



Company announcement No. 14/2024

Interim Financial Report **Second Quarter 2024**

Vestas Wind Systems A/S
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Company Reg. No.: 10403782



Wind. It means the world to us.™

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Conference call (audiocast)

On Wednesday 14 August 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

Quarterly revenue of EUR 3.3bn with an EBIT margin before special items of (5.6) percent. Order intake of 3.6 GW and record-high combined order backlog of EUR 63.0bn. Full-year guidance on revenue and EBIT margin narrowed as already announced.

In the second quarter of 2024, Vestas generated revenue of EUR 3,296m – a decrease of 3.9 percent compared to the year-earlier period. EBIT before special items amounted to EUR (185)m, resulting in an EBIT margin before special items of (5.6) percent, as adjustments to planned costs impact current profitability in Vestas' Service segment.

Adjusted free cash flow amounted to EUR 524m compared to EUR (144)m in the second quarter of 2023.

The quarterly intake of firm and unconditional wind turbine orders amounted to 3,596 MW, a 54 percent increase from second quarter 2023. The value of the wind turbine order backlog was EUR 28.1bn as at 30 June 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 34.9bn. Thus, the value of the combined backlog of wind turbine orders and service agreements stood at EUR 63.0bn – an increase of EUR 11.4bn compared to the year-earlier period.

As announced in Company Announcement No. 12/2024 of 12 August 2024, we have narrowed our full-year guidance: Revenue is now expected to range between

EUR 16.5bn and 17.5bn (previously EUR 16bn-18bn), including Service revenue. Service EBIT before special items is expected to amount to around EUR 500m (previously EUR 800m-880m). We expect to achieve an EBIT margin before special items for the Group of 4-5 percent (previously 4-6 percent). The outlook for total investments¹ is unchanged at approx. EUR 1.2bn in 2024.

Group President & CEO Henrik Andersen said: *"In the second quarter of 2024, Vestas' underlying earnings improved according to plan, driven by significant progress within Power Solutions of 8 percentage points year-on-year. Our revenue was EUR 3.3bn and Group EBIT margin for the quarter was minus 5.6 percent, which was caused by an adjustment to planned costs in Service. Our Service business remains a strong business area, but in the second quarter of 2024, the increase in our planned costs means Service delivered an EBIT of minus EUR 107m. Our order intake had an average selling price of EUR 1.21m/MW and grew more than 50 percent year-on-year, which together with an adjusted free cash flow of more than EUR 0.5bn highlight the positive trajectory in Power Solutions and our continued strong commercial discipline. Based on our second quarter results, we have narrowed our 2024 guidance on revenue and EBIT margin, and lowered the expectation to Service EBIT, as announced earlier this week. We continue to execute on our strategy to build further momentum and sustain our industry leadership, and we want to thank our customers, employees, and shareholders for their unwavering support and passion to drive Vestas and the energy transition forward."*

Key highlights

Revenue of EUR 3.3bn

Revenue decreased 4 percent YoY, affected by the cost update in Service, offset by higher delivery ASP.

Service impacted by adjustment to planned costs

Service EBIT negative EUR 107m in Q2 due to approx. EUR 300m in negative adjustment – no cash flow effect.

Underlying earnings progressing as expected

Turnaround in Power Solutions in on track and has improved EBIT margin almost 8 percentage points YoY.

Order intake of 3.6 GW

Order intake grew 54 percent YoY driven mainly by onshore projects in both Europe and Asia Pacific.

Strong cash flow

Adjusted Free cash flow of EUR 0.5bn drives leverage down to 0.7x NIBD/EBITDA.

Outlook narrowed

Turnover expected between EUR 16.5-17.5bn and EBIT margin of 4 to 5 percent.

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

Financial and operational key figures

mEUR	Q2 2024	Q2 2023	H1 2024	H1 2023	FY 2023
Financial key figures					
Income statement					
Revenue	3,296	3,429	5,977	6,258	15,382
Gross profit	156	221	400	409	1,283
Operating profit/(loss) before amortisation, depreciation and impairment (EBITDA) before special items	40	132	171	368	1,028
Operating profit/(loss) (EBIT) before special items	(185)	(70)	(253)	(30)	231
Operating profit/(loss) before amortisation, depreciation and impairment (EBITDA)	40	134	172	396	1,089
Operating profit/(loss) (EBIT)	(185)	(68)	(252)	(2)	292
Net operating profit after tax (NOPAT)	(125)	(60)	(174)	(2)	223
Net financial items	(53)	(58)	(88)	(92)	(164)
Profit/(loss) before tax	(230)	(130)	(335)	(99)	102
Profit/(loss) for the period	(156)	(115)	(231)	(99)	78
Balance sheet					
Balance sheet total	23,617	20,333	23,617	20,333	22,514
Equity	2,926	2,849	2,926	2,849	3,042
Investments in property, plant, and equipment	(147)	95	(251)	171	457
Net working capital	(1,507)	(171)	(1,507)	(171)	(1,507)
Capital employed	6,335	5,768	6,335	5,768	6,429
Interest-bearing position (net), end of the period	(557)	(1,283)	(557)	(1,283)	32
Interest-bearing debt, at the end of the period	3,409	2,883	3,409	2,883	3,387
Cash flow statement					
Cash flow from operating activities	831	48	76	(926)	1,027
Cash flow from investing activities	(332)	(158)	(547)	(269)	(782)
Free cash flow	499	(110)	(471)	(1,195)	245
Adjusted free cash flow ¹⁾	524	(144)	(474)	(1,423)	(51)
Financial ratios²⁾					
Financial ratios					
Gross margin (%)	4.7	6.4	6.7	6.5	8.3
EBITDA margin (%) before special items	1.2	3.8	2.9	5.9	6.7
EBIT margin (%) before special items	(5.6)	(2.0)	(4.2)	(0.5)	1.5
EBITDA margin (%)	1.2	3.9	2.9	6.3	7.1
EBIT margin (%)	(5.6)	(2.0)	(4.2)	(0.0)	1.9
Return on capital employed (ROCE) ³⁾ (%) before special items	0.4	(10.8)	0.4	(10.8)	2.9
Net interest-bearing debt / EBITDA ³⁾ before special items	0.7	4.5	0.7	4.5	0.0
Solvency ratio (%)	12.4	14.0	12.4	14.0	13.5
Return on equity ³⁾ (%)	(1.7)	(24.3)	(1.7)	(24.3)	2.6
Share ratios					
Earnings per share ⁴⁾ (EUR)	(0.0)	(0.8)	(0.0)	(0.8)	0.1
Dividend per share (EUR)	-	-	-	-	-
Pay-out ratio (%)	-	-	-	-	-
Share price at the end of the period (DKK)	161.3	181.5	161.3	181.5	214.3
Number of shares at the end of the period (million)	1,010	1,010	1,010	1,010	1,010
Operational key figures					
Order intake (bnEUR)	4.4	2.5	6.6	5.4	18.5
Order intake (MW)	3,596	2,333	5,896	5,636	18,386
Order backlog – wind turbines (bnEUR)	28.1	20.0	28.1	20.0	26.0
Order backlog – wind turbines (MW)	27,022	20,096	27,022	20,096	23,315
Order backlog – service (bnEUR)	34.9	31.6	34.9	31.6	34.1
Produced and shipped wind turbines (MW)	3,979	3,656	6,624	6,639	11,666
Produced and shipped wind turbines (number)	780	782	1,272	1,386	2,554
Deliveries (MW)	2,417	2,831	4,137	5,148	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

	Q2 2024 LTM	Q2 2023 LTM	FY 2023
Environmental			
Utilisation of resources			
Consumption of energy (GWh)	631	655	658
- of which renewable energy (GWh)	213	209	213
- of which renewable electricity (GWh)	165	166	166
Renewable energy (%)	34	32	32
Renewable electricity for own activities (%)	100	100	100
Withdrawal of fresh water (1,000 m³)	295	311	279
Waste			
Volume of waste from own operations (1,000 t)	41	44	44
- of which collected for recycling (1,000 t)	27	29	30
Recyclability rate of hub and blade ¹⁾ (%)	//	//	90
Material efficiency (tonnes of waste excl. recycled per MW produced and shipped)	1.2	1.2	1.2
Carbon emissions			
Direct emissions of CO ₂ e (scope 1) (1,000 t)	101	108	108
Indirect emissions of CO ₂ e (scope 2) (1,000 t)	1	1	1
Indirect emissions of CO ₂ e from the supply chain (scope 3) ¹⁾ (million t)	//	//	7.66
Indirect emissions of CO ₂ e from the supply chain (scope 3) ¹⁾ (kg per MWh generated)	//	//	6.30
Products			
Expected CO ₂ e avoided over the lifetime of the capacity produced and shipped during the period (million t)	415	404	396
Expected annual CO ₂ e avoided by the total aggregated installed fleet at the end of the period (million t)	238	226	231
Social			
Safety			
Total Recordable Injuries per million working hours (TRIR)	2.8	3.1	3.0
Lost Time injuries per million working hours (LTIR)	1.1	1.1	1.3
Total Recordable Injuries (number)	217	207	216
- of which Lost Time Injuries (number)	87	74	91
- of which fatal injuries (number)	1	1	1
Employees			
Average number of employees (FTEs)	30,807	28,626	29,463
Employees at the end of the period (FTEs)	32,298	29,197	30,586
Diversity and inclusion			
Women in the Board and Executive Management at the end of the period (%)	36	27	21
Women in leadership positions at the end of the period (%) ²⁾	24	23	24
Human rights¹⁾			
Community grievances (number)	//	//	3
Community beneficiaries (number)	//	//	9,769
Social Due Diligence on projects in scope (%)	//	//	59
Governance			
Whistle-blower system¹⁾			
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 to remove seasonal fluctuations.

1) Data only reported on an annual basis.

2) Employees of our subsidiary Utopus Insights, Inc. are not included.

Group financial performance

Income statement

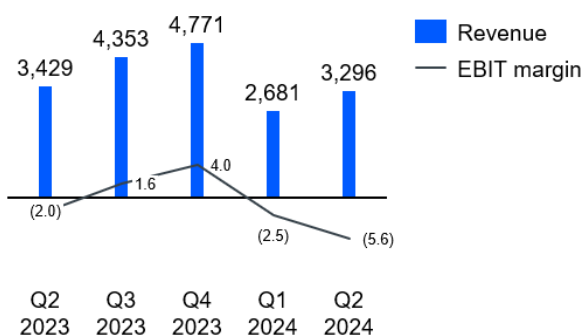
Revenue

Revenue in the second quarter of 2024 amounted to EUR 3,296m (Q2 2023: EUR 3,429m), a decrease of 3.9 percent year-on-year, primarily driven by adjustments to planned costs of a larger portfolio of service contracts in EMEA and Americas reflecting increasing costs¹. The Power Solutions segment was positively affected by MW delivered at higher average prices. Revenue for the second quarter of 2024 reflected a negative impact of approx. EUR 27m from foreign exchange rates compared to 2023.

For the first half of the year, revenue amounted to EUR 5,977m (H1 2023: EUR 6,258m), a decrease of 4.5 percent, primarily driven by the same factors impacting the quarter. Revenue for the first half of 2024 reflected a negative impact of EUR 40m from foreign exchange rates compared to 2023.

Revenue and EBIT margin before special items

mEUR and percentage



Gross profit

Gross profit amounted to EUR 156m in the second quarter of 2024, corresponding to a gross margin of 4.7 percent (Q2 2023: EUR 221m; 6.4 percent), which is a 1.7 percentage point decrease compared to the second quarter of 2023. The decrease was attributable to the above-mentioned adjustments to completion of service contracts, partially offset by improved margins on projects in the Power Solutions segment.

Gross profit in the first half of 2024 amounted to EUR 400m equal to a margin of 6.7 percent of revenue (H1 2023: EUR 409m; 6.5 percent). Gross profit reflects improved margins in the Power Solutions segment offset by the above-mentioned revenue adjustment in the Service segment.

¹ Refer to note 1.1 for further information on the adjustments to Service revenue.

Warranty costs

Warranty costs amounted to EUR 141m in the second quarter of 2024 (Q2 2023: EUR 171m). The warranty costs are equivalent to a warranty ratio of 4.3 percent of revenue and on a lower level than last year (Q2 2023: 5.0 percent).

For the first half of 2024, warranty costs amounted to EUR 262m in the first half of 2024 (H1 2023: EUR 284m). The warranty costs are equivalent to a warranty ratio of 4.4 percent of revenue and on the same level as last year (H1 2023: 4.5 percent).

Research and development costs, Distribution costs and Administration costs

Total research and development, distribution and administration costs amounted to EUR 341m in the second quarter of 2024 (Q2 2023: EUR 307m), equivalent to 8.5 percent of revenue calculated over the last 12-month period (Q2 2023: 8.4 percent).

Research and development costs recognised in the income statement amounted to EUR 89m in the second quarter of 2024 (Q2 2023: EUR 82m). The increase was primarily attributable to impairment of a technology project.

Distribution costs amounted to EUR 127m in the second quarter of 2024 (Q2 2023: EUR 111m). The second quarter of 2024 was affected by an increase in IT costs and losses on customer receivables.

Administration costs amounted to EUR 125m in the second quarter of 2024 (Q2 2023: EUR 114m). The increase was driven by employee-related costs.

Depreciation, amortisation, and impairment

In the second quarter of 2024, overall depreciation, amortisation, and impairment before special items amounted to EUR 225m (Q2 2023: EUR 202m). The increase was attributable to the above-mentioned impairment of a technology project and higher investment levels.

Income from investments in joint ventures and associates from core activity

In the second quarter of 2024, no income from investments in joint ventures and associates related to Development activities was realised (Q2 2023: gain of EUR 16m).

Operating profit (EBIT) before special items

EBIT before special items amounted to negative EUR 185m in the second quarter of 2024, equivalent to an EBIT margin of negative 5.6 percent (Q2 2023: negative EUR 70m; negative 2.0 percent). The development was driven by decreasing gross margin.

For the first half of 2024, EBIT before special items amounted to negative EUR 253m, equal to an EBIT margin of negative 4.2 percent (H1 2023: negative EUR 30m; negative 0.5 percent). The operating profit in the first half of 2023 was significantly impacted by the sale of the converters and controls business. The underlying EBIT decreased with 1.3 percentage points compared to the first half of 2023, when disregarding the effects of the sale in the comparison period, primarily driven by the decreasing gross margin.

Operating profit (EBIT) after special items

In the second quarter of 2024, EBIT after special items amounted to negative EUR 185m, equivalent to a negative margin of 5.6 percent (Q2 2023: negative EUR 68m; negative 2.0 percent).

EBIT after special items in the first half of 2024 amounted to negative EUR 252m, equivalent to an EBIT margin after special items of negative 4.2 percent (H1 2023: negative EUR 2m; negative 0 percent).

Income from investments in joint ventures and associates from other activities

Income from investments in joint ventures and associates amounted to a gain of EUR 8m in the second quarter of 2024 (Q2 2023: loss of EUR 4m), primarily driven by income from Vestas' investment in Copenhagen Infrastructure Partners.

Net financial items

Financial items amounted to a net loss of EUR 53m in the second quarter of 2024 (Q2 2023: loss of EUR 58m). Net financial items reflected lower losses from foreign exchange rates partially offset by increasing financing costs.

Income tax

Income tax amounted to an income of EUR 74m in the second quarter of 2024, and equivalent to an effective tax rate of 32 percent (Q2 2023: Effective tax rate of 12 percent). The effective tax rate reflects the full year expectations to profit before tax.

Net result for the period

The net result amounted to a loss of EUR 156m in the second quarter of 2024 (Q2 2023: loss of EUR 115m). The net result for the first half of 2024 amounted to a loss of EUR 231m (Q2 2023: loss of EUR 99m).

Financial ratios

Earnings per share calculated over a 12-month period amounted to EUR 0 in the second quarter of 2024 (Q2 2023: negative EUR 0.8). The increase of EUR 0.8 was driven by improved earnings in the period.

Return on capital employed (ROCE) before special items calculated over a 12-month period was 0.4 percent in the second quarter of 2024 (Q2 2023: negative 10.8 percent),

an increase compared to 2023 driven by the improved operating profit in the period.

Working capital and free cash flow

Net working capital

Net working capital amounted to a net liability of EUR 1,507m as at 30 June 2024 (30 June 2023: a net liability of EUR 171m). The development was primarily attributable to a higher level of contract liabilities from prepayments related to firm order intake and project milestones achieved.

Cash flow from operating activities

Cash flow from operating activities was positive EUR 831m in the second quarter of 2024 (Q2 2023: positive 48m) and positive EUR 76m in the first half of 2024 (H1 2023: negative EUR 926m). The positive development in cash flow compared to last year was primarily driven by the development in net working capital and improved profit for the period.

Cash flow from investing activities

Total net investments¹ amounted to a net outflow of EUR 269m in the second quarter of 2024 (Q2 2023: outflow EUR 189m) and a net outflow of EUR 467m in the first half year of 2024 (H1 2023: net outflow of EUR 301m). The investment level increased due to ramp-up of the V236 production.

Adjusted free cash flow

Adjusted free cash flow amounted to positive EUR 524m in the second quarter of 2024 (Q2 2023 negative EUR 144m) and negative EUR 474m in the first half of 2024 (H1 2023: negative EUR 1,423m). The positive development was primarily driven by the improved cash flow from operating activities.

Adjusted free cash flow

mEUR

	Q2 2024	Q2 2023	H1 2024	H1 2023
Cash flow from operating activities	831	48	76	(926)
Cash flow from investing activities	(332)	(158)	(547)	(269)
Free cash flow	499	(110)	(471)	(1,195)
Net acquisitions in businesses/activities ^{*)}	-	6	(2)	(159)
Payment of lease liabilities	(37)	(42)	(85)	(76)
Special items	-	1	2	4
Investments in financial assets	62	1	82	3
Adjusted free cash flow	524	(144)	(474)	(1,423)

^{*)} Includes net investments in joint ventures and associates, outside core business

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

Capital structure and financing items

Equity and solvency ratio

As at 30 June 2024, total equity amounted to EUR 2,926m (30 June 2023: EUR 2,849m) and the solvency ratio 12.4 percent (30 June 2023: 14 percent). 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 the 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 30 June 2024, the net interest-bearing debt amounted to EUR 557m (30 June 2023: EUR 1,283m).

The development was a result of a positive free cash flow during the last 12 months.

Cash and cash equivalents amounted to EUR 2,636m as at 30 June 2024, compared to EUR 1,504m at the end of the second quarter of 2023.

The ratio net interest-bearing debt/EBITDA was 0.7 as at 30 June 2024, compared to 4.5 at the end of the second quarter of 2023. The ratio was impacted by a lower net debt position and improved EBITDA during the last 12 months.

Result for the period

In the second quarter of 2024, revenue from the Power Solutions segment amounted to EUR 2,625m (Q2 2023: EUR 2,525m), which corresponds to 4.0 percent increase compared to the second quarter of 2023. The increase was driven by higher average prices, partially offset by lower volume of MW delivered. The second quarter reflected a negative impact of EUR 20m from foreign exchange rates compared to 2023.

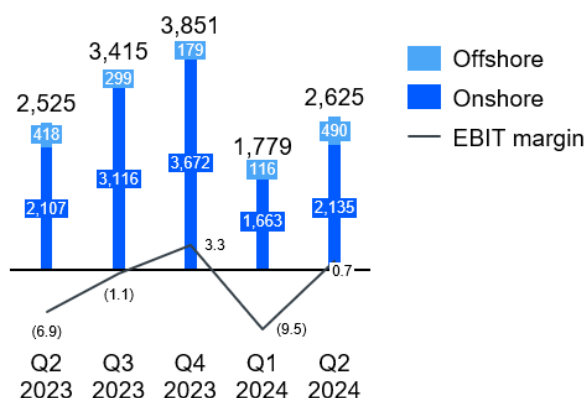
In the first half of 2024, revenue in the Power Solutions segment amounted to EUR 4,404m, a decrease of 3.2 percent compared to the same period last year (H1 2023: EUR 4,548m). The first half of the year reflected a negative impact of EUR 21m from foreign exchange rates compared to 2023.

EBIT before special items amounted to EUR 19m in the second quarter of 2024, equal to an EBIT margin of 0.7 percent (Q2 2023: negative EUR 175m; negative 6.9 percent). The positive development in the EBIT margin was primarily attributable to improved project profitability and continued commercial discipline.

In the first half of 2024, EBIT before special items amounted to negative EUR 150m, equal to an EBIT margin before special items of negative 3.4 percent, 1.6 percentage point above the same period last year (H1 2023: negative EUR 229m, negative 5.0 percent). The EBIT margin in the first half of 2023 included sale of technology, and therefore the underlying EBIT margin increased by 5 percentage points, highlighting improved margins from projects in the Power Solutions segment.

Power Solutions revenue and EBIT margin before special items

mEUR and percentage



Wind turbine order intake

In the second quarter of 2024, wind turbine order intake amounted to 3,596 MW, corresponding to a value of EUR 4.4bn (Q2 2023: 2,333 MW; EUR 2.5bn). This represents an increase of 54 percent in MW order intake compared to the second quarter of 2023. The increase was related to strong order intake in EMEA and Asia Pacific in the second quarter of 2024.

The average selling price per MW was EUR 1.21m in the second quarter of 2024, compared to EUR 1.04m in the second quarter of 2023.

Wind turbine order intake, second quarter 2024

MW

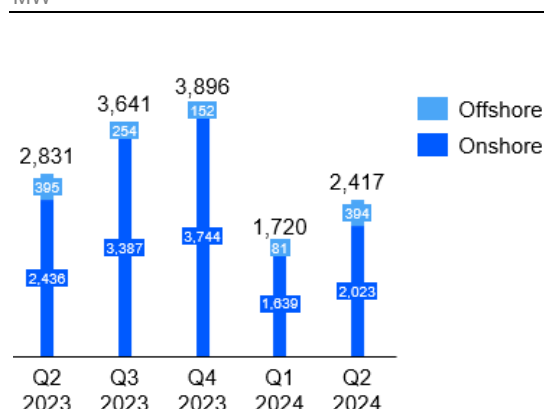
	EMEA	Ameri-cas	Asia Pacific	Total
Onshore order intake	1,936	178	822	2,936
Offshore order intake	660	-	-	660
Total order intake	2,596	178	822	3,596

Wind turbine deliveries

Deliveries to customers amounted to 2,417 MW in the second quarter of 2024 (Q2 2023: 2,831 MW), which corresponds to 14.6 percent decrease compared to the second quarter of 2023. The decrease was driven by lower onshore deliveries.

Deliveries

MW



By the end of June 2024, Vestas had installed a total capacity of 182 GW in 88 countries.

Deliveries (onshore and offshore)

MW

	Q2 2024	Q2 2023	FY 2023
Germany	419	386	1,486
Italy	154	66	265
Finland	141	73	723
South Africa	136	-	37
Poland	99	84	292
United Kingdom	71	564	896
Sweden	69	17	165
France	59	136	735
Greece	27	67	161
Austria	17	44	197
Denmark	16	3	53
Portugal	11	34	107
Belgium	4	12	65
Ireland	3	-	36
Czech Republic	2	2	9
Lithuania	2	-	68
Romania	2	-	72
Netherlands	1	73	287
Egypt	-	34	145
Spain	-	7	177
Turkey	-	-	32
Utd. Arab Emir.	-	-	42
Estonia	-	-	101
EMEA	1,233	1,602	6,151
<i>o/w Offshore</i>	<i>265</i>	<i>318</i>	<i>563</i>
Brazil	379	407	1,635
USA	225	307	2,079
Argentina	83	112	420
Canada	77	110	275
Chile	13	18	41
Colombia	-	4	332
Dominican Rep.	-	7	18
Puerto Rico	-	-	11
Mexico	-	-	1
Americas	777	965	4,812
<i>o/w Offshore</i>	<i>-</i>	<i>-</i>	<i>-</i>
Australia	226	123	822
Taiwan	129	72	458
Japan	51	43	95
South Korea	1	5	21
China	-	3	21
India	-	1	193
New Zealand	-	15	84
Sri Lanka	-	(1) ^{*)}	6
Vietnam	-	3	9
Philippines	-	-	13
Asia Pacific	407	264	1,722
<i>o/w Offshore</i>	<i>129</i>	<i>77</i>	<i>452</i>
Total	2,417	2,831	12,685
<i>o/w Offshore</i>	<i>394</i>	<i>395</i>	<i>1,015</i>

^{*)} 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 second quarter of 2024, the wind turbine order backlog amounted to 27,022 MW, which corresponds to a value of EUR 28.1bn (30 June 2023: 20,096 MW / EUR 20.0bn), of which EUR 5.5bn relates to offshore wind power projects (30 June 2023: EUR 2.4bn). The development reflects significant offshore order intake in Poland and Germany as well as a high level of onshore order intake in the USA.

Order backlog per region

MW

	EMEA	Ameri- cas	Asia Pacific	Total
Total backlog as at 30 June 2023	8,462	8,067	3,567	20,096
Order intake	9,875	7,355	1,416	18,646
Deliveries	(5,282)	(4,523)	(1,915)	(11,720)
Total backlog as at 30 June 2024	13,055	10,899	3,068	27,022
<i>o/w Offshore</i>	<i>3,790</i>	<i>-</i>	<i>699</i>	<i>4,489</i>

Development business

At the end of second quarter of 2024, Vestas' pipeline of development projects amounted to 28.7 GW (30 June 2023: 30.5 GW). The pipeline includes 15.5 GW in APAC, 7.8 GW in Americas and 5.4 GW in EMEA, with Australia, the USA, and Spain being the countries with the largest project pipelines. During the quarter, Vestas secured 0.6 GW of new pipeline projects, mainly in Australia.

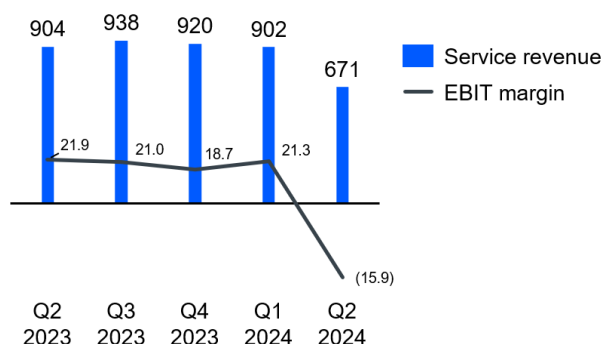


Result for the period

The Service segment generated revenue of EUR 671m in the second quarter of 2024 (Q2 2023: EUR 904m), which corresponds to 25.8 percent decrease compared to the second quarter of 2023. The lower revenue was primarily driven by adjustments to planned costs of a larger portfolio of service contracts in EMEA and Americas. The updated estimate reflects increasing cost levels, such as salaries, indirect effects from upgrade and repair campaigns and operational inefficiencies, partially offset by expected future efficiency achievements and cost-out initiatives. ¹ Foreign exchange rates had a EUR 7m negative effect on revenue growth.

In the first half of 2024, revenue from the Service segment amounted to EUR 1,573m (H1 2023: EUR 1,710m), an 8.0 percent decrease compared to first half of 2023, primarily driven by the above-mentioned adjustments to estimated completion of service contracts.

Service revenue and EBIT margin before special items mEUR and percentage



EBIT before special items amounted to negative EUR 107m in the second quarter of 2024, corresponding to an EBIT margin of negative 15.9 percent, significantly lower than the same period last year (Q2 2023: EUR 198m; 21.9 percent). The lower margin reflects the above-mentioned adjustments to planned costs.

In the first half of 2024, EBIT before special items amounted to EUR 85m with an EBIT margin of 5.4 percent, a 16.9 percentage point decrease compared to the first half of 2023 (H1 2023: EUR 381m; 22.3 percent). The negative development compared to the first half of 2023 was attributable to the same factors impacting the quarter.

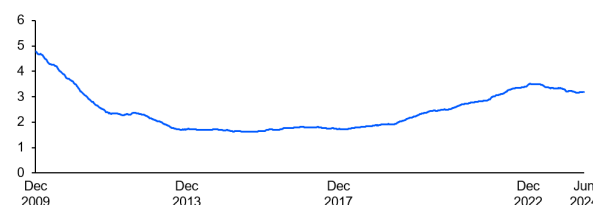
¹ Refer to note 1.1 for further information on the adjustments to Service revenue.

Wind turbines under service

At the end of June 2024, Vestas had around 56,000 wind turbines under service, equivalent to 151 GW.

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.

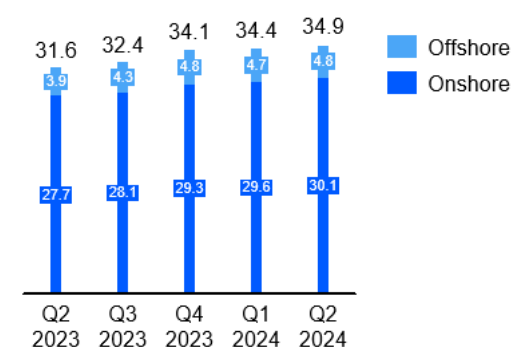
The overall Lost Production Factor continues to improve, although still at an unsatisfactory level at the end of second quarter 2024.

Service order backlog

At the end of June 2024, Vestas had service contracts in the order backlog with expected contractual future revenue of EUR 34.9bn, an increase of EUR 3.3bn, compared to end of the quarter last year (30 June 2023: EUR 31.6bn). The service order backlog increased EUR 1.3bn from indexation mechanisms in contracts.

Service order backlog

bnEUR



At the end of the quarter, the average duration of the service order backlog was 11 years (30 June 2023: 11 years).

Sustainability

The Vestas Sustainability Strategy

Vestas has been leading the transition to a world powered by sustainable energy for over four decades. 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 CO₂e 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.

For our key sustainability figures (page 5), we have since 1 January 2024 transitioned to present the majority of figures on a Last-Twelve Month (LTM) basis. The transition to LTM covers all four KPIs related to our sustainability strategy. Presenting our figures in this manner provides us with an enhanced long-term outlook on progress by removing seasonal fluctuations.

Carbon footprint

Turbines produced and shipped in the last twelve months are expected to avoid 415 million tonnes of CO₂e over the course of their lifetime. This is an increase of 11 million tonnes from the comparable last twelve months the year prior. This improvement is driven by updated industry assumptions affecting the calculation method.

In the last 12 months, our total scope 1 and 2 emissions decreased to 102,000 tonnes from 109,000 tonnes. This reflects a 6 percent decrease compared to the comparable last 12 months the year prior. The decrease in our total scope 1 and 2 emissions is driven by reduced construction activity in our UK offshore operations, leading to a decrease in vessel fuel usage.

Scope 3 emissions are reported annually in the Annual Report.

Conditional agreement with Vattenfall and BASF for low-emission steel turbines

In June 2024, Vestas signed a conditional agreement with Vattenfall and BASF to supply 112 V236 offshore wind turbines for the Nordlicht 1 and 2 projects in Germany.

The companies are underlining their ambitions to reduce their CO₂e emissions along the entire value chain. The top sections of 56 of the towers will be made with low-emission steel, accounting for 24 percent of the mass of the heavy steel plates used for the wind farm area and leading to a 16 percent reduction in the towers' overall carbon footprint.

The low-emission steel is fabricated using 100 percent steel scrap melted in an electric arc furnace powered by 100 percent wind energy, reducing the carbon footprint by 66 percent compared to heavy steel plates made via a conventional steelmaking route.

Circularity

In the last 12 months, our material efficiency rate remained constant at 1.2 tonnes of waste per MW produced and shipped, hence already meeting our 2025 target. What seems like a stagnation reflects an underlying improved recycling rate, however offset by lower volumes of produced and shipped (MW).

Safety

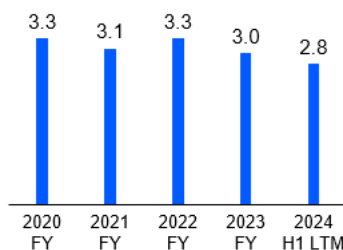
Working towards becoming the safest workplace in the energy industry, we aim to reduce the Total Recordable Injury Rate (TRIR) to 1.5 by 2025 and 0.6 by 2030, equivalent to a 15 percent year-on-year reduction from 2019.

On 11 May 2024, an incident occurred on a construction site in Italy, which tragically resulted in a fatality of a contractor under Vestas' supervision. Any fatality in Vestas' operations is one too many, and we are taking the necessary measures to understand and further learn from the incident.

In the second quarter of 2024, our TRIR based on LTM was reduced to 2.8, compared to 3.0 for full year 2023 and 3.1 for the comparable last 12 months. The reduction is driven by an improvement in our accounting of working hours. We continue to improve our understanding of Health and Safety controls, operationally ensuring we proactively assess and improve their effectiveness as well as rolling out broad based Safety leadership programs. We will continue to seek to improve performance by maintaining an operational safety focus across our entire value chain.

Incidence of total recordable injuries (LTM)

Per million working hours



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 2022¹⁾, 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 percent²⁾ 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

As announced on 12 August 2024 (Company Announcement 12/2024), Vestas has narrowed its initial guidance for full year on revenue and EBIT margin before special items as a consequence of adjustments to planned costs in Service, which impact current profitability in the Service segment.

Revenue is now expected to range between EUR 16.5bn and 17.5bn (previously EUR 16-18bn), including Service revenue. Vestas expects to achieve an EBIT margin before special items of 4-5 percent (previously 4-6 percent).

Expectations to total investments¹ are unchanged; with an outlook of approx. EUR 1.2bn.

The Service segment is now expected to generate EBIT before special items of around EUR 500m in 2024.

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

	Updated Guidance ²	Initial guidance
Revenue (bnEUR)	16.5-17.5	16-18
EBIT margin (%) b.s.i.	4-5	4-6
Total investments ^{**1} (bnEUR)	approx.1.2	approx.1.2

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

²) Guidance update 12 August 2024, cf. Company Announcement No. 12/2024.

Other events

William Fehrman steps down from the Board of Directors of Vestas Wind Systems A/S

William Fehrman, who was elected as member of the Board of Directors of Vestas Wind Systems A/S on the Annual General Meeting 2024, has decided to step down from his board position with effect as of 14 August 2024, cf. Company Announcement No. 13/2024 of 14 August 2024.

William Fehrman has taken this decision to avoid any potential conflict of interest as he has been elected by the Board of Directors of American Electric Power Company, Inc. to lead the company as Director, President and Chief Executive Officer.

Update to Communication Policy regarding order announcements

As of 14 August 2024, Vestas' communication policy with regards to orders will change to the effect that firm and unconditional wind power plant orders of 1.5 GW or more will now as a general rule be considered inside information (previously 1 GW).

The same general rule and threshold will apply to conditional wind power plant orders.

In cases where one or more projects with a total capacity of 1.5 GW or more have been announced at the stage of a conditional agreement, but the individual firm and unconditional order is below 1.5 GW, the order announcement will not be considered inside information and will be disclosed in a press release, referring to the Company Announcement re. the conditional order.

Vestas' Investor Relations Communication Policy, which can be found at vestas.com, has been updated accordingly.

Consolidated financial statements 1 January – 30 June

Condensed income statement 1 January – 30 June

mEUR	Note	Q2 2024	Q2 2023	H1 2024	H1 2023
Revenue	1.1, 1.2	3,296	3,429	5,977	6,258
Production costs		(3,140)	(3,208)	(5,577)	(5,849)
Gross profit		156	221	400	409
Research and development costs		(89)	(82)	(174)	(174)
Distribution costs		(127)	(111)	(255)	(218)
Administration costs		(125)	(114)	(224)	(219)
Sale of technology	1.3	-	-	-	147
Income from investments in joint ventures and associates		-	16	-	25
Operating profit/(loss) (EBIT) before special items	1.1	(185)	(70)	(253)	(30)
Special items	1.4	0	2	1	28
Operating profit/(loss) (EBIT)		(185)	(68)	(252)	(2)
Income from investments in joint ventures and associates		8	(4)	5	(5)
Net financial items		(53)	(58)	(88)	(92)
Profit/(loss) before tax		(230)	(130)	(335)	(99)
Income tax		74	15	104	0
Profit/(loss) for the period		(156)	(115)	(231)	(99)
Profit/(loss) is attributable to:					
Shareholders of Vestas Wind Systems A/S		(158)	(115)	(226)	(100)
Non-controlling interests		2	0	(5)	1
Earnings per share (EPS)					
Earnings per share for the period (EUR), basic		(0.16)	(0.12)	(0.23)	(0.10)
Earnings per share for the period (EUR), diluted		(0.16)	(0.12)	(0.23)	(0.10)

Condensed statement of comprehensive income 1 January – 30 June

mEUR	Q2 2024	Q2 2023	H1 2024	H1 2023
Profit/(loss) for the period	(156)	(115)	(231)	(99)
Items that may be reclassified to the income statement subsequently:				
Exchange rate adjustments relating to foreign entities	(2)	(39)	19	(61)
Fair value adjustments of derivative financial instruments for the period	82	(19)	233	54
Gain/(loss) on derivative financial instruments transferred to the income statement	11	(35)	(47)	(86)
Share of fair value adjustments of derivative financial instruments of joint ventures and associates	2	-	1	(1)
Tax on items that may be reclassified to the income statement subsequently	(24)	8	(50)	3
Other comprehensive income after tax for the period	69	(85)	156	(91)
Total comprehensive income for the period	(87)	(200)	(75)	(190)

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

Condensed balance sheet – Assets

mEUR	Note	30 June 2024	30 June 2023	31 December 2023
Goodwill		1,509	1,509	1,507
Completed development projects		332	395	324
Software		125	125	138
Other intangible assets		326	356	340
Development projects in progress		989	708	894
Total intangible assets		3,281	3,093	3,203
Land and buildings		419	386	427
Plant and machinery		169	210	193
Other fixtures, fittings, tools and equipment		486	503	520
Right-of-use assets		614	486	524
Property, plant and equipment in progress		384	192	247
Total property, plant and equipment	2.1	2,072	1,777	1,911
Investments in joint ventures and associates		595	618	593
Other investments		71	95	99
Tax receivables		522	89	522
Deferred tax		964	600	795
Other receivables	3.4	389	288	372
Financial investments	3.4	100	96	98
Total other non-current assets		2,641	1,786	2,479
Total non-current assets		7,994	6,656	7,593
Inventories		7,505	7,110	6,530
Trade receivables		1,272	1,155	1,305
Contract assets		1,840	1,597	1,777
Contract costs		774	921	505
Tax receivables		174	59	209
Other receivables	3.4	1,306	1,331	1,274
Financial investments	3.4	116	-	3
Cash and cash equivalents	3.2	2,636	1,504	3,318
Total current assets		15,623	13,677	14,921
Total assets		23,617	20,333	22,514

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

Condensed balance sheet – Equity and liabilities

mEUR	Note	30 June 2024	30 June 2023	31 December 2023
Share capital	3.1	27	27	27
Other reserves		38	(96)	(102)
Retained earnings		2,849	2,902	3,102
Attributable to shareholders of Vestas		2,914	2,833	3,027
Non-controlling interests		12	16	15
Total equity		2,926	2,849	3,042
Provisions	2.2	1,219	1,088	1,225
Deferred tax		194	173	164
Financial debts	3.4	3,235	2,692	3,224
Tax payables		635	170	635
Other liabilities	3.4	162	92	204
Total non-current liabilities		5,445	4,215	5,452
Financial debts	3.4	174	191	163
Contract liabilities		9,424	7,550	7,995
Trade payables		3,886	3,498	3,738
Provisions	2.2	774	719	783
Tax payables		94	75	176
Other liabilities	3.4	894	1,236	1,165
Total current liabilities		15,246	13,269	14,020
Total liabilities		20,691	17,484	19,472
Total equity and liabilities		23,617	20,333	22,514

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

Condensed statement of changes in equity – six months 2024

mEUR	Reserves					Retained earnings	Non-control-ling interests	Total
	Share capital	Transla- tion reserve	Cash flow hedging reserve	Other reserves	Total reserves			
Equity as at 1 January 2024	27	(80)	(24)	2	(102)	3,102	15	3,042
Profit/(loss) for the period	-	-	-	-	-	(226)	(5)	(231)
Other comprehensive income for the period	-	17	136	1	154	-	2	156
Total comprehensive income for the period	-	17	136	1	154	(226)	(3)	(75)
Transfer of cash flow hedge reserve to the initial carrying amount of hedged items	-	-	(14)	-	(14)	-	-	(14)
<i>Transaction with shareholders:</i>								
Acquisition of treasury shares	-	-	-	-	-	(40)	-	(40)
Share-based payments	-	-	-	-	-	17	-	17
Tax on equity transactions	-	-	-	-	-	(4)	-	(4)
Total transactions with shareholders	-	-	-	-	-	(27)	-	(27)
Equity as at 30 June 2024	27	(63)	98	3	38	2,849	12	2,926

Condensed statement of changes in equity – six months 2023

mEUR	Reserves					Retained earnings	Non-control-ling interests	Total
	Share capital	Transla- tion reserve	Cash flow hedging reserve	Other reserves	Total reserves			
Equity as at 1 January 2023	27	10	(1)	6	15	3,002	16	3,060
Profit/(loss) for the period	-	-	-	-	-	(100)	1	(99)
Other comprehensive income for the period	-	(60)	(29)	(1)	(90)	-	(1)	(91)
Total comprehensive income for the period	-	(60)	(29)	(1)	(90)	(100)	(0)	(190)
Transfer of cash flow hedge reserve to the initial carrying amount of hedged items	-	-	(21)	-	(21)	-	-	(21)
<i>Transaction with shareholders:</i>								
Acquisition of treasury shares	-	-	-	-	-	(11)	-	(11)
Share-based payments	-	-	-	-	-	11	-	11
Tax on equity transactions	-	-	-	-	-	(0)	-	(0)
Total transactions with shareholders	-	-	-	-	-	0	-	0
Equity as at 30 June 2023	27	(50)	(51)	5	(96)	2,902	16	2,849

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

Condensed cash flow statement 1 January – 30 June

mEUR	Note	Q2 2024	Q2 2023	H1 2024	H1 2023
Profit/(loss) for the period		(156)	(115)	(231)	(99)
Adjustment for non-cash transactions		294	290	322	538
Interest paid / received, net		(16)	-	(15)	(1)
Income tax paid		(39)	(38)	(79)	(53)
Cash flow from operating activities before change in net working capital		83	137	(3)	385
Change in net working capital		748	(89)	79	(1,311)
Cash flow from operating activities		831	48	76	(926)
Purchase of intangible assets		(135)	(94)	(229)	(188)
Purchase of property, plant and equipment		(147)	(95)	(251)	(171)
Proceeds from sale of intangible assets		-	-	-	2
Proceeds from sale of property, plant and equipment		13	-	13	56
Dividends from investments in joint ventures and associates		-	1	3	6
Purchase of other non-current financial assets		(66)	(2)	(129)	(5)
Proceeds from sale of other non-current financial assets		3	-	47	-
Proceeds of investments in joint ventures and associates		-	32	(1)	39
Net cash flow from deconsolidation of subsidiary		-	-	-	(8)
Cash flow from investing activities		(332)	(158)	(547)	(269)
Free cash flow		499	(110)	(471)	(1,195)
Payment of lease liabilities		(38)	(41)	(85)	(76)
Proceeds from borrowings		22	66	44	587
Payment of financial debt		(95)	(100)	(106)	(150)
Acquisition of treasury shares		(40)	(11)	(40)	(11)
Cash flow from financing activities		(151)	(86)	(187)	350
Net change in cash and cash equivalents		348	(196)	(658)	(845)
Cash and cash equivalents at the beginning of period		2,294	1,707	3,318	2,378
Exchange rate adjustments of cash and cash equivalents		(6)	(7)	(24)	(29)
Cash and cash equivalents at the end of the period	3.2	2,636	1,504	2,636	1,504

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
Q2 2024				
Revenue	2,625	671	-	3,296
Total revenue	2,625	671	-	3,296
Total costs	(2,606)	(778)	(97)	(3,481)
Operating profit/(loss) (EBIT) before special items	19	(107)	(97)	(185)
Special items	0	-	-	0
Operating profit/(loss) (EBIT)	19	(107)	(97)	(185)
Income from investments in joint ventures and associates	-	-	8	8
Net financial items	-	-	(53)	(53)
Profit/(loss) before tax				(230)
Amortisation and depreciation included in total costs	(169)	(46)	(10)	(225)

In the second quarter of 2024, revenue in the Service segment was negatively impacted by EUR 312m from adjustments to planned costs of ongoing service contracts. The adjustments relate to an increase in the expected total cost to complete the service contracts, primarily driven by updated cost forecasts as well as the expected future impact from cost-out initiatives.

mEUR	Power Solutions	Service	Not allocated	Total Group
Q2 2023				
Revenue	2,525	904	-	3,429
Income from investments in joint ventures and associates	16	-	-	16
Total income	2,541	904	-	3,445
Total costs	(2,716)	(706)	(93)	(3,515)
Operating profit/(loss) (EBIT) before special items	(175)	198	(93)	(70)
Special items	2	-	-	2
Operating profit/(loss) (EBIT)	(173)	198	(93)	(68)
Income from investments in joint ventures and associates	-	-	(4)	(4)
Net financial items	-	-	(58)	(58)
Profit/(loss) before tax				(130)
Amortisation and depreciation included in total costs	(153)	(40)	(9)	(202)

1.1 Segment information (continued)

mEUR	Power Solutions	Service	Not allocated	Total Group
H1 2024				
Revenue	4,404	1,573	-	5,977
Total revenue	4,404	1,573	-	5,977
Total costs	(4,554)	(1,488)	(188)	(6,230)
Operating profit/(loss) (EBIT) before special items	(150)	85	(188)	(253)
Special items	1	-	-	1
Operating profit/(loss) (EBIT)	(149)	85	(188)	(252)
Income from investments in joint ventures and associates	-	-	5	5
Net financial items	-	-	(88)	(88)
Profit/(loss) before tax				(335)
Amortisation and depreciation included in total costs	(320)	(82)	(22)	(424)

In the first half of 2024, as described above revenue in the Service segment was negatively impacted by EUR 312m from adjustments to the estimated percentage-of-completion of ongoing service contracts.

In the first half of 2024, a net income of EUR 2m was recognised in special items relating to the adjustment of the manufacturing footprint in India, impacting the Power Solutions segment.

mEUR	Power Solutions	Service	Not allocated	Total Group
H1 2023				
Revenue	4,548	1,710	-	6,258
Sale of technology	147	-	-	147
Income from investments in joint ventures and associates	25	-	-	25
Total income	4,720	1,710	-	6,430
Total costs	(4,949)	(1,329)	(182)	(6,460)
Operating profit/(loss) (EBIT) before special items	(229)	381	(182)	(30)
Special items	28	-	-	28
Operating profit/(loss) (EBIT)	(201)	381	(182)	(2)
Income from investments in joint ventures and associates	-	-	(5)	(5)
Net financial items	-	-	(92)	(92)
Profit/(loss) before tax				(99)
Amortisation and depreciation included in total costs	(302)	(73)	(23)	(398)

In the first half of 2023, a net income of EUR 28m was recognised in special items relating to the adjustment of the manufacturing footprint in India as well as the Russian invasion of Ukraine, impacting the Power Solutions segment. For additional information, refer to note 1.4.

In the first half 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	
	Q2 2024	Q2 2023	Q2 2024	Q2 2023	Q2 2024	Q2 2023
Timing of revenue recognition						
Products and services transferred at a point in time	1,471	1,573	146	109	1,617	1,682
Products and services transferred over time	1,154	952	525	795	1,679	1,747
	2,625	2,525	671	904	3,296	3,429
Revenue from contract types						
Supply-only	414	373	-	-	414	373
Supply-and-installation (at a point in time)	1,057	1,201	-	-	1,057	1,201
Supply-and-installation (over time)	855	814	-	-	855	814
Turnkey (EPC)	299	137	-	-	299	137
Service	-	-	671	904	671	904
	2,625	2,525	671	904	3,296	3,429
Primary geographical markets						
EMEA	1,340	1,428	316	484	1,656	1,912
Americas	782	795	278	344	1,060	1,139
Asia Pacific	503	302	77	76	580	378
	2,625	2,525	671	904	3,296	3,429

1.2 Revenue (continued)

mEUR	Power Solutions		Service		Total	
	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023
Timing of revenue recognition						
Products and services transferred at a point in time	2,673	2,789	260	211	2,933	3,000
Products and services transferred over time	1,731	1,759	1,313	1,499	3,044	3,258
	4,404	4,548	1,573	1,710	5,977	6,258
Revenue from contract types						
Supply-only	427	650	-	-	427	650
Supply-and-installation (at a point in time)	2,246	2,139	-	-	2,246	2,139
Supply-and-installation (over time)	1,186	1,448	-	-	1,186	1,448
Turnkey (EPC)	545	311	-	-	545	311
Service	-	-	1,573	1,710	1,573	1,710
	4,404	4,548	1,573	1,710	5,977	6,258
Primary geographical markets						
EMEA	2,107	2,544	804	887	2,911	3,431
Americas	1,422	1,438	609	678	2,031	2,116
Asia Pacific	875	566	160	145	1,035	711
	4,404	4,548	1,573	1,710	5,977	6,258

1.3 Sale of technology

There was no sale of technology during the first half of 2024. During the first half of 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	Q2 2024	Q2 2023	H1 2024	H1 2023
Write-down of inventory	-	-	-	33
Provisions	-	-	-	(1)
Impairment loss on intangible and tangible assets	-	2	-	2
Other costs	0	-	1	(7)
Staff costs	-	-	-	(1)
Derecognition of net assets in Russia	-	-	-	2
Special items	0	2	1	28

During the first half 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 half of 2023, a net income of EUR 28m was recognised in special items. The adjustment of the manufacturing footprint in India resulted in net income of EUR 32m. This was offset by net expense of EUR 4m 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 half of 2024, Vestas acquired assets with a cost of EUR 251m mainly related to manufacturing blade moulds, transport equipment, and construction tools, compared to EUR 171m in the first half of 2023.

Lease contracts recognised as right-of-use assets during the first half of 2024 amounted to EUR 183m mainly related to extension of a test rig and new vessel leases, compared to EUR 117m in the first half of 2023.

2.2 Warranty provisions (included in provisions)

mEUR	30 June 2024	30 June 2023	31 December 2023
Warranty provisions, 1 January	1,747	1,490	1,490
Provisions for the period	265	292	845
Warranty provisions consumed during the period	(258)	(254)	(588)
Warranty provisions	1,754	1,528	1,747
The provisions are expected to be payable as follows:			
Non-current	1,035	911	1,031
Current	719	617	716
	1,754	1,528	1,747

During the first half of 2024, net warranty provisions charged to the income statement was EUR 262m (EUR 284m in the first half of 2023), equivalent to 4.4 percent of revenue. The net amount consists of a gross warranty provision of EUR 265m less 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)	30 June 2024	30 June 2023	31 December 2023
Treasury shares as at 1 January	678,721	737,940	737,940
Purchases for the period	328,300	79,785	79,785
Vested treasury shares for the period	(186,092)	(139,004)	(139,004)
Treasury shares	820,929	678,721	678,721

Each share has a nominal value of DKK 0.20.

3.2 Cash and cash equivalents

mEUR	30 June 2024	30 June 2023	31 December 2023
Cash and cash equivalents without disposal restrictions	2,632	1,475	3,288
Cash and cash equivalents with disposal restrictions	4	29	30
Cash and cash equivalents	2,636	1,504	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 30 June 2024, Vestas had EUR 2,636m 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 30 June 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.

3.4 Financial instruments

Financial investments consist of interest-bearing investments which do not meet the definition for cash and cash equivalents. As at 30 June 2024, financial investments comprised marketable securities with a fair value of EUR 100m and deposits with fair value of EUR 116m, equal to booked value.

Derivative financial instruments were positive with a market value of net EUR 158m, equal to book value, and were recognised in other receivables and other liabilities with EUR 487m and EUR 329m, respectively.

As at 30 June 2024, the carrying amount of the sustainability-linked bonds issued by Vestas amounted to EUR 1,983m and the fair value amounted to EUR 1,881m.

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	Q2 2024	Q2 2023	H1 2024	H1 2023
Joint ventures				
Revenue for the period	-	2	-	2
Proceeds from investments in joint ventures	-	-	-	5
Capital increase	-	-	-	4
Trade receivable as at 30 June	-	18	-	18
Other assets as at 30 June	23	11	23	11
Other liabilities as at 30 June	-	1	-	1
Associates				
Revenue for the period	1	0	2	2
Proceeds from investments in associates	-	0	3	0
Capital increase	0	1	0	2
Trade receivable as at 30 June	21	-	21	-
Other assets as at 30 June	6	16	6	16
Contract liabilities as at 30 June	0	5	0	5
Payable capital contribution as at 30 June	-	8	-	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 30 June 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
- Supplier Finance Arrangements – amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures

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 30 June 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 30 June 2024 and of the results of Vestas'

operations and cash flows for the period 1 January to 30 June 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, 14 August 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^{*)}

^{*)} Employee representative

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.