

**Company announcement
No. 35/2020**

Ørsted appeals against decision from the Danish Tax Agency on Danish taxation of two offshore wind farms in the UK

Today, Ørsted received an administrative decision from the Danish Tax Agency requiring Danish taxation of the company's British offshore wind farms Walney Extension and Hornsea 1 in the tax years 2015 and 2016. The Danish Tax Agency's claim amounts to DKK 5.1 billion, plus interest amounting to DKK 1.5 billion.

According to the decision, Ørsted is to be taxed in Denmark on the full future value of the two offshore wind farms, despite the fact that they are developed, owned, and operated by British subsidiaries of the Ørsted group and are already taxed in the UK. The decision also entails that the date of taxation is brought forward, as Ørsted, according to the Danish Tax Agency, should be taxed on the future value long before the offshore wind farms were built.

Ørsted disagrees with the decision and will appeal it to the Danish Tax Appeals Agency. Furthermore, Ørsted will take steps to ensure that the Danish and UK tax authorities initiate negotiations to avoid Ørsted being subjected to double taxation, if necessary, by referring the case to an independent arbitration panel.

Marianne Wiinholt, CFO of Ørsted, says:

"The Danish Tax Agency's decision is clearly based on a misconception of the risks and value creation in Ørsted's business model for developing, constructing, and operating offshore wind farms. As early as 2015, we asked the Danish and UK tax authorities to clarify the taxing rights between the two countries, so that the offshore wind farms would not be taxed twice. However, the Danish tax authorities broke off negotiations, and haven't since wanted to reopen them."

If a final decision leads to an increase in Danish taxation, there may, even with an offsetting effect in the UK, be a negative NPV effect of up to DKK 4 billion due to differences in terms of amount and timing of taxation between Denmark and the UK.

Ørsted will ask the Danish Tax Agency for a deferral of the tax payment until the case has been decided.

At this stage, it has not been clarified whether the Danish Tax Agency will seek to resume the tax assessment of other Ørsted offshore wind farms.

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Ørsted's vision is to create a world that runs entirely on green energy. Ørsted develops, constructs, and operates offshore and onshore wind farms, solar farms, energy storage facilities, and bioenergy plants, and provides energy products to its customers. Ørsted ranks #1 in Corporate Knights' 2020 index of the Global 100 most sustainable corporations in the world and is recognised on the CDP Climate Change A List as a global leader on climate action. Headquartered in Denmark, Ørsted employs 6,120 people. Ørsted's shares are listed on Nasdaq Copenhagen (Orsted). In 2019, the company generated revenue of DKK 67.8 billion (EUR 9.1 billion). For more information on Ørsted, visit orsted.com or follow us on Facebook, LinkedIn, Instagram and Twitter.

The information provided in this announcement does not change Ørsted's financial outlook for the 2020 financial year or the expected investment level announced for 2020.

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