding A/S, (Chairman of the Board of Directors) Energigruppen Jylland EL Holding A/S (Chairman of the Board of Directors)
Anders Zoëga Hansen	Ørsted Insurance A/S (Board member)
Gert Olander	Ørsted Insurance A/S (Board member) V.O. Invest ApS (Executive Officer) MCA ApS (Executive Officer) Salling Group Forsikring A/S (Board member) Ejendomsselskabet Århus Nord A/S (Chairman of the Board of Directors) Ejendomsselskabet Århus Syd A/S (Chairman of the Board of Directors) Revisionsfirmaet Gert Olander, Statsautoriseret revisor (CEO, owner)
Jens Helskov Varder	Ørsted Insurance A/S (Director)

Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today considered and approved the annual report of Ørsted Insurance A/S for 2022.

The annual report has been prepared in accordance with the Danish Financial Business Act.

The financial statements give a true and fair view of the company's assets, liabilities, and financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022

The management's review includes a true and fair review of the development in the company's activities and financial situation as well as a description of the most significant risks and elements of uncertainty facing the company.

We recommend that the annual report be approved at the Annual General Meeting.

Gentofte, 12 April 2023

Executive Board:

Jens Helskov Varder
Director

Board of Directors:

Jeppe Hoff Nielsen
Chairman

Helle Risbjerg Nielsen
Deputy Chairman

Anders Zoëga Hansen

Gert Olander

Independent auditor's report

To the shareholder of Ørsted Insurance A/S

Our opinion

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January to 31 December 2022 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our Auditor's Long-form Report to the Board of Directors.

What we have audited

The Financial Statements of Ørsted Insurance A/S for the financial year 1 January to 31 December 2022 comprise income statement and other comprehensive income, balance sheet, statement of changes in equity and notes, including summary of significant accounting policies ("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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of Ørsted Insurance A/S on 19 May 2010 for the financial year ending 31 December 2010. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 13 years including the financial year 2022. We were reappointed following a tendering procedure at the General Meeting on 26 April 2020.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2022. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p data-bbox="164 304 624 365"><i>Measurement of provisions for insurance contracts</i></p> <p data-bbox="164 398 663 521">The Company's provisions for insurance contracts total DKK 468,4 million, which represents 45% of the total balance.</p> <p data-bbox="164 555 663 656">Claims provisions amount to DKK 444,2 million and risk margin amounts to DKK 18,5 million.</p> <p data-bbox="164 689 663 969">Claims provisions are calculated as the present value of a best estimate of expected payments relating to insurance events incurred at the balance sheet date in addition to payments already made in connection with these events. The estimate includes direct and indirect costs relating to the settlement of claims.</p> <p data-bbox="164 1003 663 1261">Accounting estimates in respect of insurance provisions is an experience-based estimate involving use of historic claims data and complex actuarial methods and models, which involve significant assumptions on the frequency and extent of insurance events relating to the insurance contracts.</p> <p data-bbox="164 1294 663 1485">We focused on the measurement of insurance provisions, as the accounting estimate is by nature complex and influenced by subjectivity and thus to a large extent associated with estimation uncertainty.</p> <p data-bbox="164 1518 663 1709">Reference is made to the Financial Statements "Accounting policies" section "Significant accounting estimates and judgements" in Note 18 and "Run-off result" in Note 5 "Technical profit (loss) by insurance class".</p>	<p data-bbox="694 365 1353 589">We performed risk assessment procedures with the purpose of achieving an understanding of it-systems, procedures and relevant controls relating to claims processing and insurance provisioning. In respect of controls, we assessed whether these were designed and implemented effectively to address the risk of material misstatement.</p> <p data-bbox="694 622 1353 813">We used our own actuaries in the evaluation of the actuarial methods and models applied by the Company as well as assumptions applied, and calculations made. For a sample of insurance provisions, we tested the calculation and the data used to underlying documentation.</p> <p data-bbox="694 846 1353 1059">We assessed and challenged the methods and models and significant assumptions applied based on our experience and industry knowledge with a view to ensure that these are in line with regulatory and accounting requirements. This comprised an assessment of the continuity in the basis for the calculation of insurance provisions.</p> <p data-bbox="694 1093 1353 1171">We tested the calculation of insurance provisions on a sample basis.</p> <p data-bbox="694 1205 1353 1261">We assessed whether the disclosures on insurance provisions were adequate.</p>

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 in the audit, or otherwise appears to be materially

misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Business 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 Business 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 the Danish Financial Business 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 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 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 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 content 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Hellerup, 12 April 2023
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 3377 1231

Stefan Vastrup
State Authorised Public Accountant
mne32126

Income Statement and Statement of Comprehensive Income for the year ended 31 December 2022

DKK '000	Note	2022	2021
Gross premiums	1	146.523	45.580
Insurance premiums ceded		-110.394	-24.277
Change in premium provisions		3.049	0
Change in reinsurers' share of premium provisions		-320	0
Total premium income, net of reinsurance		38.858	21.303
Technical interest	2	52	0
Claims paid		-1.105	-6.694
Change in claims provisions		-405.661	21.810
Change in risk margin		-5.900	-1.829
Change in reinsurers' share of claims provisions		252.007	-294
Total claims, net of reinsurance		-160.659	12.993
Bonus and premium rebates		-4.429	-2.977
Acquisition costs	3	-2.317	-1.704
Administrative expenses	4	-2.521	-2.508
Total operating expenses, net of reinsurance		-4.838	-4.212
Technical profit (loss)	5	-131.016	27.107
Interest income		4.556	3.737
Value adjustments	6	-8.318	-1.827
Interest expenses		-682	-1.437
Administrative expenses related to investment activities		-52	-51
Total investment return		-4.496	422
Interest on and value adjustments of technical provisions	2	-52	0
Investment return after technical interest		-4.548	422
Profit (loss) before tax		-135.564	27.529
Tax	7	3.059	792
Profit (loss) for the year		-132.505	28.321
Total comprehensive income for the year		-132.505	28.321
Proposal for distribution of profit		-132.505	28.321
Transferred to retained earnings		-132.505	28.321

Balance sheet at 31 December – Assets

DKK '000	Note	2022	2021
Assets			
Bonds	8	388.274	397.004
Derivative financial instruments		1.082	0
Total other financial investment assets		389.356	397.004
Total investment assets		389.356	397.004
Reinsurers' share of claims provisions		252.007	0
Total reinsurers' share of provisions for insurance contracts		252.007	0
Provisions for unearned premiums		3.049	0
Deferred tax assets		4.073	2.775
Current tax assets	9	755	432
Receivables from insurance companies		40.939	0
Receivable group companies		1.084	0
Cash and cash equivalents	8	295.216	270.686
Total other assets		345.116	273.893
Interest receivable		1.896	1.632
Total prepayments		1.896	1.632
Total assets		988.375	672.529

Balance sheet at 31 December – Equity and liabilities

DKK '000	Note	2022	2021
Equity and liabilities			
Share capital		1.001	1.001
Retained earnings		481.603	614.108
Total equity	10	482.604	615.109
Claims provisions		444.220	38.559
Risk margin		18.515	12.615
Provisions for bonus and premium rebates		5.711	2.977
Total provisions for insurance contracts		468.446	54.151
Reinsurers' share of premium provisions		320	0
Payables arising from direct insurance contracts		1.423	671
Payables arising from reinsurance contracts		35.297	0
Payables to group enterprises		2	1.431
Other payables		283	456
Derivative financial instruments		0	711
Total liabilities		37.325	3.269
Total equity and liabilities		988.375	672.529

Notes without reference

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Statement of Changes in Equity

DKK '000	Share capital	Retained earnings	Total
Equity at 1 January 2021	1.001	585.787	586.788
Profit (loss) for the period / Comprehensive income	0	28.321	28.321
Equity at 31 December 2021	1.001	614.108	615.109
Equity at 1 January 2022	1.001	614.108	615.109
Profit (loss) for the period / Comprehensive income	0	-132.505	-132.505
Equity at 31 December 2022	1.001	481.603	482.604

Notes to the income statement

Note 1 Gross premiums

DKK '000	2022	2021
Gross premiums, Denmark	39.359	35.813
Gross premiums, other EU countries	70.503	9.767
Gross premiums, other countries	36.662	0
Total gross premiums	146.523	45.580

Note 2 Technical interest

DKK '000	2022	2021
Technical interest has been calculated on the average balance on:		
Provisions for unearned premiums	-27.449	0
Reinsurers' share of provisions for unearned premiums	24.184	-96
	-3.265	-96
Technical interest: 3,17% (2021: -0,61%) p.a.	-52	0
Total technical interest	-52	0

Note 3 Acquisition costs

DKK '000	2022	2021
Insurance brokers' fees	-998	-1.165
Other costs	-1.319	-539
Total acquisition costs	-2.317	-1.704

Note 4 Administrative expenses

DKK '000	2022	2021
Staff costs		
Remuneration to the Board of Directors	-65	-65
Remuneration for key persons responsible for functions	-160	-181
Total staff costs	-225	-246
Fees to auditor appointed at the Annual General Meeting		
Statutory audit	-127	-131
Other assurance engagements	-9	-24
Other services	-44	-59
Fees to PricewaterhouseCoopers	-180	-214
Other services relate to declarations concerning the remuneration policy and Everen Limited		
Other administrative expenses		
Group overhead allocation, services	-2.079	-2.051
Miscellaneous	-37	3
Total other administrative expenses	-2.116	-2.048
Total administrative expenses	-2.521	-2.508

Group overhead allocation calculated in accordance with service agreement with Ørsted Services A/S.

For information on the company's remuneration policy, refer to the company's website (<https://orstedinsurance.com/Loenpolitik>).

For information on the company's remuneration of the Board of Directors and the Executive Board, refer to the company's website (https://orstedinsurance.com/Vederlagsrapport_2022).

Note 5 Technical profit (loss) by insurance class

	2022	2022	2022
DKK '000	Property	Marine Cargo	Total
Gross premiums	146.377	146	146.523
Gross earned premiums	149.426	146	149.572
Gross costs of claims	-406.766	0	-406.766
Profit (loss) on ceded business	141.293	0	141.293
Technical interest, net of reinsurance	52	0	52
Bonus and premium rebates	-4.429	0	-4.429
Gross operating expenses	-4.833	-5	-4.838
Change in risk margin	-5.900	0	-5.900
Technical profit (loss)	-131.157	141	-131.016
Run-off profit, net of reinsurance	0	0	-18.514
Run-off profit, gross	0	0	-18.514
Total claims paid	1	0	1
Average claim payment on claims incurred	-1.105	0	-1.105
Claims frequency	0	0	0

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DKK '000	2021 Property	2021 Marine Cargo	2021 Total
Gross premiums	45.144	436	45.580
Gross earned premiums	45.144	436	45.580
Gross costs of claims	15.116	0	15.116
Profit (loss) on ceded business	-24.571	0	-24.571
Technical interest, net of reinsurance	0	0	0
Bonus and premium rebates	-2.977	0	-2.977
Gross operating expenses	-4.172	-40	-4.212
Change in risk margin	-1.829	0	-1.829
Technical profit (loss)	26.711	396	27.107
Run-off profit, net of reinsurance	0	0	14.946
Run-off profit, gross	0	0	15.239
Total claims paid	1	0	1
Average claim payment on claims incurred	6.694	0	6.694
Claims frequency	0	0	0

Note 6 Value adjustments

DKK '000	2022	2021
Value adjustments, bonds	-7.650	-2.883
Value adjustments, deposits with credit institutions	-2.801	3.803
Value adjustments, reinsurers' share	76	-196
Value adjustments, derivative financial instruments	2.057	-2.550
Value adjustments, debtors/creditors	0	-1
Total gains (loss) on value adjustments	-8.318	-1.827

Note 7 Tax on profit (loss) for the year

DKK '000	2022	2021
Tax on profit (loss) for the year is calculated as follows:		
Current tax	755	432
Change in deferred tax	1.219	402
Adjustments of current tax in respect of prior years	384	-42
Adjustments of deferred tax in respect of prior years	701	0
Tax expense/income for the year	3.059	792
The tax on profit (loss) for the year can be explained as follows:		
Calculated 22 % tax on profit (loss) before tax	29.824	-6.056
Tax effect of:		
Non-taxable income	-27.771	6.890
Adjustment of tax for previous years	1.085	-42
	3.138	792
Effective tax rate	-2,3%	2,9%

Notes to the balance sheet

Note 8 Assets and liabilities to fair value

Bonds

Bonds, comprising listed bonds, are recognised initially in the balance sheet at cost on the value date with the addition of trading costs, and are subsequently measured at fair value (closing rate) at the balance sheet date.

Derivative financial instruments (liability)

Other derivative financial instruments include positive fair values of derivative financial instruments (hedging of currency risks).

Financial assets and liabilities are measured in the balance sheet at fair value, which is the price that will be received if an asset is sold, or the price that must be paid if a liability is transferred in a normal transaction between market participants at the time of measurement.

When calculating fair value, valuation categories consisting of three levels are used:

Level 1: Quoted prices in an active market for identical assets or liabilities

Level 2: Valuation model primarily based on observable market data

Level 3: Valuation model which is, to a significant extent, based on non-observable market data.

The fair value of quoted securities is determined as the officially quoted closing price on the balance sheet date (level 1).

The fair value of cash is determined as the balance of the balance sheet date (level 1).

DKK '000 2022 (2021)	Quoted prices Level 1	Observable prices Level 2	Non-observable prices Level 3	Total fair value
Assets				
Bonds	388.274 (397.004)	0	0	388.274 (397.004)
Cash and cash equivalents	295.216 (295.216)	0	0	295.216 (270.686)
Derivative finan- cial instruments	1.082 (-711)			1.082 (-711)
Liabilities				
Derivative finan- cial instruments	0	0	0	0

The company's bond portfolio consists of four Danish mortgage credit bonds as well as UK government bonds.

At 31 December 2022, the value of the portfolio of Danish bonds was DKK 346.980 thousand. The remaining maturities of the bonds are up to nine months.

The portfolio of British government bonds has a nominal value of GBP 5.000 thousand. At 31 December 2022, the fair value of the bonds was DKK 41.294 thousand. The British government bonds will expire July 2023. The currency risk is hedged using swaps.

Note 9 Current tax assets / (liabilities)

DKK '000	2022	2021
Income tax receivable at 1 January	432	1,902
Adjustments of current tax in respect of prior years	384	-42
Payments in respect of prior years	-816	-1,860
Current tax for the year	755	432
Current tax assets / (liabilities) at 31 December	755	432

Note 10 Equity and capital base

DKK '000	2022	2021
Share capital	1.001	1.001
Equity at 31 December	481.603	614.108
Capital base at 31 December	481.603	615.109

The share capital can be broken down as follows:
1.001 shares of DKK 1.000 each.

All shares rank equally.

The entire share capital is held by Ørsted A/S, Fredericia, Denmark.

Notes without reference

Note 11 Exposures and collateral

The company has no intragroup exposures or collateral over and above the exposures mentioned in the annual report; see section 182 of the Danish Financial Business Act.

Note 12 Contingent liabilities and other liabilities

Ørsted Insurance A/S is taxed jointly with the Ørsted Group and is jointly and severally liable with the other jointly taxed companies.

The company has no other contingent liabilities.

Note 13 Related parties

Related parties exercising control:

- Ørsted A/S, Kraftværksvej 53, Skærbæk, 7000 Fredericia, Denmark

Related parties with which Ørsted Insurance A/S has entered into transactions in 2022:

- Ørsted Services A/S, Kraftværksvej 53, Skærbæk, 7000 Fredericia, Denmark

The transactions are based on normal arm's-length terms.

Transactions between related parties and Ørsted Insurance A/S in 2022:

- Fee of DKK 2.144 thousand (2021: DKK 2.116 thousand) in respect of administrative, management, and investment assistance
- Derivative agreements in the form of currency swaps for hedging purposes

Note 14 Shareholder information

The company has registered the following shareholders holding more than 5 % of the voting rights or more than 5 % of the nominal value of the share capital:

- Ørsted A/S, Kraftværksvej 53, Skærbæk, 7000 Fredericia, Denmark

Note 15 Group structure

Ørsted Insurance A/S is a subsidiary of Ørsted A/S and is included in the Ørsted Group's financial statements.

Note 16 Risk information

In Ørsted Insurance A/S, risk management takes the form of the Board of Directors assessing and deciding on all relevant risks in accordance with the rules set out in the Danish Financial Business Act and the Danish Companies Act (*selskabsloven*). These risks are both of a financial and an operational nature. The company has prepared policies and guidelines in all key areas with a view to managing these risks. Moreover, the company's risk is monitored closely by four key functions: risk management, compliance, actuary and internal audit.

All relevant risks are assessed. Relevant risks for Ørsted Insurance A/S predominantly relate to insurance risk, credit and counterparty risk, market risk, and operational risk.

Insurance risk

Insurance risk is assessed on the basis of general principles for the key insurance risks that the company may accept based on the prepared policies and guidelines for risk acceptance (acceptance policy), including for reinsurance cover and the quality of reinsurance. Ørsted Insurance A/S has determined its acceptance policy taking into account the fact that it primarily writes policies for companies that are wholly or partly owned by Ørsted A/S, and these are extensively reinsured.

To limit the insurance risk in Ørsted Insurance A/S, including the total claims costs, the company enters into reinsurance agreements. These may cover some or all of the insurance portfolio. Likewise, the company operates with so-called stop-loss agreements for a number of programmes that set a threshold for the aggregate costs of claims on each insurance programme.

Part of the risk naturally relates to the assessment of claims provisions. Ørsted Insurance A/S makes extensive use of external technical assistance when determining and assessing claims.

As the company insures technically sophisticated equipment on, among other things, offshore activities, the determination of expected claims costs can be difficult, which means that the measurement of claims provisions is naturally subject to uncertainty.

Financial risks

Market risk is assessed taking into account the adopted investment policy according to which it is the company's policy to manage invested funds with a low risk profile. Investments are mainly placed on short-term deposit or invested in Danish and UK bonds with short remaining maturities. The company engages in currency hedging on an ongoing basis with a view to reducing the currency exposure associated with having claims costs in foreign currency.

The company monitors developments in the financial market on an ongoing basis, through reporting from the company's insurance brokers and reporting from Financial Markets Risk in Ørsted A/S.

Operational risk

Operational risk is monitored and mitigated on an ongoing basis through prepared policies and procedures that are controlled and updated on a regular basis.

Credit and counterparty risk

The company only uses insurance companies with an S&P Rating of 'A-' or above (or equivalent from other approved rating agencies) as policy and premium-collecting front. All premiums are collected directly from Ørsted A/S, where Ørsted Insurance A/S ensures immediate premium payment.

The company enters into a management agreement with the fronting insurance company that specifies, among other things, how quickly the premium must be ceded from the front to Ørsted Insurance A/S.

The company's credit risk therefore primarily relates to receivables from reinsurers in connection with possible claims cover.

In connection with major insured events or very large individual claims, receivables from reinsurers may be significant. The company's reinsurance policy specifies that reinsurance must only be written with companies with a rating of 'A-' or above (S&P). At the same time, there are typically at least three to ten reinsurance companies on the company's reinsurance programme, further diversifying any risk.

As the company is a wholly-owned subsidiary of Ørsted A/S and, in principle, only insures risks under Ørsted A/S, it is deemed that the company does not have any group risks.

Note 17 Five-year overview, financial highlights and key figures

DKK '000	2022	2021	2020	2019	2018
Income statement					
Gross earned premiums	149.572	45.580	50.629	49.838	62.646
Gross costs of claims	-406.766	15.117	-52.625	-2.241	-7.795
Insurance operating expenses	-4.838	-4.212	-5.651	-5.606	-5.133
Profit (loss) on ceded business	141.293	-24.570	-17.980	-23.385	-31.230
Technical profit (loss)	-131.016	27.107	-26.250	15.083	17.673
Investment return after technical interest	-4.548	422	-5.852	-574	-4.240
Profit (loss) for the period	-132.505	28.321	-28.778	14.701	14.557
Run-off profit	-18.514	15.239	-667	5.247	16.452
Balance sheet					
Total technical provisions	462.735	51.174	71.156	38.704	35.227
Total insurance assets	251.937	0	294	48	2.146
Total equity	482.604	615.109	586.788	615.566	600.865
Total assets	988.375	672.529	663.829	683.259	676.418
Financial ratios					
Gross claims ratio	280,3%	-35,5%	106,0%	4,7%	12,4%
Gross expense ratio	3,3%	9,9%	11,4%	11,8%	8,2%
Net reinsurance ratio	-97,3%	57,7%	36,2%	49,2%	49,6%
Combined ratio	186,2%	32,1%	153,6%	65,7%	70,1%
Operating ratio	180,8%	30,6%	150,8%	63,2%	70,4%
Relative run-off profit	-48,0%	25,2%	-2,4%	17,9%	56,1%
Return on equity in per cent p.a.	-24,1%	4,7%	-4,8%	2,4%	2,5%

Financial ratios

Financial ratios have been calculated in accordance with the Danish Executive Order on Financial Reports of Insurance Companies and Lateral Pension Funds (Nationwide Occupational Pension Funds):

The ratios and figures shown in the statement of financial highlights and key figures have been calculated as follows:

Gross claims ratio: The ratio of gross costs of claims to gross premium income less any bonus and premium rebates.

Gross expense ratio: The ratio of insurance operating expenses before deduction of commission and shares of surpluses from reinsurance contracts to gross earned premiums less any bonus and premium rebates.

Net reinsurance ratio: The ratio of profit on reinsurance to gross earned premiums less any bonus and premium rebates.

Combined ratio: The sum of gross claims ratio, gross expense ratio, and net reinsurance ratio.

Operating ratio: Calculated as combined ratio, but with allocated investment return increased by premium income in the calculation.

Relative run-off profit: Run-off profit measured as a percentage of claims provisions at the start of the period. The run-off profit is the difference between (a) claims provisions in the balance sheet at the start of the financial period, adjusted for foreign exchange translation differences and the effects of discounting, and (b) the sum of claims paid during the financial year and the portion of claims provisions that relates to claims that occurred in previous financial years.

Return on equity p.a.: The ratio of profit (loss) for the period to average equity for the period.

Note 18 Accounting policies

GENERAL

The annual report has been prepared in accordance with the Danish Financial Business Act and the Danish Executive Order on Financial Reports of Insurance Companies and Lateral Pension Funds (Nationwide Occupational Pension Funds) (*regnskabsbekendtgørelsen*).

The accounting policies are consistent with those applied last year.

The annual report is presented in thousands of DKK.

No leases have been entered into which give rise to changes in the accounting policies.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company as a result of a past event and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company has a legal or constructive obligation as a result of a past event, and it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On recognition and measurement, account is taken of expected risks and losses arising prior to the date of presentation of the annual report that evidence or do not support conditions existing at the balance sheet date.

Income is recognised in the income statement as earned, and all expenses are recognised with the amounts that relate to the financial period.

Foreign currency translation

On initial recognition, transactions in foreign currencies are translated into Danish kroner at the exchange rates at the transaction date. Exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement under value adjustments.

Receivables, payables and other monetary items in foreign currencies are translated at the closing rates at the balance sheet date. The difference between the closing rate at the balance sheet date and the rate at the date of creation of the receivable or payable is recognised in the income statement under value adjustments.

Hedging and derivative financial instruments

Derivative financial instruments are recognised and subsequently measured at fair value. Fair value is determined on the basis of market data and recognised valuation methods. Positive and negative fair values of derivative financial instruments are recognised as other receivables and other payables, respectively, and offsetting of positive and negative values is only effected if the company has the right to and intends to settle several financial instruments net in cash.

INCOME STATEMENT

Income is recognised in the income statement as earned, and all expenses are recognised as incurred.

Gross premiums

Gross premiums are the amounts that the company has received during the period or is due in respect of insurance contracts where the period of cover commenced before the end of the financial period.

Technical interest

As a result of the new executive order on presentation of financial statements, claims provisions are no longer included in the calculation of the technical interest. A return on the average provisions for unearned premiums for the period, net of reinsurance, is calculated and transferred from the investment return to the technical profit (loss).

The yield curve applied is a yield curve determined by the European Insurance and Occupational Pensions Authority (EIOPA). The basis is a term of one year on the assumption that claims are settled with a one-year delay.

Insurance operating expenses

Insurance operating expenses comprise expenses for managing the company's insurance portfolio as well as brokers' fees.

Investment return

Interest income comprises interest income relating to the year. Value adjustments comprise realised and unrealised foreign exchange gains and losses on transactions in foreign currencies as well as realised and unrealised value adjustments to market values.

Tax on profit (loss) for the year

The company is subject to the Danish rules on joint taxation of the Ørsted Group's Danish companies. 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 on which they are no longer included in the consolidation.

The parent company Ørsted A/S is the management company as far as the joint taxation is concerned and consequently settles all payments of income tax with the tax authorities.

The current Danish income tax is allocated among the jointly taxed companies in the form of settlement of joint taxation contributions in proportion to their taxable income. In this connection, companies with tax losses receive joint taxation contributions from companies that have been able to utilise these losses to reduce their own taxable profits.

Tax for the year, consisting of the joint taxation contribution for the year and change in deferred tax, is recognised in the income statement.

BALANCE SHEET

Significant accounting estimates and judgements

The preparation of the financial statements requires the use of certain critical accounting estimates. These relate primarily to the estimation of claims provisions, which are subject to uncertainties and management's best estimate.

Claims provisions are estimated using available information and assessments to support case reserves relating to known cases and using actuarial and statistical methods. In that connection, besides known case reserves, provision is made for claims covering an estimate of claims incurred but not yet reported ('IBNR provisions').

By its nature, the calculation of claims provisions involves estimates and various assumptions that may be significantly lower than or significantly exceed the estimated claims provisions.

Bonds

Bonds, comprising listed bonds, are recognised initially in the balance sheet at cost on the value date with the addition of trading costs, and are subsequently measured at fair value (closing rate) at the balance sheet date.

Derivative financial instruments (asset)

Other derivative financial instruments include positive fair values of derivative financial instruments (hedging of currency risks).

Reinsurers' share of claims provisions

Reinsurers' share of claims provisions include the company's rights under reinsurance contracts in respect of insurance events that have occurred. The rights are determined on the basis of the terms of the reinsurance contracts and based on the estimates used to calculate the gross claims provisions. Reinsurance assets are assessed for impairment and impaired to the present value of calculated rights as described above. Discounting is based on the yield curve issued by EIOPA.

Receivables

Receivables are measured at amortised cost. Write-downs are made for bad and doubtful debts.

Equity

Proposed dividend expected to be paid for the year is disclosed as a separate item under equity.

Provisions for unearned premiums

Provisions for unearned premiums comprise the sum of the payments that the company expects to have to pay, based on a best estimate, in respect of insured events occurring after the end of the financial year under written insurance contracts. The allocation is based on the expected development of the risk over the periods of cover of the respective policies although as a minimum corresponding to the accrued insurance premiums. Discounting is based on the yield curve issued by EIOPA.

Claims provisions

Claims provisions comprise the sum of the payments and expenses that the company expects to have to pay, based on a best estimate, in respect of insured events that have occurred before the balance sheet date. This estimate comprises insured events that have occurred but have yet to be reported. Claims are measured at the present value of expected future claims paid. Discounting is based on the yield curve issued by EIOPA.

Risk margin

The risk margin is the risk premium which a third party would require to take over the technical provisions, including the associated risk. The risk margin is calculated using a cost-of-capital approach.

Liabilities

Liabilities, comprising trade payables and other payables, are measured at amortised cost, which usually corresponds to nominal value.

Derivative financial instruments (liability)

Other derivative financial instruments include negative fair values of derivative financial instruments, etc. (hedging of currency risks).

Current tax and deferred tax

Under the joint taxation rules, subsidiaries are liable to the tax authorities for their own income taxes as they pay their joint taxation contributions to the management company.

Joint taxation contributions payable and receivable are recognised in the balance sheet under current tax liabilities and current tax assets, respectively.

The company is comprised by the rules under section 11A (captive rules) of the Danish Corporation Tax Act (*selskabsskatteloven*), according to which the company is taxed or achieves tax deductions, respectively, to the extent that intragroup payments are taxable or can be deducted, respectively, in other companies under the joint taxation.

Deferred tax is measured using the balance sheet liability method, providing for all temporary differences between the carrying amounts and the tax base of assets and liabilities.

Where different tax rules can be applied to determine the tax base, deferred tax is measured on the basis of management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised 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.