

Ørsted updates investors on the company's exposure to gas contract with Gazprom Export

Ørsted condemns the Russian invasion of Ukraine and has already taken several steps to stop its cooperation with Russian companies.

Ørsted has ceased all sourcing of biomass and coal from Russia for its power stations, Ørsted will not enter into new contracts with Russian companies, and Ørsted has made sure that none of Ørsted's direct suppliers for the build-out of renewable energy are Russian.

Concerning Ørsted's gas purchase contract with Gazprom Export:

- Ørsted has a long-term take-or-pay gas purchase contract with Gazprom Export. The contract was entered into in 2006 and expires according to its terms in 2030. The contract cannot be terminated at this point in time. The contract will not be extended.
- A long term take-or-pay contract was the industry standard for procuring gas at the time of signing.
- Under the contract, Ørsted receives approximately 20 TWh of gas per year. Ørsted will offtake the minimum yearly volume of gas under the contract. Ørsted's financial exposure is significantly less than 20 TWh per year, as explained below.
- The gas is delivered in Germany and forms part of Ørsted's sourcing strategy towards our Danish and Swedish business-to-business and wholesale customers. Any gas volumes not transported to Denmark and Sweden are sold in Northwestern Europe.
- Currently, imports of gas cover a substantial part of Danish and European gas consumption, and therefore, it will have severe societal consequences if Europe experiences shortfalls in gas supplies.
- Gas is no longer a core business for Ørsted, and accordingly, Ørsted's gas sourcing contracts are handled as a low-risk, low margin business. In line with this policy, Ørsted seeks to limit any financial exposure related to the Gazprom Export contract.
- The main financial exposure relates to the price at which Ørsted purchases the gas from Gazprom Export, where Ørsted – under normally functioning market conditions – seeks to lock-in the margin by hedging (i.e. forward selling) the gas a few months ahead.
- Ørsted is now taking steps to balance the risk against a scenario where the supply of Russian gas is disrupted or sanctioned by reducing the overall hedge level related to the Gazprom Export contract.
- Subject to approval at the upcoming annual general meeting in April, Ørsted will donate all net profits (if any) after hedges and tax related to the Gazprom Export contract to humanitarian aid in Ukraine.

Ørsted supports any political initiative to become independent of Russian gas as well as any political import sanctions that may be imposed. Any such initiatives will be immediately and strictly implemented.

The information provided in this announcement does not change Ørsted's financial outlook for the 2022 financial year or the expected investment level announced for 2022.

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About Ørsted

The Ørsted vision is a world that runs entirely on green energy. Ørsted develops, constructs, and operates offshore and onshore wind farms, solar farms, energy storage facilities, renewable hydrogen and green fuels facilities, and bioenergy plants. Moreover, Ørsted provides energy products to its customers. Ørsted is the only energy company in the world with a science-based net-zero emissions target as validated by the Science Based Targets initiative (SBTi). Ørsted ranks as the world's most sustainable energy company in Corporate Knights' 2022 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 6,836 people. Ørsted's shares are listed on Nasdaq Copenhagen (Orsted). In 2021, the group's revenue was DKK 77.7 billion (EUR 10.4 billion). Visit orsted.com or follow us on Facebook, LinkedIn, Instagram, and Twitter.