Vestas

Company announcement No. 07/2024

Interim Financial Report
First Quarter 2024

Vestas Wind Systems A/S
Hedeager 42,8200 Aarhus N, Denmark
Company Reg. No.: 10403782

Wind. It means the world to us.™

Contents

Conference call (audiocast)
On Thursday 2 May 2024 at 10 am CEST (9 am BST), Vestas will host a conference call with a presentation on the results. The presentation will be audiocast and can be viewed live or replayed via vestas.com.

The presentation will be held in English and will conclude with a Q&A. Details on how to register for the Q&A are to be found at vestas.com/en/investor.

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Summary

Summary: Quarterly revenue of EUR 2.7bn with an EBIT margin before special items of (2.5) percent. Order intake of 2.3 GW and record-high combined order backlog of EUR 61.0bn. Full-year guidance maintained.

In the first quarter of 2024, Vestas generated revenue of EUR 2,681m – a decrease of 5.2 percent compared to the year-earlier period. EBIT before special items amounted to EUR (68)m, resulting in an EBIT margin before special items of (2.5) percent. The underlying EBIT margin increased with 1.5 percentage points compared to the first quarter of 2023, when disregarding the effects of the sale of the converters and controls business in the comparison quarter.

Adjusted free cash flow amounted to EUR (997)m compared to EUR (1,280)m in the first quarter of 2023.

The quarterly intake of firm and unconditional wind turbine orders amounted to 2,300 MW, a 30 percent decrease from first quarter 2023. The value of the wind turbine order backlog was EUR 26.6bn as at 31 March 2024.

In addition to the wind turbine order backlog, at the end of the quarter, Vestas had service agreements with expected contractual future revenue of EUR 34.4bn. Thus, the value of the combined backlog of wind turbine orders and service agreements stood at EUR 61.0bn – an increase of EUR 10.3bn compared to the year-earlier period.

The full-year guidance is maintained: Revenue is expected to range between EUR 16bn and 18bn, including Service revenue. Vestas expects to achieve an EBIT margin before special items of 4-6 percent, and total investments[1)] are expected to amount to approx. EUR 1.2bn in 2024.

Group President & CEO Henrik Andersen said: *"Vestas' underlying performance continued to improve in the first quarter of 2024, and our financial results were in line with expectations. Our revenue was EUR 2.7bn with an EBIT margin of minus 2.5 percent, which represents a 30 percent increase in gross profit driven by higher project profitability and service growth, but lower project deliveries. Following a very strong finish to 2023, we secured 2.3 GW of orders, while maintaining a strong commercial discipline. As we ramp up to deliver on our growing backlog and deliver across both onshore and offshore, we continue to lead the industry and focus on achieving our financial goals. We maintain our guidance for 2024 and want to thank our customers, partners, and shareholders for their ongoing support, and our more than 30,000 colleagues for the dedication to both Vestas and the energy transition."*

Key highlights

Revenue of EUR 2.7bn
Decline of 5 percent YoY driven by lower activity in Power Solutions, offset by 12 percent growth in Service.

EBIT margin of minus 2.5 percent
Disregarding the sale of technology, EBIT improved YoY due to higher project profitability.

Order intake of 2.3 GW
Order intake declined by 30 percent YoY due to strong finish to 2023.

Solid capital structure
Improved earnings are the main driver for a leverage of 1.1x net debt / EBITDA, compared to 5.8x a year ago.

Vestas continues to lead the industry
Through commercial discipline, Vestas maintains the leading position in the global market.

1) Net investments in intangible assets and property, plant and equipment

Financial and operational key figures

mEUR	Q1 2024	Q1 2023	FY 2023
Financial key figures			
Income statement			
Revenue	2,681	2,829	15,382
Gross profit	244	188	1,283
Operating profit/(loss) before amortisation, depreciation and impairment (EBITDA) before special items	131	236	1,028
Operating profit/(loss) (EBIT) before special items	(68)	40	231
Operating profit/(loss) before amortisation, depreciation and impairment (EBITDA)	132	262	1,089
Operating profit/(loss) (EBIT)	(67)	66	292
Net operating profit after tax (NOPAT)	(48)	34	223
Net financial items	(35)	(34)	(164)
Profit/(loss) before tax	(105)	31	102
Profit/(loss) for the period	(75)	16	78
Balance sheet			
Balance sheet total	22,599	19,914	22,514
Equity	3,064	3,024	3,042
Investments in property, plant, and equipment	104	76	457
Net working capital	(622)	(167)	(1,507)
Capital employed	6,495	5,947	6,429
Interest-bearing position (net), end of the period	(979)	(1,121)	32
Interest-bearing debt, at the end of the period	3,431	2,923	3,387
Cash flow statement			
Cash flow from operating activities	(755)	(974)	1,027
Cash flow from investing activities	(215)	(111)	(782)
Free cash flow	(970)	(1,085)	245
Adjusted free cash flow[1)]	(997)	(1,280)	(51)
Financial ratios[2)]			
Financial ratios			
Gross margin (%)	9.1	6.6	8.3
EBITDA margin (%) before special items	4.9	8.3	6.7
EBIT margin (%) before special items	(2.5)	1.4	1.5
EBITDA margin (%)	4.9	9.3	7.1
EBIT margin (%)	(2.5)	2.3	1.9
Return on capital employed (ROCE)[3)] (%) before special items	1.6	(12.7)	2.9
Net interest-bearing debt / EBITDA[3)] before special items	1.1	5.8	0.0
Solvency ratio (%)	13.6	15.2	13.5
Return on equity[3)] (%)	(0.2)	(22.9)	2.6
Share ratios			
Earnings per share[4)] (EUR)	(0.0)	(0.8)	0.1
Dividend per share (EUR)	-	-	-
Pay-out ratio (%)	-	-	-
Share price at the end of the period (DKK)	193.0	199.0	214.3
Number of shares at the end of the period (million)	1,010	1,010	1,010
Operational key figures			
Order intake (bnEUR)	2.2	2.9	18.5
Order intake (MW)	2,300	3,303	18,386
Order backlog – wind turbines (bnEUR)	26.6	19.7	26.0
Order backlog – wind turbines (MW)	25,852	20,596	23,315
Order backlog – service (bnEUR)	34.4	31.0	34.1
Produced and shipped wind turbines (MW)	2,645	2,983	11,666
Produced and shipped wind turbines (number)	492	604	2,554
Deliveries (MW)	1,720	2,317	12,685

1) Free cash flow adjusted for acquisitions and divestments of businesses and activities, lease liability repayment, special items, net investments in joint ventures and associates that are deemed outside Vestas' core business activities, net investments in marketable securities, and other financial assets.
2) The ratios have been calculated in accordance with the guidelines from The Danish Finance Society (Recommendations & Financial ratios).
3) Calculated on a Last Twelve Months (LTM) basis
4) Earnings per share has been calculated over a 12-month period and in accordance with IAS 33 on earnings per share.

Sustainability key figures

	Q1 2024 LTM	Q1 2023 LTM	FY 2023
Environmental			
Utilisation of resources			
Consumption of energy (GWh)	650	635	658
- of which renewable energy (GWh)	211	228	213
- of which renewable electricity (GWh)	160	180	166
Renewable energy (%)	32	36	32
Renewable electricity for own activities (%)	100	100	100
Withdrawal of fresh water (1,000 m³)	285	318	279
Waste			
Volume of waste from own operations (1,000 t)	39	46	44
- of which collected for recycling (1,000 t)	25	28	30
Recyclability rate of hub and blade[1] (%)	//	//	90
Material efficiency (tonnes of waste excl. recycled per MW produced and shipped)	1.2	1.4	1.2
Carbon emissions			
Direct emissions of CO_2e (scope 1) (1,000 t)	108	95	108
Indirect emissions of CO_2e (scope 2) (1,000 t)	1	2	1
Indirect emissions of CO_2e from the supply chain (scope 3)[1] (million t)	//	//	7.66
Indirect emissions of CO_2e from the supply chain (scope 3)[1] (kg per MWh generated)	//	//	6.30
Products			
Expected CO_2e avoided over the lifetime of the capacity produced and shipped during the period (million t)	393	395	396
Expected annual CO_2e avoided by the total aggregated installed fleet at the end of the period (million t)	235	222	231
Social			
Safety			
Total Recordable Injuries per million working hours (TRIR)	2.9	3.2	3.0
Lost Time injuries per million working hours (LTIR)	1.2	1.1	1.3
Total Recordable Injuries (number)	222	204	216
- of which Lost Time Injuries (number)	92	73	91
- of which fatal injuries (number)	0	1	1
Employees			
Average number of employees (FTEs)	30,064	28,627	29,463
Employees at the end of the period (FTEs)	31,363	28,567	30,586
Diversity and inclusion			
Women in the Board and Executive Management at the end of the period (%)	27	27	21
Women in leadership positions at the end of the period (%)[2]	24	23	24
Human rights[1]			
Community grievances (number)	//	//	3
Community beneficiaries (number)	//	//	9,769
Social Due Diligence on projects in scope (%)	//	//	59
Governance			
Whistle-blower system[1]			
EthicsLine compliance cases (number)	//	//	667
- of which substantiated	//	//	128
- of which unsubstantiated	//	//	461

For general definitions and specifications on these sustainability key figures, see the Notes to Sustainability key figures in the Annual Report 2023, page 128-129. Note that as of Q1 2024, as a standard, sustainability key figures are presented on a Last Twelve Months (LTM) basis.

1) Data only reported on an annual basis.
2) Employees of our subsidiary Utopus Insights, Inc. are not included.

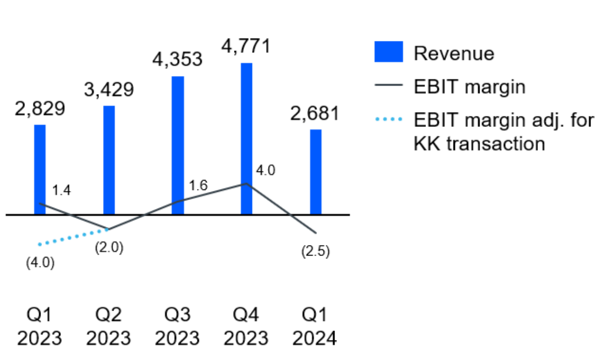
Group financial performance

Income statement

Revenue

Revenue in the first quarter of 2024 amounted to EUR 2,681m (Q1 2023: EUR 2,829m), a decrease of 5.2 percent, primarily driven by a lower volume of MW delivered, but partially offset by higher average prices in Power Solutions and increasing Service activity. Revenue for the first quarter of 2024 reflected a negative impact of approx. EUR 13m from foreign exchange rates compared to 2023.

Revenue and EBIT margin before special items
mEUR and percentage



Gross profit

Gross profit amounted to EUR 244m in the first quarter of 2024, corresponding to a gross margin of 9.1 percent (Q1 2023: EUR 188m; 6.6 percent), which is a 2.5 percentage point increase compared to the first quarter of 2023, despite the lower level of revenue. The increase was mainly attributable to improved margins on projects in the Power Solutions segment.

Warranty costs

Warranty costs amounted to EUR 121m in the first quarter of 2024 (Q1 2023: EUR 113m). The warranty costs are equivalent to a warranty ratio of 4.5 percent of revenue; on a higher level than last year (Q1 2023: 4.0 percent) but lower than 5.3 percent for full year 2023.

Research and development costs, Distribution costs and Administration costs

Total research and development, distribution and administration costs amounted to EUR 312m in the first quarter of 2024 (Q1 2023: EUR 304m), equivalent to 8.2 percent of revenue in the last twelve months.

Research and development costs recognised in the income statement amounted to EUR 85m in the first quarter of 2024 (Q1 2023: EUR 92m). The decrease reflects a lower depreciation level on technology projects.

Distribution costs amounted to EUR 128m in the first quarter of 2024 (Q1 2023: EUR 107m). The first quarter of 2023 was affected by reclassification of impairment losses, which were recognised in production costs instead.

Administration costs amounted to EUR 99m in the first quarter of 2024 (Q1 2023: EUR 105m). The decrease was driven by lower IT costs.

Depreciation, amortisation, and impairment

In the first quarter of 2024, overall depreciation, amortisation, and impairment before special items amounted to EUR 199m (Q1 2023: EUR 196m).

Income from investments in joint ventures and associates from core activity

In the first quarter of 2024, no income from investments in joint ventures and associates related to Development activities was realised (Q1 2023: gain of EUR 9m).

Operating profit (EBIT) before special items

EBIT before special items amounted to negative EUR 68m in the first quarter of 2024, equivalent to an EBIT margin of negative 2.5 percent (Q1 2023: EUR 40m; 1.4 percent). The operating profit in the first quarter of 2023 was significantly impacted by the sale of the converters and controls business. The underlying EBIT increased with 1.5 percentage points compared to the first quarter of 2023, when disregarding the effects of the sale in the comparison quarter. This increase was driven by improved project margins in the Power Solutions segment.

Operating profit (EBIT) after special items

In the first quarter of 2024, EBIT after special items amounted to negative EUR 67m, equivalent to a margin of negative 2.5 percent (Q1 2023: EUR 66m; 2.3 percent).

Income from investments in joint ventures and associates from other activities

Income from investments in joint ventures and associates amounted to a loss of EUR 3m in the first quarter of 2024 (Q1 2023: loss of EUR 1m), mainly impacted by a loss of EUR 2m on the Blakliden Fäbodberget Holding AB wind farm investment.

Net financial items

Financial items amounted to a net loss of EUR 35m in the first quarter of 2024 (Q1 2023: loss of EUR 34m). Financial items were impacted by negative development in foreign exchange rates of EUR 12m from various exposures in EMEA and increasing financing costs of EUR 5m, but partially offset by a gain of EUR 15m from revaluation of earn-out related to the investment in Copenhagen Infrastructure Partners.

Income tax

Income tax amounted to an income of EUR 30m, equivalent to an effective tax rate of 29 percent in the first quarter of 2024 (Q1 2023: Effective tax rate of 48.4 percent). The high effective tax rate in 2023 was related to a profit before tax close to zero.

Net result for the period

The net result amounted to a loss of EUR 75m in the first quarter of 2024 (Q1 2023: profit of EUR 16m).

Financial ratios

Earnings per share calculated over a 12-month period amounted to negative EUR 0.01 in the first quarter of 2024 (Q1 2023: negative EUR 0.8). The increase of EUR 0.78 was driven by the higher result in the period.

Return on capital employed (ROCE) before special items calculated over a 12-month period was 1.6 percent in the first quarter of 2024 (Q1 2023: negative 12.7 percent), an increase compared to 2023 driven by the higher EBIT before special items in the period.

Working capital and free cash flow

Net working capital

Net working capital amounted to a net liability of EUR 622m as at 31 March 2024 (31 March 2023: a net liability of EUR 167m). Compared to first quarter 2023, the development is primarily attributable to a higher level of contract liabilities from prepayments related to firm order intake and project milestones achieved during the past year.

Cash flow from operating activities

Cash flow from operating activities was negative EUR 755m in the first quarter of 2024 (Q1 2023: negative 974m). The positive development in cash flow compared to last year was primarily driven by the development in net working capital.

Cash flow from investing activities

Total net investments[1] amounted to a net outflow of EUR 198m in the first quarter of 2024 (Q1 2023: outflow EUR 112m), with the increase primarily reflecting the disposal of the converters and controls business in the first quarter of 2023. The underlying investment level increased slightly due to ramp-up of production related to the V236 offshore turbine.

Adjusted free cash flow

Adjusted free cash flow amounted to negative EUR 997m in the first quarter of 2024, reflecting an improved cash flow from the Power Solutions segment (Q1 2023: negative EUR 1,280m).

Adjusted free cash flow
mEUR

	Q1 2024	Q1 2023
Cash flow from operating activities	(755)	(974)
Cash flow from investing activities	(215)	(111)
Free cash flow	**(970)**	**(1,085)**
Net acquisitions in businesses/activities*)	(2)	(165)
Payment of lease liabilities	(47)	(35)
Special items	2	3
Investments in financial assets	20	2
Adjusted free cash flow	**(997)**	**(1,280)**

*) Includes net investments in joint ventures and associates, outside core business.

Capital structure and financing items

Equity and solvency ratio

As at 31 March 2024, total equity amounted to EUR 3,064m (31 March 2023: EUR 3,024m) and the solvency ratio dropped 1.6 percentage points to 13.6 percent as at 31 March 2024. The lower solvency was mainly a result of the issuance of a sustainability-linked Eurobond of nominal EUR 500m to finance increasing investment levels and to strengthen liquidity position during 2023. In addition, prepayment levels have increased significantly from a high level of firm order intake during 2023.

Net interest-bearing position and cash position

As at 31 March 2024, the net interest-bearing debt amounted to negative EUR 979m (31 March 2023: negative EUR 1,121m). The development was a result of positive free cash flow during the last 12 months.

Cash and cash equivalents amounted to EUR 2,294m as at 31 March 2024, compared to EUR 1,707m at the end of the first quarter of 2023.

The ratio net interest-bearing debt/EBITDA was 1.1 as at 31 March 2024, compared to 5.8 at the end of the first quarter of 2023. The ratio was impacted by improved financial result during the last 12 months.

1) Net investments in intangible assets and property, plant and equipment.

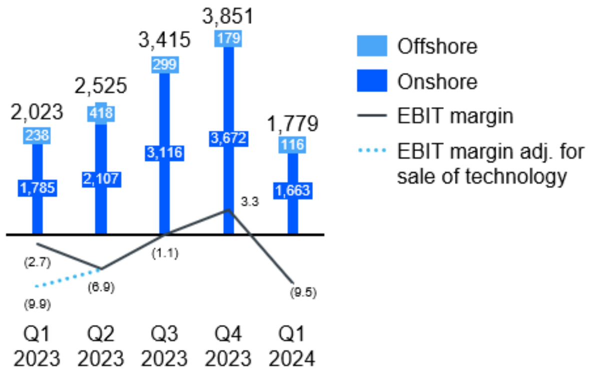
Power Solutions

Result for the period

In the first quarter of 2024, revenue from the Power Solutions segment amounted to EUR 1,779m (Q1 2023: EUR 2,023m), which corresponds to a 12.1 percent decrease compared to the first quarter of 2023. The decrease was driven by lower volume of MW delivered, but partially offset by higher average prices.

EBIT before special items amounted to negative EUR 169m in the first quarter of 2024, equal to an EBIT margin of negative 9.5 percent (Q1 2023: negative EUR 54m; negative 2.7 percent). The EBIT margin in the first quarter of 2023 benefited from sale of technology, and therefore the underlying EBIT margin increased by 0.4 percentage points, highlighting improved margins from projects in the Power Solutions segment as commercial discipline is being strengthened.

Power Solutions revenue and EBIT margin before special items
mEUR and percentage



Wind turbine order intake

In the first quarter of 2024, wind turbine order intake amounted to 2,300 MW, corresponding to a value of EUR 2.2bn (Q1 2023: 3,303 MW; EUR 2.9bn). This represents a decrease of 30 percent in MW order intake compared to the first quarter of 2023. The decrease was mainly related to strong onshore order intake in the fourth quarter of 2023, and the 1.3 GW onshore order in Brazil in first quarter 2023.

The average selling price (ASP) per MW was EUR 0.97m in the first quarter of 2024 compared to EUR 0.89m in the first quarter of 2023.

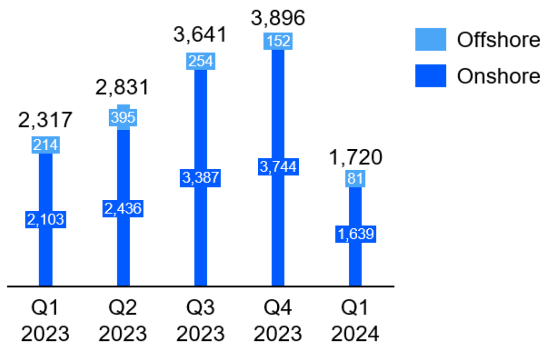
Wind turbine order intake, first quarter 2024
MW

	EMEA	Ameri-cas	Asia Pacific	Total
Onshore order intake	1,045	1,138	117	**2,300**
Offshore order intake	-	-	-	**-**
Total order intake	1,045	1,138	117	**2,300**

Wind turbine deliveries

Deliveries to customers amounted to 1,720 MW in the first quarter of 2024 (Q1 2023: 2,317 MW). Offshore deliveries decreased from 214 MW in the first quarter of 2023 to 81 MW in the first quarter of 2024.

Deliveries
MW



By the end of March 2024, Vestas had installed a total capacity of 179 GW in 88 countries.

Deliveries (onshore and offshore)
MW

	Q1 2024	Q1 2023	FY 2023
Germany	172	367	1,486
Italy	156	13	265
France	84	186	735
South Africa	63	-	37
Finland	48	4	723
Belgium	40	13	65
Greece	33	76	161
Poland	32	106	292
United Kingdom	29	175	896
Estonia	27	-	101
Czech Republic	9	7	9
Austria	6	16	197
Spain	6	13	177
Portugal	5	50	107
Sweden	4	-	165
Lithuania	4	-	68
Ireland	1	-	36
Denmark	-	10	53
Egypt	-	82	145
Netherlands	-	102	287
Turkey	-	-	32
Utd. Arab Emir.	-	-	42
Romania	-	-	72
EMEA	**719**	**1,220**	**6,151**
o/w Offshore	*11*	*191*	*563*
Brazil	549	420	1635
Argentina	87	57	420
Chile	15	6	41
USA	15	299	2079
Colombia	-	(9)*)	332
Dominican Rep.	-	11	18
Puerto Rico	-	11	11
Canada	-	-	275
Mexico	-	-	1
Americas	**666**	**795**	**4,812**
o/w Offshore	*-*	*-*	*-*
Australia	249	127	822
Taiwan	70	17	458
India	16	68	193
Japan	-	48	95
New Zealand	-	24	84
South Korea	-	13	21
Sri Lanka	-	2	6
Vietnam	-	3	9
China	-	-	21
Philippines			13
Asia Pacific	**335**	**302**	**1,722**
o/w Offshore	*70*	*23*	*452*
Total	**1,720**	**2,317**	**12,685**
o/w Offshore	*81*	*214*	*1,015*

*) Negative values can result as part of Vestas' deliveries are based on a percentage-of-completion method requiring estimates in relation to stage of completion.

Wind turbine order backlog

At the end of the first quarter of 2024, the wind turbine order backlog amounted to 25,852 MW, which corresponds to a value of EUR 26.6bn (31 March 2023: 20,596 MW / EUR 19.7bn), of which EUR 5.3bn relates to offshore wind power projects (31 March 2023: EUR 2.5bn). The development reflects significant offshore order intake in Poland and Germany as well as a high level of onshore order intake in the USA and Brazil.

Order backlog per region
MW

	EMEA	Ameri-cas	Asia Pacific	Total
Total backlog as at 31 March 2023	8,775	8,284	3,537	**20,596**
Order intake	8,564	7,933	886	**17,383**
Deliveries	(5,635)	(4,722)	(1,770)	**(12,127)**
Total backlog as at 31 March 2024	**11,704**	**11,495**	**2,653**	**25,852**
o/w Offshore	*3,397*	*-*	*829*	***4,226***

Development business

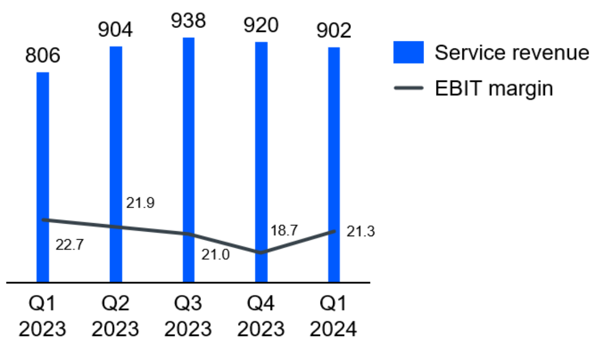
In the first quarter of 2024, Vestas' pipeline of development projects amounted to 30.1 GW, allocated with 16.7 GW in APAC, 7.6 GW in Americas and 5.8 GW in EMEA, with Australia and the USA being the countries with the largest project pipelines. During the quarter, Vestas secured 1.0 GW of new pipeline projects, mainly in Australia, Brazil, and Latvia.

Service

Result for the period

The Service segment generated revenue of EUR 902m in the first quarter of 2024 (Q1 2023: EUR 806m), which corresponds to an 11.9 percent increase compared to the first quarter of 2023. The increased revenue was mainly driven by higher contract activity and indexation mechanisms, as well as slightly higher transactional sales compared to the same quarter last year. Foreign exchange rates had a EUR 13m negative effect on revenue growth.

Service revenue and EBIT margin before special items
mEUR and percentage



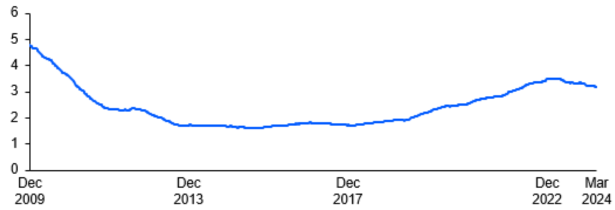
EBIT before special items amounted to EUR 192m in the first quarter of 2024 (Q1 2023: EUR 183m), corresponding to a 4.9 percent increase compared to first quarter last year. The EBIT margin decreased to 21.3 percent (Q1 2023: 22.7 percent), primarily due to lower profitability on certain contracts in EMEA and Americas.

Wind turbines under service

At the end of March 2024, Vestas had around 55,500 wind turbines under service, equivalent to 149 GW.

Regional validation and clean-up in contract data was conducted during the first quarter of 2024, which showed premature inclusion of not-yet-active contracts. The clean-up led to a 3 GW reduction in active service contracts; this has no effect on customers, employees, the service order backlog, or financials.

Lost Production Factor*)
Percent



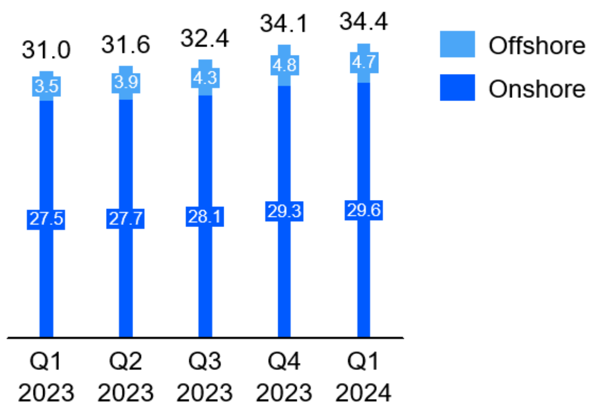
*) Data calculated across more than 40,000 Vestas wind turbines under full-scope service. The lost production factor includes both onshore and offshore turbines.

The overall Lost Production Factor continues to improve, although still at an unsatisfactory level at the end of first quarter 2024.

Service order backlog

At the end of March 2024, Vestas had service contracts in the order backlog with expected contractual future revenue of EUR 34.4bn, an increase of EUR 3.4bn compared to end of the quarter last year (31 March 2023: EUR 31.0bn). The service backlog increased EUR 1.4bn from indexation mechanisms in contracts and decreased EUR 0.4bn due to development in foreign exchange rates.

Service order backlog
bnEUR



At the end of the quarter, the average duration of the service order backlog was 11 years (31 March 2023: 11 years).

Classification: Public

Sustainability

The Vestas Sustainability Strategy
Vestas has been leading the transition to a world powered by sustainable energy for over four decades. But in 2020, we launched our sustainability strategy to embed sustainability in everything we do with four clear ambitions: achieving carbon-neutrality of our own operations by 2030 – without using carbon offsets, and with a 45 percent reduction in our supply chain CO_2e intensity; creating zero-waste wind turbines by 2040; becoming the safest, most inclusive and socially responsible workplace in the energy industry; and leading the transition to a world powered by sustainable energy.

Vestas is currently implementing CSRD regulation for reporting full-year ESG data for 2024. As a result of this, definitions for some indicators may change at the end of the year.

Note that as of this interim report, our key sustainability figures will, as a standard, be presented on last twelve months (LTM) basis to remove seasonal fluctuations and focus on long-term progress.

Carbon footprint
Turbines produced and shipped in the last twelve months are expected to avoid 393 million tonnes of CO_2e over the course of their lifetime. This is a decrease of 2 million tonnes from the same period last year, due to a lower volume of MW produced and shipped in the period.

In the last twelve months, our total scope 1 and 2 emissions increased to 109,000 tonnes from 97,000 tonnes. This reflects a 12 percent increase compared to the last twelve months the year prior. During this period, we saw higher activity levels in both offshore service and offshore construction, leading to increased fuel usage.

In the first quarter of 2024, we announced a new offering of low-emission steel to our customers. Low-emission steel emits 66 percent less CO_2e compared to conventional steel during production. Finding ways to decarbonise the emissions connected to steel production, is vital to the achievement of our scope 3 target.

Scope 3 emissions are reported annually in the Sustainability Report.

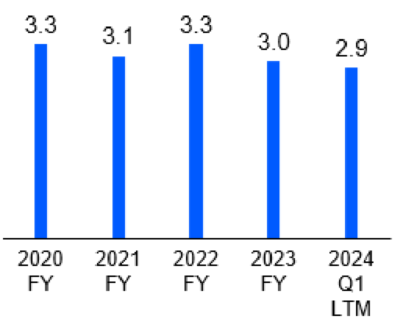
Circularity
In the last twelve months, our material efficiency rate improved to 1.2 tonnes of waste per MW produced and shipped, compared to 1.4 tonnes in the same period the year before, a 14 percent decrease.

This improvement is primarily due to a significant increase in the recycling rate of waste across several of our factories and represents significant progress towards our 2030 commitment to landfill less than 1 percent of manufacturing waste.

Safety
Working towards becoming the safest workplace in the energy industry, we aim to reduce the Total Recordable Injury Rate (TRIR) to 1.5 by 2025 and 0.6 by 2030, equivalent to a 15 percent annual reduction from 2019.

The TRIR decreased to 2.9 in the last twelve months, compared to 3.2 in the same period last year, driven by an improved safety performance particularly in the Northern & Central Europe and Americas Regions. In 2023, we implemented a risk-based approach to addressing our risks in our operations and we are continuing to build a strong risk-based understanding in the organisation and safety culture by incorporating elements like psychological safety, human performance and growth mindset to drive performance further.

Incidence of total recordable injuries (LTM)
Per million working hours



Most sustainable energy company globally
The Corporate Knights index lists the top 100 of the world's most sustainable corporations. Vestas has been named the most sustainable company in the entire energy industry the third year in a row and overall the third most sustainable company in the world in 2024.

Strategy and financial and capital structure targets

(For an extended introduction to the Vestas strategy, please refer to the Annual Report 2023.)

Net zero requires Vestas to scale

For the world to reach net zero, we estimate wind power installations will need to increase to more than 290 GW per year by 2050, from 78 GW in 2022[1)], and Vestas is ready to meet demand. Through strong partnerships with key suppliers and customers, through modularisation and the development of digital solutions, and by investing in talent and capabilities, we are laying the foundation for a Vestas that is ready to scale.

Business area strategy

Onshore wind

Our strategic priorities in Onshore continue to be a focus on value over volume, driving modularisation to ensure highly competitive products at high quality and lower cost, and working with digitalisation and efficiency measures across the value chain. Further, we will cultivate strategic customer partnerships, and continue to mature industry dynamics to improve some of the fundamentals in onshore wind. This means we must continue to lead the effort to industrialise the wind energy industry, with the aim of restoring and improving profitability.

Offshore wind

Ramping up Offshore to deliver on significant market ambitions require discipline and continuous attention to our business plan. To achieve our goals, we must secure profitable order intake, sustainably scale up our manufacturing capacity, and ensure operational readiness and execution capabilities for the new V236 platform. At the same time, we will lead a market that is profitable and sustainable in the long term.

Service

To extend our leading position in wind energy service solutions, we remain focused on maximising customer returns and energy production when electricity demand is highest. To achieve this goal, we are employing an incremental approach to scaling our operations efficiently. This enables us to reap the full benefit of our unparalleled service backlog and prepare for expected growth, onshore and offshore.

Development

Most of our projects are still in early stages of development. To grow our Development business profitably, our strategy focuses on maturing the project pipeline while ensuring project quality. Building on our industry expertise and experience, we will de-risk projects and maximise the value of our pipeline while maintaining commercial and financial discipline.

Capital structure

When it comes to financial management, our objective is to create the necessary flexibility and stability to implement strategic development work, while achieving our financial ambitions in the long term. At the same time, we aim to have the most effective cost of capital.

We apply the following priorities to capital allocation:

- Reinvest in our manufacturing footprint and R&D to realise our corporate strategy.
- Make value-creating acquisitions to accelerate or increase profitable growth and explore divestments of non-core assets.
- Pay 25-30 percent of net result after tax in dividend.
- Initiate share buy-backs from time to time.

Long-term sustainability ambitions

We are committed to carbon neutrality of our own operations by 2030 – without using carbon offsets. At the same time, we are working to decarbonise the entire wind energy supply chain by working with strategic suppliers to lower the carbon intensity of energy generated by our turbines by 45 percent[2)] by 2030.

We are committed to creating zero-waste wind turbines by 2040. Through our industry-leading Circularity Roadmap, we have outlined our pathway and interim targets towards this goal, one of which is to improve our material efficiency rate to 0.2 by 2030. Further, we aim to reduce our injury rate (TRIR) to 0.6 by 2030, and to increase the share of women in leadership positions to 30 percent by 2030.

Long-term financial ambitions

Our industry needs structural change to increase profitability, especially within the wind turbine segment. The structural changes primarily entail strengthening the commercial discipline in customer dialogues, working closer across the industry supply chain, and lowering the frequency of new technology introductions as well as maturing the assessment of risk. In 2023, Vestas managed to get 'back in black' as our commercial and operational discipline is paying off. The year underlined that Vestas is on the right strategic path to improve the industry structurally and continue to build the commercial and operational maturity to achieve our financial ambitions. In that context, a 10 percent EBIT margin remains achievable in the mid-term.

Vestas has the following long-term financial ambitions:

- Grow revenue faster than the market and be the market leader in revenue.
- Positive free cash flow
- Reach at least 10 percent EBIT margin before special items.
- Achieve 20 percent ROCE over the cycle.

1) Source: Global Wind Energy Council: Global Wind Statistics 2023. March 2023.

2) Baseline year: 2019

Outlook 2024

In 2024, continued geopolitical volatility is expected to cause uncertainty. Nonetheless, we expect a combination of higher installations and increased pricing to drive growth in revenue. Our profitability should also continue to improve gradually but will still be held back by execution and completion of low-margin projects from the backlog.

Revenue is expected to range between EUR 16bn and 18bn, including Service revenue. Vestas expects to achieve an EBIT margin before special items of 4-6 percent, and total investments[1] are expected to amount to approx. EUR 1.2bn in 2024.

The Service segment is expected to generate EBIT before special items in 2024 in the range of EUR 800m to 880m.

In relation to forecasts on financials from Vestas in general, it should be noted that Vestas' accounting policies only allow the recognition of revenue when the control has passed to the customer, either at a point in time or over time. Disruptions in production and challenges in relation to shipment of wind turbines and installation hereof, for example bad weather, lack of grid connections, and similar matters, may cause delays that could affect Vestas' financial results for 2024. Further, the full-year results may also be impacted by movements in exchange rates from current levels.

Outlook 2024

Revenue (bnEUR)	**16-18**
EBIT margin (%) before special items	**4-6**
Total investments[1] (bnEUR)	**approx. 1.2**

1) Net investments in intangible assets and property, plant and equipment.

Consolidated financial statements 1 January - 31 March

Condensed income statement 1 January - 31 March

mEUR	Note	Q1 2024	Q1 2023
Revenue	1.1, 1.2	**2,681**	**2,829**
Production costs		(2,437)	(2,641)
Gross profit		**244**	**188**
Research and development costs		(85)	(92)
Distribution costs		(128)	(107)
Administration costs		(99)	(105)
Sale of technology	1.3	-	147
Income from investments in joint ventures and associates		-	9
Operating profit/(loss) (EBIT) before special items	1.1	**(68)**	**40**
Special items	1.4	1	26
Operating profit/(loss) (EBIT)		**(67)**	**66**
Income from investments in joint ventures and associates		(3)	(1)
Net financial items		(35)	(34)
Profit/(loss) before tax		**(105)**	**31**
Income tax		30	(15)
Profit/(loss) for the period		**(75)**	**16**
Profit/(loss) is attributable to:			
Shareholders of Vestas Wind Systems A/S		(68)	15
Non-controlling interests		(7)	1
Earnings per share (EPS)			
Earnings per share for the period (EUR), basic		(0.07)	0.01
Earnings per share for the period (EUR), diluted		(0.07)	0.01

Condensed statement of comprehensive income 1 January - 31 March

mEUR	Q1 2024	Q1 2023
Profit/(loss) for the period	**(75)**	**16**
Items that may be reclassified to the income statement subsequently:		
Exchange rate adjustments relating to foreign entities	21	(22)
Fair value adjustments of derivative financial instruments for the period	151	73
Gain/(loss) on derivative financial instruments transferred to the income statement	(58)	(51)
Share of fair value adjustments of derivative financial instruments of joint ventures and associates	(1)	(1)
Tax on items that may be reclassified to the income statement subsequently	(26)	(4)
Other comprehensive income after tax for the period	87	(5)
Total comprehensive income for the period	**12**	**11**

The above condensed statement of comprehensive income should be read in conjunction with the accompanying notes.

Condensed balance sheet – Assets

mEUR	Note	31 March 2024	31 March 2023	31 December 2023
Goodwill		1,508	1,509	1,507
Completed development projects		368	423	324
Software		137	132	138
Other intangible assets		335	366	340
Development projects in progress		881	636	894
Total intangible assets		**3,229**	**3,066**	**3,203**
Land and buildings		425	397	427
Plant and machinery		179	217	193
Other fixtures, fittings, tools and equipment		514	517	520
Right-of-use assets		578	486	524
Property, plant and equipment in progress		284	159	247
Total property, plant and equipment	2.1	**1,980**	**1,776**	**1,911**
Investments in joint ventures and associates		587	639	593
Other investments		67	93	99
Tax receivables		522	89	522
Deferred tax		836	450	795
Other receivables	3.4	359	245	372
Financial investments	3.4	99	95	98
Total other non-current assets		**2,470**	**1,611**	**2,479**
Total non-current assets		**7,679**	**6,453**	**7,593**
Inventories		7,263	6,910	6,530
Trade receivables		1,210	1,196	1,305
Contract assets		1,977	1,491	1,777
Contract costs		640	819	505
Tax receivables		236	139	209
Other receivables	3.4	1,241	1,199	1,274
Financial investments	3.4	59	-	3
Cash and cash equivalents	3.2	2,294	1,707	3,318
Total current assets		**14,920**	**13,461**	**14,921**
Total assets		**22,599**	**19,914**	**22,514**

The above condensed balance sheet should be read in conjunction with the accompanying notes.

Condensed balance sheet – Equity and liabilities

mEUR	Note	31 March 2024	31 March 2023	31 December 2023
Share capital	3.1	27	27	27
Other reserves		(6)	(39)	(102)
Retained earnings		3,034	3,020	3,102
Attributable to shareholders of Vestas		**3,055**	**3,008**	**3,027**
Non-controlling interests		9	16	15
Total equity		**3,064**	**3,024**	**3,042**
Provisions	2.2	1,227	1,058	1,225
Deferred tax		163	150	164
Financial debts	3.4	3,246	2,701	3,224
Tax payables		635	170	635
Other liabilities	3.4	190	58	204
Total non-current liabilities		**5,461**	**4,137**	**5,452**
Financial debts	3.4	185	222	163
Contract liabilities		8,524	7,216	7,995
Trade payables		3,562	3,503	3,738
Provisions	2.2	782	676	783
Tax payables		154	73	176
Other liabilities	3.4	867	1,063	1,165
Total current liabilities		**14,074**	**12,753**	**14,020**
Total liabilities		**19,535**	**16,890**	**19,472**
Total equity and liabilities		**22,599**	**19,914**	**22,514**

The above condensed balance sheet should be read in conjunction with the accompanying notes.

Condensed statement of changes in equity – three months 2024

mEUR	Share capital	Reserves: Transla-tion reserve	Reserves: Cash flow hedging reserve	Reserves: Other reserves	Reserves: Total reserves	Retained earnings	Non-control-ling interests	Total
Equity as at 1 January 2024	27	(80)	(24)	2	(102)	3,102	15	**3,042**
Profit/(loss) for the period	-	-	-	-	-	(68)	(7)	(75)
Other comprehensive income for the period	-	20	67	(1)	86	-	1	87
Total comprehensive income for the period	**-**	**20**	**67**	**(1)**	**86**	**(68)**	**(6)**	**12**
Transfer of cash flow hedge reserve to the initial carrying amount of hedged items	-	-	10	-	10	-	-	10
Transaction with shareholders:								
Share-based payments	-	-	-	-	-	4	-	4
Tax on equity transactions	-	-	-	-	-	(4)	-	(4)
Total transactions with shareholders	**-**	**-**	**-**	**-**	**-**	**0**	**-**	**0**
Equity as at 31 March 2024	**27**	**(60)**	**53**	**1**	**(6)**	**3,034**	**9**	**3,064**

Condensed statement of changes in equity – three months 2023

mEUR	Share capital	Reserves: Transla-tion reserve	Reserves: Cash flow hedging reserve	Reserves: Other reserves	Reserves: Total reserves	Retained earnings	Non-control-ling interests	Total
Equity as at 1 January 2023	27	10	(1)	6	15	3,002	16	**3,060**
Profit/(loss) for the period	-	-	-	-	-	15	1	16
Other comprehensive income for the period	-	(21)	18	(1)	(4)	-	(1)	(5)
Total comprehensive income for the period	**-**	**(21)**	**18**	**(1)**	**(4)**	**15**	**(0)**	**11**
Transfer of cash flow hedge reserve to the initial carrying amount of hedged items	-	-	(50)	-	(50)	-	-	(50)
Transaction with shareholders:								
Share-based payments	-	-	-	-	-	3	-	3
Tax on equity transactions	-	-	-	-	-	0	-	0
Total transactions with shareholders	**-**	**-**	**-**	**-**	**-**	**3**	**-**	**3**
Equity as at 31 March 2023	**27**	**(11)**	**(33)**	**5**	**(39)**	**3,020**	**16**	**3,024**

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed cash flow statement 1 January - 31 March

mEUR	Note	Q1 2024	Q1 2023
Profit/(loss) for the period		(75)	16
Adjustment for non-cash transactions		28	248
Interest paid / received, net		1	(1)
Income tax paid		(40)	(15)
Cash flow from operating activities before change in net working capital		**(86)**	**248**
Change in net working capital		(669)	(1,222)
Cash flow from operating activities		**(755)**	**(974)**
Purchase of intangible assets		(94)	(94)
Purchase of property, plant and equipment		(104)	(76)
Proceeds from sale of intangible assets		-	2
Proceeds from sale of property, plant and equipment		-	56
Dividends from investments in joint ventures and associates		3	5
Purchase of other non-current financial assets		(63)	(3)
Proceeds from sale of other non-current financial assets		44	-
Proceeds of investments in joint ventures and associates		(1)	7
Net cash flow from deconsolidation of subsidiary		-	(8)
Cash flow from investing activities		**(215)**	**(111)**
Free cash flow		**(970)**	**(1,085)**
Payment of lease liabilities		(47)	(35)
Proceeds from borrowings		22	521
Payment of financial debt		(11)	(50)
Cash flow from financing activities		**(36)**	**436**
Net change in cash and cash equivalents		**(1,006)**	**(649)**
Cash and cash equivalents at the beginning of period		3,318	2,378
Exchange rate adjustments of cash and cash equivalents		(18)	(22)
Cash and cash equivalents at the end of the period	3.2	**2,294**	**1,707**

The above condensed cash flow statement should be read in conjunction with the accompanying notes.

Notes

1 Result for the period

1.1 Segment information

mEUR	Power Solutions	Service	Not allocated	Total Group
Q1 2024				
Revenue	1,779	902	-	2,681
Total revenue	**1,779**	**902**	**-**	**2,681**
Total costs	**(1,948)**	**(710)**	**(91)**	**(2,749)**
Operating profit/(loss) (EBIT) before special items	**(169)**	**192**	**(91)**	**(68)**
Special items	1	-	-	1
Operating profit/(loss) (EBIT)	**(168)**	**192**	**(91)**	**(67)**
Income from investments in joint ventures and associates	-	-	(3)	(3)
Net financial items	-	-	(35)	(35)
Profit/(loss) before tax				**(105)**
Amortisation and depreciation included in total costs	(151)	(36)	(12)	**(199)**

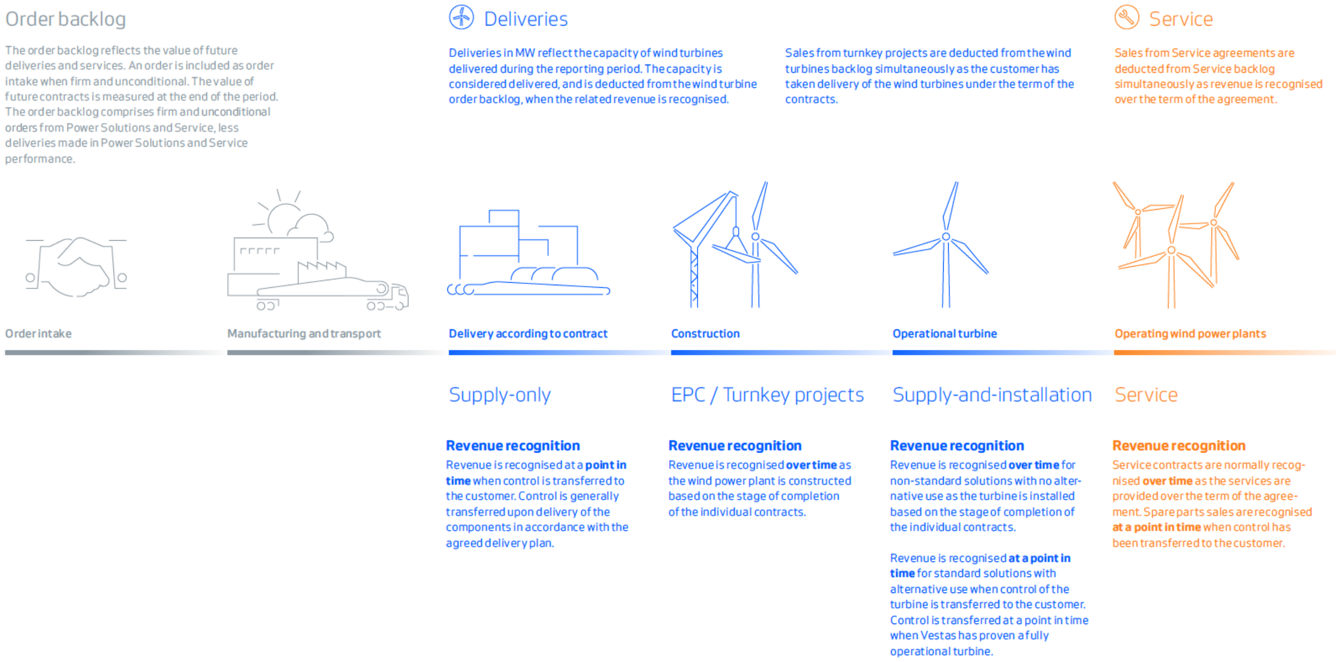
mEUR	Power Solutions	Service	Not allocated	Total Group
Q1 2023				
Revenue	2,023	806	-	2,829
Sales of technology	147	-	-	147
Income from investments in joint ventures and associates	9	-	-	9
Total income	2,179	806	**-**	**2,985**
Total costs	**(2,233)**	**(623)**	**(89)**	**(2,945)**
Operating profit/(loss) (EBIT) before special items	**(54)**	**183**	**(89)**	**40**
Special items	26	-	-	26
Operating profit/(loss) (EBIT)	**(28)**	**183**	**(89)**	**66**
Income from investments in joint ventures and associates	-	-	(1)	(1)
Net financial items	-	-	(34)	(34)
Profit/(loss) before tax				**31**
Amortisation and depreciation included in total costs	(149)	(33)	(14)	**(196)**

In the first quarter of 2023, an income of EUR 26m was recognised in special items impacting the Power Solutions segment. The income relates to a reversal of a previously recognised write-down of inventories of EUR 34m, partly offset by other costs of EUR 5m, both relating to the adjustment of the manufacturing footprint in India, as well as a net expense of EUR 3m relating to the Russian invasion of Ukraine.

In the first quarter of 2023, a gain of EUR 154m was recognised relating to the sale of the converters and controls business to KK Wind Solutions impacting the Power Solutions segment. Of this gain, EUR 147m was recognised in sale of technology and EUR 7m was recognised in production costs.

1.2 Revenue

The illustration below shows the process from order intake to revenue recognition in Vestas.



Disaggregation of revenue

In the following section, revenue is disaggregated for the two reportable segments, by primary geographical market, major contract types, and timing of revenue recognition.

mEUR	Power Solutions		Service		Total	
	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023
Timing of revenue recognition						
Products and services transferred at a point in time	1,202	1,216	114	102	1,316	1,318
Products and services transferred over time	577	807	788	704	1,365	1,511
	1,779	2,023	902	806	2,681	2,829
Revenue from contract types						
Supply-only	13	277	-	-	13	277
Supply-and-installation (at a point in time)	1,189	938	-	-	1,189	938
Supply-and-installation (over time)	331	634	-	-	331	634
Turnkey (EPC)	246	174	-	-	246	174
Service	-	-	902	806	902	806
	1,779	2,023	902	806	2,681	2,829
Primary geographical markets						
EMEA	767	1,116	488	403	1,255	1,519
Americas	640	643	331	334	971	977
Asia Pacific	372	264	83	69	455	333
	1,779	2,023	902	806	2,681	2,829

1.3 Sale of technology

There was no sale of technology during the first quarter of 2024. During the first quarter 2023, sale of technology includes consideration received of EUR 147m relating to a perpetual manufacturing license granted to KK Wind Solutions under the agreement for the sale of the converters and controls business.

1.4 Special items

mEUR	Q1 2024	Q1 2023
Write-down of inventory	-	33
Provisions	-	(1)
Impairment loss on intangible and tangible assets	-	-
Other costs	1	(7)
Staff costs	-	(1)
Derecognition of net assets in Russia	-	2
Special items	**1**	**26**

During the first quarter of 2024, a net income of EUR 1m was recognised in special items primarily related to the adjustment of the manufacturing footprint in India.

During the first quarter of 2023, an income of EUR 26m was recognised in special items. The adjustment of the manufacturing footprint in India resulted in an income of EUR 29m. This was offset by an expense of EUR 3m related to exiting the Russian market and deconsolidating the Russian entities.

2 Other operating assets and liabilities

2.1 Property, plant and equipment

In the first quarter of 2024, Vestas acquired assets with a cost of EUR 104m mainly related to manufacturing blade moulds, acquisition of land, transport equipment, and construction tools, compared to EUR 76m in the first quarter of 2023.

Lease contracts recognised as right-of-use assets during the first quarter of 2024 amounted to EUR 94m, compared to EUR 72m in the first quarter of 2023.

2.2 Warranty provisions (included in provisions)

mEUR	31 March 2024	31 March 2023	31 December 2023
Warranty provisions, 1 January	1,747	1,490	1,490
Provisions for the period	118	119	845
Warranty provisions consumed during the period	(112)	(129)	(588)
Warranty provisions	**1,753**	**1,480**	**1,747**
The provisions are expected to be payable as follows:			
Non-current	1,034	883	1,031
Current	719	597	716
	1,753	**1,480**	**1,747**

During the first three months of 2024, net warranty provisions charged to the income statement was EUR 121m (EUR 113m in the first quarter of 2023), equivalent to 4.5 percent of revenue. The net amount consists of a gross warranty provision of EUR 118m plus a net adjustment to supplier claims of EUR 3m.

In general, provisions are made for all expected costs associated with wind turbine repairs or replacements, and any reimbursement from other involved parties is not offset unless a written agreement has been made to that effect. Provisions are made to cover possible costs of remedy and other costs in accordance with specific agreements. The provisions are based on estimates, and actual costs may deviate substantially from such estimates.

3 Capital structure and financing items

3.1 Share capital

Pursuant to authorisation granted to the Board of Directors at the Annual General Meeting 9 April 2024, the Board of Directors was authorised to acquire treasury shares on behalf of Vestas at a nominal value not exceeding 10 percent of the share capital at the time of authorisation.

Treasury shares

Nominal value (DKK)	31 March 2024	31 March 2023	31 December 2023
Treasury shares as at 1 January	678,721	737,940	737,940
Purchases for the period	-	-	79,785
Vested treasury shares for the period	-	-	(139,004)
Treasury shares	**678,721**	**737,940**	**678,721**

Each share has a nominal value of DKK 0.20.

3.2 Cash and cash equivalents

mEUR	31 March 2024	31 March 2023	31 December 2023
Cash and cash equivalents without disposal restrictions	2,290	1,678	3,288
Cash and cash equivalents with disposal restrictions	4	29	30
Cash and cash equivalents	**2,294**	**1,707**	**3,318**

3.3 Financial risks

Management of financial risks, including liquidity, credit and market risks, is core to Vestas. This is governed by policies, and these are addressed in the notes to the consolidated financial statements in the Annual Report 2023, note 4.1 (Financial risk management), pages 82-85. The risks in 2024 remain similar in nature.

As at 31 March 2024, Vestas had EUR 2,294m of cash and cash equivalents. Additionally, Vestas has a committed credit facility of EUR 2,000m maturing in 2028 and uncommitted credit facilities of EUR 475m. As at 31 March 2024, EUR 771m of the committed credit facility was converted into ancillary bank guarantee issuance facilities leaving EUR 1,704m available for cash drawing and/or issuance of guarantees. Vestas has no upcoming bond maturities in the next 12 months.

1.4 Financial instruments

Financial investments consist of interest-bearing investments which do not meet the definition for cash and cash equivalents. As at 31 March 2024, the fair value of financial investments comprising marketable securities amounted to EUR 99m, equal to book value.

Derivative financial instruments were positive with a market value of net EUR 83m, equal to book value, and were recognised in other receivables and other liabilities with EUR 415m and EUR 332m, respectively.

As at 31 March 2024, the carrying amount of the sustainability-linked bonds issued by Vestas amounted to EUR 1,982m and the fair value amounted to EUR 1,905m.

Financial instruments measured at fair value have been categorised into level 1, 2, and 3 as addressed in the Annual Report 2023, note 4.3, page 89.

Financial instrument assets categorised within level 3 comprise other equity investments and renewable energy certificates. Valuation methods remain unchanged from the description in the Annual Report 2023 and with no significant changes in fair values.

4 Other disclosures

4.1 Related party transactions

Vestas has had the following material transactions with joint ventures and associates:

mEUR	Q1 2024	Q1 2023
Joint ventures		
Proceeds from investments in joint ventures	-	5
Capital increase	-	1
Other assets as at 31 March	11	4
Trade receivable as at 31 March	-	11
Associates		
Revenue for the period	1	2
Proceeds from investments in associates	3	0
Capital increase	0	4
Trade receivable as at 31 March	11	-
Other assets as at 31 March	3	8
Contract liabilities as at 31 March	0	4
Payable capital contribution as at 31 March	-	8

No other significant changes have occurred with related parties or types and scale of transactions with these parties other than what is disclosed in the consolidated financial statements in the Annual Report 2023, note 6.3, page 96.

4.2 Subsequent events

Other than the events recognised or disclosed in the Interim Financial Report, no events have occurred subsequent to 31 March 2024, which could have a significant impact on the report.

5 Basis for preparation

5.1 General accounting policies

The interim financial report of Vestas comprises a summary of the consolidated financial statements of Vestas Wind Systems A/S and its subsidiaries.

The interim financial report has been prepared in accordance with IAS 34, Interim Financial Reporting as adopted by the EU, accounting policies set out in the Annual Report 2023 of Vestas and additional Danish disclosure requirements for interim financial reporting of listed companies.

The accounting policies remain unchanged compared to the annual report for 2023, to which reference is made.

This interim financial report includes selected notes. Accordingly, this report should be read in conjunction with the annual report for 2023 and any public announcements made during the interim reporting period.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected annual profit or loss.

5.2 Implementation of new and amended standards

The following new and amended accounting standards have been implemented as of 1 January 2024:

- Lease liability in a sale and leaseback – amended IFRS 16 Leases
- Non-current liabilities with covenants – amended IAS 1 Presentation of Financial Statements

Vestas did not have to change its accounting policies or make retrospective adjustments as a result of adopting these new and amended standards.

Statement by the Board of Directors and the Executive Management

The Executive Management and the Board of Directors have today discussed and approved the interim financial report of Vestas Wind Systems A/S for the period 1 January to 31 March 2024.

The interim financial report has been prepared in accordance with IAS 34 on interim financial reporting as adopted by the EU, accounting policies set out in the Vestas Annual Report 2023 and additional Danish disclosure requirements for interim financial reports of listed companies. The interim financial report has neither been audited nor reviewed.

In our opinion the accounting policies used are appropriate and the interim financial report gives a true and fair view of Vestas' assets, liabilities, and financial position as at 31 March 2024 and of the results of Vestas' operations and cash flows for the period 1 January to 31 March 2024.

Further, in our opinion the management report gives a true and fair review of the development in Vestas' operations and financial matters, the results of Vestas' operations for the period and Vestas' financial position as a whole and describes the significant risks and uncertainties pertaining to Vestas.

In our opinion, the sustainability statements have been prepared in accordance with the accounting policies applied. They give a fair view of the Group's ESG performance.

Besides what has been disclosed in the Interim Financial Report, no changes in Vestas' most significant risks and uncertainties have occurred relative to what was disclosed in the Annual Report 2023.

Aarhus, Denmark, 2 May 2024

Executive Management

Henrik Andersen
Group President & CEO

Hans Martin Smith
Executive Vice President & CFO

Board of Directors

Anders Runevad
Chair

Karl-Henrik Sundström
Deputy Chair

Lena Olving

Eva Merete Søfelde Berneke

William Fehrman

Helle Thorning-Schmidt

Henriette Hallberg Thygesen

Michael Abildgaard Lisbjerg*)

Sussie Dvinge*)

Louise B. Schmidt Nielsen *)

Claus Skov Christensen*)

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Disclaimer and cautionary statement

This document contains forward-looking statements concerning Vestas' financial condition, results of operations and business. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements.

Forward-looking statements include, among other things, statements concerning Vestas' potential exposure to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections, and assumptions. A number of factors that affect Vestas' future operations and could cause Vestas' results to differ materially from those expressed in the forward-looking statements included in this document, include (without limitation): (a) changes in demand for Vestas' products; (b) currency and interest rate fluctuations; (c) loss of market share and industry competition; (d) environmental and physical risks, including adverse weather conditions; (e) legislative, fiscal, and regulatory developments, including changes in tax or accounting policies; (f) economic and financial market conditions in various countries and regions; (g) political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, and delays or advancements in the approval of projects; (h) ability to enforce patents; (i) product development risks; (j) cost of commodities; (k) customer credit risks; (l) supply of components; and (m) customer created delays affecting product installation, grid connections and other revenue-recognition factors.

All forward-looking statements contained in this document are expressly qualified by the cautionary statements contained or referenced to in this statement. Undue reliance should not be placed on forward-looking statements. Additional factors that may affect future results are contained in Vestas' Annual Report for the year ended 31 December 2023 (available at vestas.com/en/investor) and these factors also should be considered. Each forward-looking statement speaks only as of the date of this document. Vestas does not undertake any obligation to publicly update or revise any forward-looking statement as a result of new information or future events other than as required by Danish law. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this document.