Vestas

Company announcement No.18/2021

Interim financial report
Third quarter 2021

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

Wind. It means the world to us.™

Contents

Note on business segments

With the acquisition at the end of 2020 of the offshore business in the previous joint venture MHI Vestas Offshore Wind A/S, the offshore business is now to be regarded as and will be reported as an integrated part of the two segments "Power Solutions" and "Service".

The two business segments:

Power Solutions

Service

Information meeting (audiocast)

On Wednesday 3 November 2021 at 10 a.m. CET (9 a.m. GMT), Vestas will host an information meeting via an audiocast. The audiocast will be accessible via vestas.com.

The meeting will be held in English and questions may be asked through a conference call. The telephone numbers for the conference call are:

Europe:	+44 3333 000 804
USA:	+1 6319 131 422
Denmark:	+45 3544 5577

Conference PIN code: 46050492#

Presentation material for the information meeting will be available at vestas.com approximately one hour before the meeting.

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Summary

Revenue increased compared to third quarter 2020, while EBIT decreased as a consequence of supply chain challenges. Combined order backlog of more than EUR 47bn. Full-year guidance updated.

In the third quarter of 2021, Vestas generated revenue of EUR 5,538m – an increase of 16 percent compared to the year-earlier period. EBIT before special items decreased by EUR 87m to EUR 325m. This resulted in an EBIT margin before special items of 5.9 percent, compared to 8.6 percent in the third quarter of 2020. Free cash flow* amounted to EUR 300m compared to EUR 547m in the third quarter of 2020.

The quarterly intake of firm and unconditional wind turbine orders amounted to 3,727 MW. The value of the wind turbine order backlog was EUR 19.3bn as at 30 September 2021. In addition to the wind turbine order backlog, at the end of September 2021, Vestas had service agreements with expected contractual future revenue of EUR 28.0bn. Thus, the value of the combined backlog of wind turbine orders and service agreements stood at EUR 47.3bn – an increase of EUR 13.4bn compared to the year-earlier period.

The supply chain instability and cost inflation caused by the pandemic is continuing to impact the wind power industry. Based on these circumstances, and the impact these are expected to have for the remainder of the year, Vestas is updating its full-year guidance on EBIT margin before special items, which is now expected to be around 4 percent (previously 5-7 percent). Vestas still expects revenue of EUR 15.5-16.5bn, including Service, and total investments*) below EUR 1,000m in 2021.

Group President & CEO Henrik Andersen said: *"During the third quarter of 2021, everyone at Vestas did an outstanding job to ensure record-high revenue and activity levels in spite of an increasingly challenging global business environment for renewables. The quarter was thus characterised by supply chain instability and rising energy prices as well as accelerated cost inflation from raw materials, transport, and turbine components, which severely impacted profitability and limits visibility. In this environment, and with additional warranty provisions of EUR 50m to cover the execution of previously announced blade repairs and upgrades, we achieved revenue of EUR 5.5bn, order intake of 3.7 GW, 23 percent growth in Service, an EBIT margin of 5.9 percent, and the largest preferred supplier agreement in our history for a 2.1 GW offshore project in the USA. Based on how 2021 has evolved and how we expect to finish the year, we are adjusting our EBIT margin guidance to around 4 percent with revenue expectations unchanged. With supply chain instability and high component, material and transport costs expected to last throughout 2022 as well as the growing climate and energy crises making our solutions ever more important, our full focus is to mitigate impact from external factors to protect profitability and execute on our strategy without compromising on safety or quality."*

Key highlights

Organisational update
Marika Fredriksson to step down as CFO effective 1 March 2022; Hans Martin Smith, CFO of Vestas Northern & Central Europe, to succeed.

Vestas' largest preferred supplier agreement to date secured
Vestas as preferred supplier for the 2.1 GW Empire Wind project in the USA; onshore order intake of 3.7 GW.

Revenue of EUR 5.5bn
Highest ever quarterly revenue secured despite continued supply chain challenges.

EBIT margin of 5.9 percent
EBIT impacted by further cost inflation and higher level of warranty provisions.

Circularity roadmap launched, raising the bar
New targets introduced to achieve full circularity by 2040, and targets to increase rotor recyclability accelerated.

Outlook for full year updated
Guidance on EBIT margin updated to reflect accelerated cost inflation and supply chain challenges.

* Excl. acquisitions of subsidiaries, joint ventures, associates, and financial investments.

Financial and operational key figures

mEUR	Q3 2021	Q3 2020	9M 2021	9M 2020	FY 2020
FINANCIAL HIGHLIGHTS					
Income statement					
Revenue	5,538	4,770	11,036	10,546	14,819
Gross profit	600	612	1,165	999	1,538
Operating profit before amortisation, depreciation, and impairment (EBITDA) before special items	567	575	1024	860	1,391
Operating profit (EBIT) before special items	325	412	355	392	750
Operating profit before amortisation, depreciation, and impairment (EBITDA)	496	581	953	851	1,382
Operating profit (EBIT)	206	418	236	340	698
Net financial items	(40)	(28)	(70)	(65)	(95)
Profit before tax	170	391	215	277	934
Profit for the period	123	290	156	205	771
Balance sheet					
Balance sheet total	18,979	14,636	18,979	14,636	18,160
Equity	4,742	3,394	4,742	3,394	4,703
Net working capital	(526)	(711)	(526)	(711)	(1,127)
Capital employed	6,144	4,342	6,144	4,342	6,057
Interest-bearing position (net), at the end of the period	692	1,615	692	1,615	1,920
Cash flow statement					
Cash flow from operating activities	523	688	137	(21)	743
Cash flow from investing activities before acquisitions of subsidiaries, joint ventures, associates, and financial investments	(223)	(141)	(552)	(458)	(687)
Free cash flow before acquisitions of subsidiaries, joint ventures, associates, and financial investments	300	547	(415)	(479)	56
Free cash flow	385	546	(539)	(277)	476
FINANCIAL RATIOS[1]					
Financial ratios					
Gross margin (%)	10.8	12.8	10.6	9.5	10.4
EBITDA margin (%) before special items	10.2	12.1	9.3	8.2	9.4
EBIT margin (%) before special items	5.9	8.6	3.2	3.7	5.1
EBITDA margin (%)	9.0	12.2	8.6	8.1	9.3
EBIT margin (%)	3.7	8.8	2.1	3.2	4.7
Return on capital employed (ROCE)[2] (%) before special items	9.6	14.3	9.6	14.3	13.5
Net interest-bearing debt / EBITDA before special items[2]	(0.4)	(1.1)	(0.4)	(1.1)	(1.4)
Solvency ratio (%)	25.0	23.2	25.0	23.2	25.9
Return on equity[2] (%)	16.3	14.6	16.3	14.6	21.4
Share ratios[3]					
Earnings per share[4] (EUR)	0.7	0.5	0.7	0.5	0.8
Dividend per share (EUR)	-	-	-	-	0.23
Pay-out ratio (%)	-	-	-	-	30.0
Share price at the end of the period (EUR)	34.6	27.7	34.6	27.7	38.7
Number of shares at the end of the period (million)	1,010	985	1,010	985	1,010
OPERATIONAL KEY FIGURES[5]					
Order intake (bnEUR)	3.0	3.1	9.1	8.7	12.7
Order intake (MW)	3,727	4,232	11,033	11,691	17,249
Order backlog – wind turbines (bnEUR)	19.3	14.6	19.3	14.6	19.0
Order backlog – wind turbines (MW)	24,069	20,399	24,069	20,399	24,630
Order backlog – service (bnEUR)	28.0	19.3	28.0	19.3	23.9
Produced and shipped wind turbines (MW)	3,945	4,329	14,250	13,913	17,055
Produced and shipped wind turbines (number)	991	1,386	3,563	4,285	5,239
Deliveries (MW)	6,020	5,991	11,712	12,239	17,212

1) The ratios have been calculated in accordance with the guidelines from The Danish Finance Society (Recommendations & Financial ratios).
2) Calculated over a 12-month period.
3) As of 28 April 2021, a share split at a ratio of 1:5 of the Vestas share was carried out. Comparative figures have been restated to reflect the change in number of shares.
4) Earnings per share has been calculated over a 12-month period and in accordance with IAS 33 on earnings per share.
5) The order backlog for Vestas Offshore Wind A/S (former MHI Vestas Offshore Wind A/S) is included as of 31 December 2020. The remaining operational key figures include Vestas Offshore Wind A/S from 14 December 2020.

Sustainability key figures[1)]

	Q3 2021	Q3 2020	9M 2021	9M 2020	FY 2020
ENVIRONMENTAL[2)]					
Utilisation of resources					
Consumption of energy (GWh)	158	150	564	461	621
- of which renewable energy (GWh)	66	79[3)]	216	224[3)]	295
- of which renewable electricity (GWh)	59	75[3)]	180	202[3)]	261
Renewable energy (%)	42	53[3)]	38	49[3)]	48
Renewable electricity for own activities (%)	100	100[3)]	100	100[3)]	100
Withdrawal of fresh water (1,000 m^3)	103	123	314	329	421
Waste					
Volume of waste from own operations (1,000 t)	14	22	53	68	89
- of which collected for recycling (1,000 t)	9	12	28	32	46
Recyclability rate of hub and blade[4)] (%)	//	//	//	//	41
Carbon emissions					
Direct emissions of CO_2e (scope 1) (1,000 t)	23	16	80	52	71
Indirect emissions of CO_2e (scope 2) (1,000 t)	0.1	0.1[3)]	1.9	1.1[3)]	2
Indirect emissions of CO_2e from the supply chain (scope 3)[4)] (million t)	//	//	//	//	9.79
Indirect emissions of CO_2e from the supply chain (scope 3)[4)] (kg per MWh generated)	//	//	//	//	6.49
Products					
Expected CO_2e avoided over the lifetime of the MW produced and shipped during the period (million t)	89	110	402	355	493
Annual CO_2e avoided by the total aggregated installed fleet (million t)	206	182	206	182	186
SOCIAL					
Safety					
Total Recordable Injuries (number)	56	57	156	147	185
- of which Lost Time Injuries (number)	13	18	50	48	65
- of which fatal injuries(number)	0	0	0	0	0
Total Recordable Injuries per million working hours (TRIR)	3.4	4.0	3.2	3.5	3.3
Lost Time Injuries per million working hours (LTIR)	0.8	1.3	1.0	1.1	1.2
Employees					
Average number of employees (FTEs)	29,409	25,822	29,262	25,812	26,121
Employees at the end of the period (FTEs)	29,665	25,828	29,665	25,828	29,378
Diversity and inclusion					
Women in the Board and Executive Management at the end of the period (%)	27	27	27	27	27
Women in leadership positions at the end of the period (%)	21	20	21	20	19
Human rights					
Community grievances[4)] (number)	//	//	//	//	20
Community beneficiaries[4)] (number)	//	//	//	//	14,770
Social Due Diligence on projects in scope[4)] (%)	//	//	//	//	78
GOVERNANCE					
Whistleblower system					
EthicsLine compliance cases[4)] (number)	//	//	//	//	287
- of which substantiated	//	//	//	//	54
- of which unsubstantiated	//	//	//	//	199

[1)] For general definitions and specifications on these sustainability key figures, please see the Notes to sustainability key figures in the Annual Report 2020, page 134-135
[2)] The increase seen compared to third quarter and nine months 2020 in consumption of energy and carbon emissions is mainly due to the inclusion of the offshore business.
[3)] The calculation for third quarter and nine months 2020 is changed to reflect that renewable energy certificates were subsequently bought for non-renewable electricity.
[4)] Only reported on an annual basis.

Group financial performance

Income statement

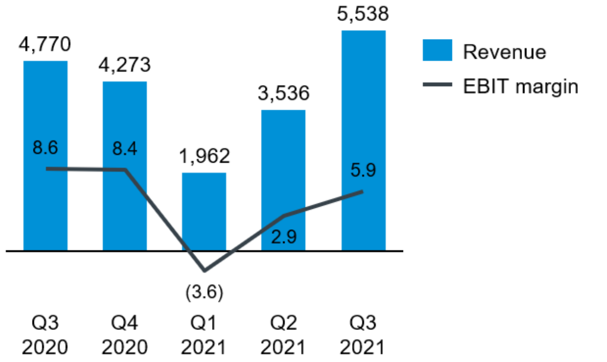
Revenue

Revenue in the third quarter of 2021 amounted to EUR 5,538m, an increase of 16 percent compared to the same quarter last year (Q3 2020: EUR 4,770m). The increase was particularly driven by the inclusion of the offshore business and higher service revenue.

For the first nine months of the year, revenue amounted to EUR 11,036m (9M 2020: EUR 10,546m), an increase of 5 percent which was primarily driven by offshore deliveries in the United Kingdom offsetting a lower level of onshore deliveries impacted by continued supply chain challenges. The improvement of the overall revenue was additionally supported by a 19 percent increase in Service revenue. Total revenue for the first nine months of 2021 reflected a negative impact of approx. EUR 200m from foreign exchange rate translation effects, when applying the foreign exchange rates of the first nine months of 2020 to the revenue of the current period.

Revenue and EBIT margin before special items*

mEUR and percentage



* Up until 14 December 2020, when Vestas acquired MHI Vestas Offshore Wind A/S, numbers reflect onshore revenue only.

Gross profit

Gross profit amounted to EUR 600m in the third quarter of 2021 corresponding to a gross margin of 10.8. percent (Q3 2020: EUR 612m; 12.8 percent) negatively impacted by the continued external cost inflation and higher level of warranty provisions.

Gross profit in the first nine months of 2021 amounted to EUR 1,165m equal to a margin of 10.6 percent of revenue (9M 2020: EUR 999m; 9.5 percent).

Warranty provisions

Costs for warranty provisions amounted to EUR 219m in the third quarter of 2021 (Q3 2020: EUR 146m) equivalent to a warranty ratio of 4.0 percent of revenue in the third quarter of 2021 (Q3 2020: 3.1 percent). The increase was a result of additional warranty provisions of EUR 50m driven by increased repair and upgrade costs caused by external cost inflation.

For the first nine months of 2021, warranty costs amounted to 3.5 percent of revenue compared to 4.7 percent in the first nine months of 2020. The decrease was a consequence of the extraordinary warranty provisions of EUR 175m in the second quarter of 2020 and the aforementioned additional warranty provisions to reflect external cost inflation.

Research and development costs, Distribution costs and Administration costs

Research and development costs recognised in the income statement amounted to EUR 81m in the third quarter of 2021 and 262m in the first nine months of 2021 (Q3 2020: EUR 67m, 9M 2020: 203m). The increase was mainly attributable to the inclusion of the offshore business and to research and development activities as part of bringing new onshore and offshore technology to the market.

Distribution costs amounted to EUR 101m in the third quarter of 2021 and 283m in the first nine months of 2021 (Q3 2020: EUR 74m, 9M 2020: 230m). The increase was mainly a consequence of the inclusion of the offshore business combined with costs for depreciation in the supply chain area for transport equipment.

Administration costs amounted to EUR 93m in the third quarter of 2021 and 265m in the first nine months of 2021 (Q3 2020: EUR 59m, 9M 2020: 174m). The increase was mainly attributable to the inclusion of the offshore business.

Amortisation, depreciation and impairment

In the third quarter of 2021, overall depreciation, amortisation, and impairment before special items amounted to EUR 242m (Q3 2020: EUR 163m). The increase was primarily attributable to the inclusion of the offshore business and secondarily a result of investments related to recent years' more frequent introduction of new technologies and product variants.

Operating profit (EBIT)

EBIT before special items amounted to EUR 325m in the third quarter of 2021, equivalent to an EBIT margin of 5.9 percent (Q3 2020: EUR 412m; 8.6 percent), a development driven by the same factors impacting gross profit as well as the higher SG&A costs.

EBIT before special items in the first nine months of 2021 amounted to EUR 355m, equal to an EBIT margin of 3.2 percent (9M 2020: EUR 392m; 3.7 percent), driven by the same factors impacting the quarter.

EBIT after special items amounted to EUR 206m in the third quarter of 2021 and EUR 236m in the first nine months of 2021 (Q3 2020: EUR 418m, 9M 2020: EUR 340m). This reflects special item costs of EUR 119m in the third quarter of 2021 (9M 2020: 52m) as a consequence of ceasing production at Vestas' factories in Lauchhammer, Germany; Viveiro, Spain; and Esbjerg, Denmark reflecting the adjustment of Vestas' manufacturing footprint relating to the integration of MHI Vestas Offshore Wind.

Income from investments in joint ventures and associates

Income from investments in joint ventures and associates amounted to a profit of EUR 49m in the first nine months of 2021 (2020 9M: EUR 2m), derived from gains related to co-development activities in the USA and secondarily from the investment in Copenhagen Infrastructure Partners P/S.

Income from investments in joint ventures and associates amounted to a profit of EUR 4m in the third quarter of 2021 compared to EUR 1m in the third quarter of 2020.

Net financial items

Financial items amounted to a net loss of EUR 40m in the third quarter of 2021 (Q3 2020: loss of EUR 28m) and a loss of EUR 70m in the first nine months of 2021 (9M 2020: loss of EUR 65m), driven by interests, fees, and currency related items.

Income tax

Income tax amounted to an expense of EUR 47m in the third quarter and EUR 59m in the first nine months of the year. For both the quarter and the first nine months of the year, income tax represented an effective tax rate of 28 percent, up 2 percentage points from the same periods in 2020.

Net result for the period

The net result amounted to a profit of EUR 123m in the third quarter of 2021 (Q3 2020: EUR 290m). The decrease in net result was mainly a result of lower operating profit (EBIT) in the third quarter of 2021, combined with the impact of special items in the same period. The net result for the first nine months of 2021 was a profit of EUR 156m (9M 2020: EUR 205m); a decrease driven by a negative development in operating profit (EBIT) and the impact of special items in the first nine months of 2021.

Financial ratios

Earnings per share amounted to EUR 0.12 in the third quarter of 2021 (Q3 2020: EUR 0.29) driven by the lower net results in the periods.

Return on capital employed (ROCE) before special items was 9.6 percent in the third quarter of 2021 (Q3 2020: 14.3 percent), a decline attributed to a combination of an increase in equity and financial debt, and lower EBIT before special items in the third quarter of 2021 compared to the third quarter of 2020.

Return on equity was 16.3 percent in the third quarter of 2021 (Q3 2020: 14.6 percent), an increase which can be attributed to a higher net result in the past four quarters, despite an increase in total equity.

Working capital and free cash flow

Net working capital

Net working capital amounted to a net liability of EUR 526m as at 30 September 2021 (30 September 2020: net liability of EUR 711m). This is a deterioration of EUR 185m compared to the same point in time last year, an effect of higher inventory levels.

Cash flow from operating activities

Cash flow from operating activities was positive EUR 523m in the third quarter of 2021 and EUR 137m in the first nine months of 2021 (Q3 2020: positive EUR 688m, 9M 2020: negative EUR 21m). The first nine months development were mainly resulting from the change in net working capital.

Cash flow from investing activities

Cash flow from investing activities before acquisitions of subsidiaries, joint ventures, associates and financial investments amounted to a net outflow of EUR 223m in the third quarter of 2021 and EUR 552m in the first nine months of 2021 (Q3 2020: outflow of EUR 141m, 9M 2020: outflow of EUR 458m). The increased net investment levels were driven by the introduction of new technologies and product variants, now both covering onshore and offshore.

Free cash flow

Free cash flow before acquisition of subsidiaries, joint ventures, associates, and financial investments amounted to positive EUR 300m in the third quarter of 2021 (Q3 2020: EUR 547m). The negative development was mainly driven by lower cash flow from operating activities combined with higher investment level.

Free cash flow before acquisition of subsidiaries, joint ventures, associates, and financial investments amounted to negative EUR 415m in the first nine months of 2021 (9M 2020: negative EUR 479m). The positive development compared to same period last year was driven by improved cash flow from operating activities due to a favourable change in net working capital during the first nine months of the year.

Capital structure and financing items

Equity and solvency ratio

As at 30 September 2021, total equity amounted to EUR 4,742m (30 September 2020: EUR 3,394m), an increase mainly attributable to net profit development in the past four quarters and capital increase in December 2020 in relation to the acquisition of MHI Vestas Offshore Wind A/S. These were also the main drivers of the increase in Vestas' solvency ratio, closing 30 September 2021 at 25.0 percent (30 September 2020: 23.2 percent).

Net interest-bearing position and cash position

As at 30 September 2021, the net interest-bearing position was EUR 692m (30 September 2020: EUR 1,615m). The decline of EUR 923m was driven by investments in Copenhagen Infrastructure Partners P/S and MHI Vestas Offshore Wind A/S, combined with dividend payment in April 2021.

Cash and cash equivalents were driven by the same factors as above and amounted to EUR 1,878m as at 30 September 2021 (30 September 2020: EUR 2,352m).

The ratio of net interest-bearing debt/EBITDA was negative 0.4 as at 30 September 2021 (30 September 2020: negative 1.1), negatively impacted by the deterioration of the net interest-bearing position.

Power Solutions

Result for the period

In the third quarter of 2021, revenue from the Power Solutions segment amounted to EUR 4,921m (Q3 2020: EUR 4,267m). The offshore business significantly contributed with EUR 1,191m, offsetting a lower onshore revenue.

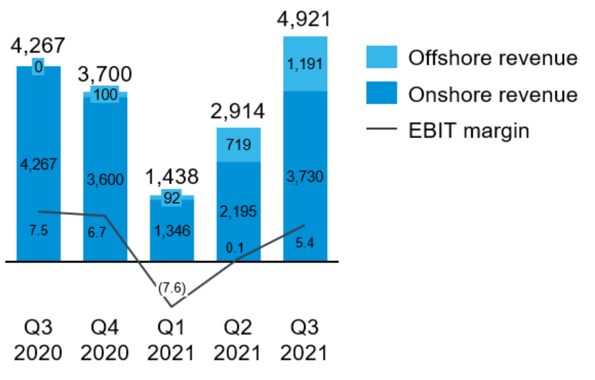
The first nine months of 2021 generated revenue in the Power Solutions segment of EUR 9,273m, an increase of 2 percent compared to the same period last year (9M 2020: EUR 9,064m), mainly attributable to the strong offshore turbine deliveries in the United Kingdom and high onshore deliveries despite continued supply chain challenges.

EBIT before special items amounted to EUR 265m in the third quarter of 2021, equal to an EBIT margin of 5.4 percent (Q3 2020: EUR 318m; 7.5 percent), a decrease of 2.1 percentage points. The third quarter of 2021 was negatively impacted by the continued external cost inflation and higher level of warranty provisions.

In the first nine months of 2021, EBIT before special items amounted to EUR 157m, equal to a margin of 1.7 percent (9M 2020: EUR 151m; 1.7 percent), in line with the same period last year.

Power Solutions revenue and EBIT margin before special items*

mEUR and percentage



* Up until 14 December 2020, when Vestas acquired MHI Vestas Offshore Wind A/S, numbers reflect onshore revenue only.

Wind turbine order intake

In the third quarter of 2021, wind turbine order intake amounted to 3,727 MW, corresponding to a value of EUR 3.0bn (Q3 2020: 4,232 MW; EUR 3.1bn), a decrease of 12 percent in terms of MW, mainly attributable to less orders in EMEA.

The average price per MW increased to EUR 0.81m in the third quarter of 2021, compared to EUR 0.73m in the third quarter of 2020 in order to partially mitigate the impact of significant cost inflation on future deliveries. The average price per MW is as always subject to variations in geography, turbine type, currency developments, scope and uniqueness of the offering.

Wind turbine order intake, third quarter 2021

MW

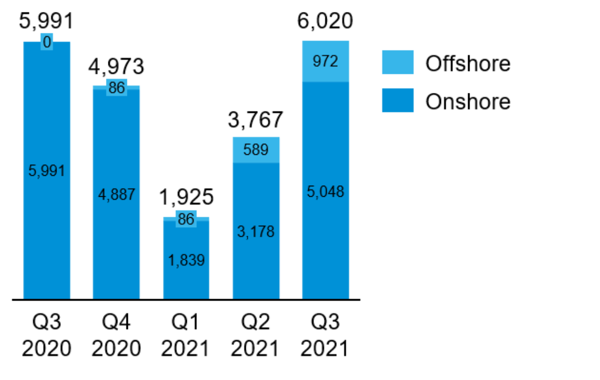
	EMEA	Americas	Asia Pacific	Total
Onshore	1,177	1,699	851	**3,727**
Offshore	0	0	0	**0**
Total order intake	1,177	1,699	851	**3,727**

Wind turbine deliveries

Deliveries to customers amounted to 6,020 MW in the third quarter of 2021 (Q3 2020: 5,991 MW), an increase driven mainly by offshore deliveries of 972 MW in the United Kingdom.

Deliveries*

MW



* Up until 14 December 2020, when Vestas acquired MHI Vestas Offshore Wind A/S, numbers reflect onshore deliveries only.

By the end of September 2021, Vestas had installed a total capacity of 146 GW across 85 countries.

Deliveries (onshore and offshore)
MW

	Q3 2021	Q3 2020	FY* 2020
United Kingdom	1,092	10	78
Finland	355	54	222
Norway	279	489	792
Sweden	263	151	424
Poland	227	152	413
Russian Fed.	194	123	390
Netherlands	152	28	270
Germany	138	110	499
South Africa	100	8	132
France	78	263	679
Denmark	65	22	92
Portugal	51	20	34
Italy	40	-	87
Spain	32	-	135
Austria	22	1	3
Greece	20	72	297
Saudi Arabia	19	59	159
Belgium	8	32	140
Egypt	1	-	-
Turkey	-	143	324
Kazakhstan	-	31	48
Jordan	-	4	40
Senegal	-	1	23
Ukraine	-	-	8
EMEA	**3,136**	**1,773**	**5,289**
Hereof offshore	*972*	-	*86*
USA	1,337	2,745	6,779
Brazil	609	403	1,236
Canada	143	-	130
Chile	140	58	249
Colombia	19	-	-
Mexico	13	6	194
Puerto Rico	8	-	194
Panama	4	-	40
Bolivia	1	1	35
Argentina	-	64	240
El Salvador	-	10	46
Americas	**2,274**	**3,287**	**8,949**
Hereof offshore	-	-	-
Vietnam	530	41	199
China	33	565	1,465
India	30	22	68
Japan	13	-	-
Australia	4	182	898
South Korea	-	67	107
New Zealand	-	29	95
Sri Lanka	-	25	80
Taiwan	-	-	62
Asia Pacific	**610**	**931**	**2,974**
Hereof offshore	-	-	-
Total	**6,020**	**5,991**	**17,212**
Hereof offshore	*972*	-	*86*

* Up until 14 December 2020, when Vestas acquired MHI Vestas Offshore Wind A/S, numbers reflect onshore deliveries only.

Wind turbine order backlog

At the end of the third quarter of 2021, the wind turbine order backlog amounted to 24,069 MW, which corresponds to a value of EUR 19.3bn (30 September 2020: 20,399 MW; EUR 14.6bn), an increase of 32 percent in value. Of the backlog end of September 2021, 2.8 GW related to offshore wind power projects, mainly in Europe, but also in Asia Pacific.

Order backlog per region
MW

	EMEA	Americas	Asia Pacific	Total
Onshore	11,234	7,131	2,898	**21,263**
Offshore	2,078	0	728	**2,806**
Total backlog as at 30 Sep 2021	13,312	7,131	3,626	**24,069**

Europe, Middle East, and Africa (EMEA)

The total wind turbine order backlog for Europe, Middle East, and Africa amounted to 13,312 MW as at 30 September 2021, an increase of 28 percent from the end of the third quarter of 2020. The offshore backlog accounts for 2,078 MW in the United Kingdom and Germany. The increase in the onshore MW backlog isolated was 8 percent, with Poland, Sweden, Finland, Germany, and France as the main contributors as at 30 September 2021.

Americas

As at 30 September 2021, the total wind turbine order backlog for Americas amounted to 7,131 MW, an increase of 4 percent from the end of the third quarter of 2020, driven by strong developments in Brazil, Canada, and Colombia, partly offset by a decrease in the USA of 24 percent.

Asia Pacific

The total wind turbine order backlog for Asia Pacific amounted to 3,626 MW, an increase of 14 percent from the end of the third quarter of 2020. The offshore backlog contributed with 728 MW in Japan and Taiwan supported by strong onshore order intake in Australia. The onshore backlog decreased by 9 percent in the same period, led by China and Vietnam.

Service

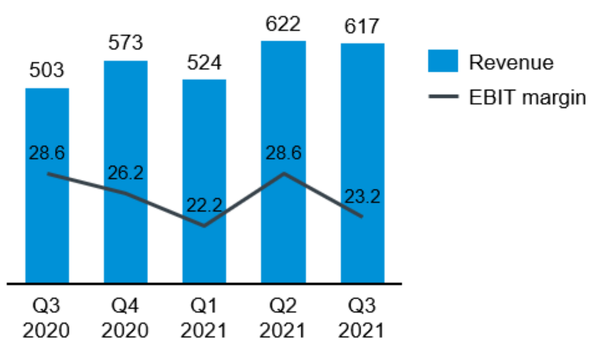
Result for the period

The Service business generated revenue of EUR 617m in the third quarter of 2021 (Q3 2020: EUR 503m), a 23 percent increase year on year.

Revenue from the Service business amounted to EUR 1,763m in the first nine months of 2021 (9M 2020: EUR 1,482m), a 19 percent increase compared to the first nine months of 2020. The service revenue growth in the first nine months of 2021 was driven by higher onshore service contract activity levels and inclusion of the offshore business.

Service revenue and EBIT margin before special items*

mEUR and percentage



* Up until 14 December 2020, when Vestas acquired MHI Vestas Offshore Wind A/S, numbers reflect onshore only.

EBIT before special items amounted to EUR 143m in the third quarter of 2021, corresponding to an EBIT margin of 23.2 percent (Q3 2020: EUR 144m; 28.6 percent).

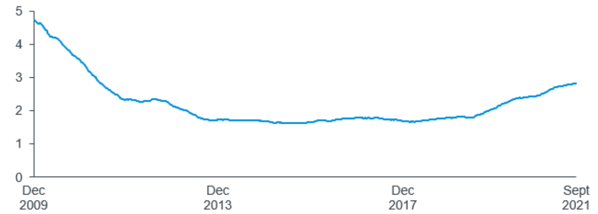
In the first nine months of 2021, EBIT before special items amounted to EUR 437m with an EBIT margin of 24.8 percent, a 3.0 percentage point decrease compared to the first nine months of 2020 (9M 2020: EUR 412m; 27.8 percent). The development was mainly attributable to less cost out in service contracts and the inclusion of the offshore business to capture future synergies between the onshore and the offshore service business.

Wind turbines under service

At the end of September 2021, Vestas had approx. 51,255 wind turbines under service, equivalent to approx. 124 GW.

Lost Production Factor*

Percent



*) Data calculated across approx. 35,000 Vestas wind turbines under full-scope service. The lost production factor includes both onshore and offshore turbines.

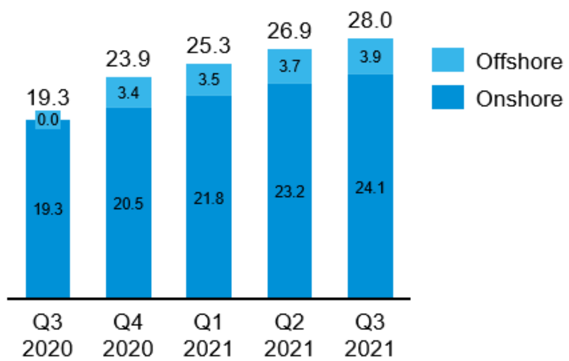
At the end of September 2021, the overall average Lost Production Factor continued to be impacted by the level of repairs and upgrades.

Service order backlog

At the end of September 2021, Vestas had service contracts in the order backlog with expected contractual future revenue of EUR 28bn, an increase of EUR 9bn compared to 30 September 2020, driven by the inclusion of the offshore business and strong order intake levels in the onshore service market.

Service order backlog*

bnEUR



* The service order backlog for the offshore business is included as of 31 December 2020.

At the end of the quarter, the average duration in the service order backlog was approx. ten years, unchanged from the end of the second quarter of 2021.

Sustainability

The Vestas Sustainability Strategy

A passion for sustainability has always been driving Vestas, and the company is working to embed sustainability into everything it does – including its value chain and own operations. In the beginning of 2020, Vestas launched its Sustainability Strategy with four key ambitions: to become carbon-neutral by 2030, without using carbon offsets; to produce zero-waste wind turbines by 2040; to become the safest, most inclusive and socially responsible workplace in the energy industry; and to lead the transition to a world powered by sustainable energy. The company is currently integrating offshore into its sustainability activities and remains committed to its ambitious sustainability goals regardless of its increased scope.

Carbon footprint

Vestas is committed to become carbon-neutral in its own operations without using offsets and to reduce emissions from its supply chain by 45 percent per MWh delivered to the market by 2030. Because of the offshore integration, in the third quarter of 2021 Vestas' total scope 1 and 2 emissions increased by 44 percent compared to the third quarter of 2020. Vestas' scope 1 and 2 carbon emissions from its onshore activities increased by 10 percent year-on-year in the third quarter of 2021 due to increased service activity. Scope 3 emissions are reported annually in the Vestas Sustainability Report.

During the third quarter of 2021, Vestas continued its transition to e-mobility in its benefit and service vehicle fleet. For benefit cars, 45 percent of the fleet is now plug-in hybrids or battery electric vehicles, up by 8 percentage points from last quarter. For the service fleet, 12 additional sustainably fueled vehicles were introduced, bringing the total to 199.

Circularity

Vestas aims to produce zero-waste turbines by 2040, meaning that the company will work to create a value chain that generates no waste materials.

In third quarter 2021, Vestas launched a new circularity roadmap, detailing a comprehensive set of commitments to be implemented across its value chain to accelerate its journey to reach zero-waste turbines by 2040. Through the roadmap, Vestas is setting a new benchmark for the wind industry within circularity commitments and waste reduction as the first wind industry leader to implement a broad circularity approach. By maturing its circularity plan, Vestas aims to develop the first fully circular wind turbine, capable of keeping turbine materials in circulation across the value chain for longer than ever before.

The roadmap marks an evolution of the previously announced zero-waste ambition, by adding more detailed and more ambitious commitments, as well as organisational governance to execute on these commitments. It outlines circularity pathways for Vestas' entire value chain by setting new targets across three key areas: design, operations and material recovery.

In design, the roadmap increases the ambition level from last year's announcement by adding commitments to increase material efficiency by 90 percent, achieve 100 percent rotor recyclability and reduce in supply chain waste by 50 percent, all by 2030. Across operations, Vestas is committing to expand efforts to refurbish and reuse turbine components, whilst regionalising its repair and refurbishment infrastructure where possible. While the major components of a turbine are largely refurbished already, the roadmap commits Vestas to achieve a 55 percent total refurbished component utilization by 2030 and 75 percent by 2040, in large part by creating new repair loops for minor components. This will lead to further waste reduction, while cutting carbon emissions and driving local job creation. Within material recovery, Vestas is committing to reduce the amount of manufacturing waste ending up in landfill to less than 1 percent, along with ensuring more than 94 percent of manufacturing materials are recycled by 2030. This marks a significant increase from 52 percent of materials being recycled today.

Social Responsibility

In the third quarter of 2021, Vestas launched updated Codes of Conduct for employees and partners.

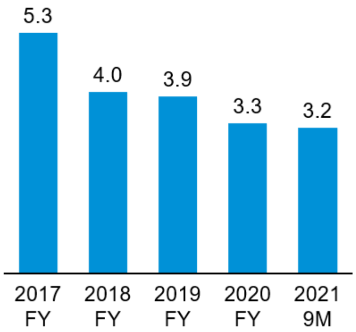
The world has changed and so has Vestas since the last update of our Codes in 2016. We have refreshed the Codes, added new topics and strengthened existing ones to reflect current and upcoming legal and industry standards and expectations.

Safety

Committing to be the safest workplace in the energy industry, Vestas wants 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. In the third quarter of 2021, 56 Recordable Injuries were registered, resulting in a TRIR of 3.4 (including offshore). The rate year to date was 3.2, an improvement from 3.5 for the first nine months of 2020.

Incidence of total recordable injuries*

Per million working hours



* Up until 14 December 2020, when Vestas acquired MHI Vestas Offshore Wind A/S, numbers reflect onshore only.

Strategy and financial and capital structure targets

(For an extended introduction to the Vestas strategy, please refer to the Annual Report 2020.)

The beginning of a sustainable era

Energy is one of the fundamental building blocks of society. It powers life and prosperity, defines entire eras in human history, and dictates how we live our lives. When energy sources change, societies change with them, and we are currently on the brink of a new era defined by renewables. Renewables are now the cheapest source of electricity in most parts of the world,[1] and global efforts to combat the climate crisis and create sustainable societies are gaining momentum. The need for change is urgent, and the sustainable energy solutions to deliver it are available today.

The sustainable era will be characterised by unprecedented change to energy systems as well as societies at large. Entire industries and mobility systems will need to be electrified in order to take advantage of renewable energy sources, and as a result renewable energy sources will redefine how we produce, distribute, and use energy. As such, the entire planet is embarking on an industrial and societal transition never seen before, opening up new opportunities for value creation for sustainable companies.

Today, electricity constitutes just 20 percent of the global energy system, and of this wind energy provides around 6 percent. With less than 2 percent of all energy coming from wind turbines, it is clear the growth potential for renewables is enormous. Global electricity demand is expected to have grown almost 60 percent by 2050 as electrification accelerates and energy demand in developing economies increases. Wind and solar PV are expected to play a key role in this expansion and supply 56 percent of global electricity, up from just 9 percent in 2019.[1]

For the last 40 years, Vestas has pioneered wind energy, and this will remain our key focus. To create a sustainable planet for future generations and continue to provide an economic return to our shareholders, we must, however, also look beyond wind energy. Today, we are therefore increasingly investing in solutions that enable both the continued deployment of renewables and allow us to integrate sustainability in everything we do.

A strategy to lead from the front

In 2020, Vestas celebrated its 75th anniversary, and its 40-plus years of pioneering the development and deployment of wind energy. Since 1979, when we installed our very first wind turbine, we have been leading the wind energy industry from the front. Today, wind and/or solar PV are the cheapest new sources of electricity in countries making up around 73 percent of world GDP,[1] and Vestas' total installed capacity displaces more CO_2 emissions than any other company in the sustainable energy sector.

Vestas has the scale, reach, track record, and technological expertise to continue leading the buildout of renewable energy and the electrification of societies. Leveraging these qualities, our strategy revolves around three pillars:

- Enabling electrification through low-cost renewable energy
- Driving increased deployment of renewable energy
- Pioneering new solutions to indirect electrification

As part of our strategy, and as part of our efforts to play a leading role in the energy transition, in 2020 we took major steps towards the realisation of our vision. These steps will affect Vestas in the short term and shape the future Vestas of 2030. They include:

- Making an emphatic move in offshore by acquiring MHI Vestas Offshore Wind
- Launching the industry's most ambitious sustainability strategy
- Making Vestas the first OEM in renewable energy with verified climate targets in line with the 1.5°C scenario
- Expanding our development activities and investing in Copenhagen Infrastructure Partners
- Forming a partnership with Mitsubishi Heavy Industries focused on green hydrogen

In the mid-term, our priorities remain to integrate sustainability in everything we do and lead the market in both wind power plant solutions and in service. We also aim to ensure industry-leading profitability, sustaining our preferred partner status with customers, and attracting the best talent in the energy industry.

To achieve our goals and lead the energy transition, we focus on three strategic business areas: onshore, offshore, and service. For an elaborated version of priorities and ambitions for those three business areas, please refer to the Annual Report 2020.

Strategy execution

To drive our strategic priorities and ensure we focus on the key challenges we face, Vestas runs a yearly strategy cycle and review where we discuss, adjust and optimise our strategy based on market changes and future scenarios. The yearly cycle ensures close alignment on strategic priorities between the Board of

[1] Source: Bloomberg New Energy Finance: Bloomberg New Energy Outlook. September 2020.

Directors and Executive Management, providing the organisation with a strong focus and ensuring clear direction for all of our colleagues around the world.

In 2020, our key strategic priorities included among others the following 'Must Win Battles':

- Modularisation: Modularisation is both a tool and a mindset. It will guide Vestas' continued transformation to meet the future demand for wind energy and customer requirements – onshore as well as offshore. In this way, modularisation combines customisation and standardisation, making it possible for us to serve broad market requirements at competitive costs. Our platforms have served us well until now, but the increasing number of variants has increased the competitive pressure; our response is continued standardization and cost-out, without compromising on providing the solutions our customers need. To succeed, we must remain disciplined by investing in the right initiatives, while discontinuing projects that look unlikely to provide the returns we originally expected. As an example, in April 2020 we discontinued the development of a specific aspect of our technology programme.

- Quality: New product introductions, accelerated cost-out and high activity levels have challenged production ramp-ups and delivery plans, which in turn has put pressure on the entire Vestas value chain, including our quality. As a result, we are now seeing higher warranty provisions and consumption due to increased rework and delays in the launch and execution of new products, which reduces our profitability. Addressing these challenges and enforcing a strong quality culture across the value chain is a strategic priority for Vestas. Our aim is to ensure issues are contained and solved close to their origin, while providing best-in-class quality for future customer solutions.

- Talent & Leadership: Vestas' growth ambitions require us to have the right employees with the right capabilities. We need to attract, recruit, develop, and retain business-critical talents, not only in established markets but in new markets where the Vestas brand may not be so well known. To fulfil our strategy, we therefore must build a strong talent pipeline, improve leadership capabilities, and increase diversity to foster sustainable success and growth. We already have around 30,000 skilled and dedicated employees, but we are on a journey and we must do even more to be successful in the future – especially in terms of diversity and succession.

Long-term financial ambitions

Wind power has outcompeted fossil fuel alternatives in most parts of the world, volumes in the global wind turbine market are good, and the prospects for the coming years promising, with wind power's expected central role in the electrification of societies, industries and mobility systems and forecasts of average annual growth of wind power capacity of 8 percent towards 2030.[1] At the same time, the wind power industry has seen consolidation, giving way for a more stable competitive environment. The profitability, however, is still not at a satisfactory level, and hence this needs to be a focus area for wind turbine manufacturers in the coming years.

Ambitions for the three business areas

Onshore

The demand for onshore wind power globally is expected to remain stable or grow slightly from the current high level the next two-to-three years. After that, a new phase of growth is expected, driven by new policies, increased electrification, and corporate ambitions and activities. Adding to that, Vestas expects to see increasing contributions from its development activities. On this background, Vestas maintains its long-term ambition for the onshore wind power segment to grow faster than the market and be market leader in revenue.

Offshore

The projections for the offshore market suggest a development in three phases for Vestas' newly acquired offshore segment. Based on the order backlog, Vestas will see a couple of years with high activity levels and solid financial performance. Then, from 2023, the company expects to see a decline in activity towards 2025. These first two phases will be under the influence of heavy investments both in the organisation, supply chain, and technology. By 2025, when a steep increase in annual offshore installations is expected, and Vestas' new platform will be gaining traction in the market, Vestas aims to be a leading player in offshore wind power. Based on these assumptions, Vestas has an ambition to achieve revenue in the offshore segment of EUR +3bn by 2025, with an EBIT margin on par with the Group's overall margin.

Service

The wind power service market is expected to continue growth at the current rate, and Vestas maintains its ambitions for the long-term for the Service revenue to grow faster than the market. The Service EBIT margin is expected at a level of around 25 percent in the coming years, accounting for the integration of the offshore business, which currently generates lower margins than onshore.

Ambitions on Group level

Vestas maintains its ambition on an overall level to grow faster than the market and be market leader in revenue. Even with the integration of the offshore business, the company is targeting to reach a 10 percent EBIT margin. The introduction of a new offshore wind power platform will impact free cash flow, but Vestas nevertheless expects to generate a positive cash flow each year. The ambition is still to achieve a long-term ROCE of minimum 20 percent over the cycle.

[1] Source: Wood Mackenzie: Market Outlook Update Q4/2020. December 2020.

Financial and capital structure targets and priorities

Vestas' financial and capital structure targets, as well as related dividend policy, link to the strategic aspirations of the company. Financial stability and structural strength of the balance sheet remain key priorities for the company.

Capital structure targets

As a player in a market where projects, customers, and wind energy investors are becoming larger, Vestas aims to be a strong financial counterpart. Capital resources will be maintained to secure compliance with Vestas' capital structure target:

Net interest-bearing debt/EBITDA ratio below 1x at any point in the cycle – as well as related dividend policy, linked to the strategic aspirations of the company.

Dividend policy and priorities for excess cash allocation

Any decision to distribute cash to shareholders will be taken in appropriate consideration of capital structure targets and availability of excess cash. Determining excess cash will be based on the company's growth plans and liquidity requirements, thus securing adequate flexibility to invest in Vestas' strategy.

The general intention of the Board of Directors is to recommend a dividend of 25-30 percent of the net result of the year after tax.

In addition, Vestas may, from time to time, supplement with share buyback programmes in order to adjust the capital structure. Such share buy-backs, if any, will likely be initiated in the second half of the year based on realised performance.

In years without major investments or extraordinary events, the total distribution to shareholders through dividends and share buy-backs may constitute the majority of the free cash flow.

Vestas' financial and capital structure targets, as well as related dividend policy, link to the strategic aspirations of the company. Financial stability and structural strength of the balance sheet remain key priorities for the company.

Outlook 2021

The supply chain instability and cost inflation caused by the pandemic is continuing to impact the wind power industry. In particular over the last couple of months, Vestas has been further impacted by the acceleration in cost inflation within transportation and raw materials as well as shortage of components. Based on these circumstances, and the impact these are expected to have for the remainder of the year, Vestas is updating its expectations to the full-year results.

For the full year, Vestas still expects revenue of EUR 15.5-16.5bn, including Service, but now with an overall EBIT margin before special items of around 4 percent (previously 5-7 percent). Total investments*) are still expected to be below EUR 1,000m in 2021.

The expectations to revenue and EBIT margin in Service isolated are unchanged: Vestas expects Service revenue to grow approx. 15 percent in 2021, with an EBIT margin for full year of approx. 24 percent.

Further, Vestas now expects warranty provisions at a level above 3 percent of revenue as a consequence of increased costs stemming from the supply chain instability and accelerated cost inflation from raw materials, transport, and turbine components. Special items are expected to amount to approx. EUR 100m relating to the integration of MHI Vestas Offshore Wind A/S.

It should be emphasised that there is greater uncertainty than usual around forecasts related to execution for the remainder of 2021, and the adjusted outlook seeks to take into account the current situation and challenges. Vestas continues to focus on its priorities for the year, which will enable delivering on the company's commitments.

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 thus cause delays that could affect Vestas' financial results for 2021. Further, movements in exchange rates from current levels may also impact Vestas' financial results for 2021.

Outlook 2021

	New guidance	**Previous guidance****)	**Initial guidance**
Revenue (bnEUR)	**15.5-16.5**	15.5-16.5	16-17
EBIT margin (%) before special items	**around 4**	5-7	6-8
Total investments* (mEUR)	**below 1,000**	below 1,000	approx. 1,000

* Excl. acquisitions of subsidiaries, joint ventures, associates, and financial investments.
** Updated 11 August 2021.

Capital Markets Day 2021

On 15 December 2021, Vestas will be hosting a Capital Markets Day for analysts, institutional investors, and the media. The event will, given that circumstances allow, be held in Copenhagen, Denmark, in the historical building of Børsen, the Old Stock Exchange.

To cater for participants that are prevented from travelling, we will also offer live streaming of the presentations on the day.

Find more information and register for the event at vestas.com/en/investor/Calendar-Events. The deadline for registration is 30 November 2021.

Financial calendar 2022

10.02.2022	Disclosure of the Annual Report 2021 and outlook for 2022
21.02.2022	Deadline for the company's shareholders to submit a written request to the Board of Directors that a specific matter be included in the agenda for the Annual General Meeting
04.03.2022	Convening for Annual General Meeting
05.04.2022	Annual General Meeting in Aarhus, Denmark
04.05.2022	Disclosure of the Interim financial report, Q1 2022
10.08.2022	Disclosure of the Interim financial report, Q2 2022
02.11.2022	Disclosure of the Interim financial report, Q3 2022

The financial calendar lists the expected dates of disclosure of financial results and the Annual General Meeting in the financial year 2022 for Vestas Wind Systems A/S.

Consolidated financial statements 1 January - 30 September

Condensed income statement 1 January – 30 September

mEUR	Note	Q3 2021	Q3 2020	9M 2021	9M 2020
Revenue	1.1, 1.2	**5,538**	**4,770**	**11,036**	**10,546**
Production costs		(4,938)	(4,158)	(9,871)	(9,547)
Gross profit		**600**	**612**	**1,165**	**999**
Research and development costs		(81)	(67)	(262)	(203)
Distribution costs		(101)	(74)	(283)	(230)
Administration costs		(93)	(59)	(265)	(174)
Operating profit (EBIT) before special items	1.1	**325**	**412**	**355**	**392**
Special items	1.3	(119)	6	(119)	(52)
Operating profit (EBIT)		**206**	**418**	**236**	**340**
Income from investments in joint ventures and associates		4	1	49	2
Net financial items		(40)	(28)	(70)	(65)
Profit before tax		**170**	**391**	**215**	**277**
Income tax		(47)	(101)	(59)	(72)
Profit for the period		**123**	**290**	**156**	**205**
Profit is attributable to:					
Owners of Vestas		122	284	150	202
Non-controlling interests		1	6	6	3
Earnings per share (EPS)					
Earnings per share for the period (EUR), basic		0.12	0.29	0.15	0.21
Earnings per share for the period (EUR), diluted		0.12	0.29	0.15	0.21

Condensed statement of comprehensive income 1 January - 30 September

mEUR	Q3 2021	Q3 2020	9M 2021	9M 2020
Profit for the period	**123**	**290**	**156**	**205**
Items that may be reclassified to the income statement subsequently:				
Exchange rate adjustments relating to foreign entities	31	(49)	90	(95)
Exchange rate adjustments relating to foreign entities reclassified to the income statement	-	14	-	14
Fair value adjustments of derivative financial instruments for the period	136	28	159	236
Gain/(loss) on derivative financial instruments transferred to the income statement	(27)	(36)	(41)	(85)
Exchange rate adjustments relating to joint ventures	-	0	-	(2)
Share of fair value adjustments of derivatives financial instruments of joint ventures and associates	0	3	3	31
Share of fair value adjustments of derivatives financial instruments transferred to the income statement of joint ventures and associates	-	(0)	-	4
Tax on items that may be reclassified to the income statement subsequently	(27)	0	(26)	(44)
Other comprehensive income after tax for the period	113	(40)	185	59
Total comprehensive income for the period	**236**	**250**	**341**	**264**

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

Condensed balance sheet – Assets

mEUR	Note	30 September 2021	30 September 2020	31 December 2020
Goodwill		1,274	383	1,274
Completed development projects		532	271	621
Software		118	139	164
Other intangible assets		450	17	512
Development projects in progress		495	395	317
Total intangible assets		**2,869**	**1,205**	**2,888**
Land and buildings		514	611	598
Plant and machinery		327	310	336
Other fixtures, fittings, tools and equipment		560	373	481
Right-of-use assets		481	260	438
Property, plant and equipment in progress		141	139	169
Total property, plant and equipment	2.1	**2,023**	**1,693**	**2,022**
Investments in joint ventures and associates	2.2	619	177	57
Other investments		74	61	69
Tax receivables		201	158	201
Deferred tax		318	364	335
Other receivables	3.4	252	282	241
Financial investments	3.4	100	100	100
Total other non-current assets		**1,564**	**1,142**	**1,003**
Total non-current assets		**6,456**	**4,040**	**5,913**
Inventories		5,903	4,404	5,289
Trade receivables		1,637	1,619	1,538
Contract assets		1,243	773	775
Contract costs		657	423	369
Tax receivables		144	129	121
Other receivables	3.4	945	785	981
Financial investments	3.4	116	111	111
Cash and cash equivalents	3.2	1,878	2,352	3,063
Total current assets		**12,523**	**10,596**	**12,247**
Total assets		**18,979**	**14,636**	**18,160**

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

Condensed balance sheet – Equity and liabilities

mEUR	Note	30 September 2021	30 September 2020	31 December 2020
Share capital	3.1	27	26	27
Other reserves		23	(19)	(146)
Retained earnings		4,681	3,335	4,773
Attributable to owners of Vestas		4,731	3,342	4,654
Non-controlling interests		11	52	49
Total equity		**4,742**	**3,394**	**4,703**
Provisions	2.3	598	487	696
Deferred tax		163	238	158
Financial debts	3.4	706	738	867
Tax payables		331	306	331
Other liabilities	3.4	119	84	173
Total non-current liabilities		**1,917**	**1,853**	**2,225**
Contract liabilities		6,415	4,731	5,613
Trade payables		3,822	3,281	3,608
Provisions	2.3	667	462	580
Financial debts	3.4	696	210	487
Tax payables		46	2	86
Other liabilities	3.4	674	703	858
Total current liabilities		**12,320**	**9,389**	**11,232**
Total liabilities		**14,237**	**11,242**	**13,457**
Total equity and liabilities		**18,979**	**14,636**	**18,160**

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

Condensed statement of changes in equity – nine months 2021

mEUR	Share capital	Reserves: Transla-tion reserve	Reserves: Cash flow hedging reserve	Reserves: Other reserves	Reserves: Total other reserves	Retained earnings	Non-controlling interests	Total
Equity as at 1 January 2021	**27**	**(114)**	**(21)**	**(11)**	**(146)**	**4,773**	**49**	**4,703**
Profit for the period	-	-	-	-	-	150	6	156
Other comprehensive income for the period	-	86	92	3	181	-	4	185
Total comprehensive income for the period	-	86	92	3	181	150	10	341
Transfer of cash flow hedge reserve to the initial carrying amount of hedged items	-	-	(12)	-	(12)	-	-	(12)
Transaction with owners:								
Transactions with non-controlling interests	-	-	-	-	-	(6)	(48)	(54)
Dividends distributed	-	-	-	-	-	(230)	-	(230)
Dividends distributed related to treasury shares	-	-	-	-	-	2	-	2
Acquisition of treasury shares	-	-	-	-	-	(12)	-	(12)
Share-based payments	-	-	-	-	-	9	-	9
Tax on equity transactions	-	-	-	-	-	(5)	-	(5)
Total transactions with owners	-	-	-	-	-	(242)	(48)	(290)
Equity as at 30 September 2021	**27**	**(28)**	**59**	**(8)**	**23**	**4,681**	**11**	**4,742**

Condensed statement of changes in equity – nine months 2020

mEUR	Share capital	Reserves: Transla-tion reserve	Reserves: Cash flow hedging reserve	Reserves: Other reserves	Reserves: Total other reserves	Retained earnings	Non-controlling interests	Total
Equity as at 1 January 2020	**27**	**(4)**	**(4)**	**(59)**	**(67)**	**3,333**	**52**	**3,345**
Profit for the period	-	-	-	-	-	202	3	205
Other comprehensive income for the period	-	(78)	107	33	62	-	(3)	59
Total comprehensive income for the period	-	(78)	107	33	62	202	0	264
Transfer of cash flow hedge reserve to the initial carrying amount of hedged items	-	-	(14)	-	(14)	-	-	(14)
Transaction with owners:								
Reduction of share capital	(1)	-	-	-	-	1	-	-
Dividends distributed	-	-	-	-	-	(211)	-	(211)
Dividends distributed related to treasury shares	-	-	-	-	-	3	-	3
Share-based payments	-	-	-	-	-	7	-	7
Tax on equity transactions	-	-	-	-	-	0	-	0
Total transactions with owners	(1)	-	-	-	-	(200)	-	(201)
Equity as at 30 September 2020	**26**	**(82)**	**89**	**(26)**	**(19)**	**3,335**	**52**	**3,394**

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

Condensed cash flow statement 1 January – 30 September

mEUR	Note	Q3 2021	Q3 2020	9M 2021	9M 2020
Profit for the period		123	290	156	205
Adjustment for non-cash transactions		453	356	646	809
Income tax paid		(36)	(33)	(117)	(177)
Interest paid / received, net		(9)	(2)	(32)	(15)
Cash flow from operating activities before change in net working capital		531	611	653	822
Change in net working capital		(8)	77	(516)	(843)
Cash flow from operating activities		**523**	**688**	**137**	**(21)**
Purchase of intangible assets		(95)	(57)	(278)	(203)
Purchase of property, plant and equipment		(130)	(84)	(324)	(255)
Disposal of property, plant and equipment		1	-	1	-
Proceeds from investments in joint ventures and associates		1	-	49	-
Cash flow from investing activities before acquisitions of subsidiaries, joint ventures, associates and financial investments		**(223)**	**(141)**	**(552)**	**(458)**
Free cash flow before acquisitions of subsidiaries, joint ventures, associates and financial investments		**300**	**547**	**(415)**	**(479)**
Investment in joint ventures and associates		(10)	(1)	(207)	(2)
Purchase of other non-current financial assets		-	-	(7)	(2)
Disposal of subsidiary		99	-	99	-
Net cash flow from deconsolidation of subsidiary		(4)	-	(4)	-
Disposal of other non-current financial assets		-	-	-	2
Disposal of investment in joint ventures and associates		-	-	-	30
Purchase of financial investments		-	-	(116)	-
Disposal of financial investments		-	-	111	174
Cash flow from investing activities		**(138)**	**(142)**	**(676)**	**(256)**
Free cash flow		**385**	**546**	**(539)**	**(277)**
Dividend paid		-	-	(228)	(208)
Payment of lease liabilities		(31)	(18)	(99)	(53)
Payment of financial debt		(97)	(26)	(388)	(32)
Proceeds from borrowings		47	6	82	107
Acquisition of treasury shares		-	-	(12)	-
Transaction with non-controlling interest		(22)	-	(22)	
Cash flow from financing activities		**(103)**	**(38)**	**(667)**	**(186)**
Net decrease in cash and cash equivalents		**282**	**508**	**(1,206)**	**(463)**
Cash and cash equivalents at the beginning of period		1,596	1,867	3,063	2,888
Exchange rate adjustments of cash and cash equivalents		-	(23)	21	(73)
Cash and cash equivalents at the end of the period	3.2	**1,878**	**2,352**	**1,878**	**2,352**

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

As disclosed in the Annual Report 2020, following the acquisition of MHI Vestas Offshore Wind A/S, Vestas established a new offshore operating segment. The new operating segment for offshore forms part of the reportable segment Power Solutions and is presented with the onshore activities in the table below. The offshore service operations acquired have been integrated in the existing reportable Service segment.

The measure of revenue is disclosed in accordance with how the segments are reported to CODM. The reported revenue is in alignment with how the segments are internally committed for variable consideration under sales contracts. This is different to the external commitment of the segments.

mEUR	Power Solutions	Service	Not allocated	Total Group
Q3 2021				
Total revenue	**4,921**	**617**	**-**	**5,538**
Total costs	**(4,656)**	**(474)**	**(83)**	**(5,213)**
Operating profit (EBIT) before special items	**265**	**143**	**(83)**	**325**
Special items	(119)	-	-	(119)
Operating profit (EBIT)	**146**	**143**	**(83)**	**206**
Income from investments in joint ventures and associates				4
Net financial items				(40)
Profit before tax				**170**
Amortisation and depreciation included in total costs	(194)	(27)	(21)	(242)

In the third quarter of 2021, impairment losses of EUR 48m, staff costs of EUR 61m, and other costs of EUR 10m related to adjustment of the manufacturing footprint have been recognised in special items, impacting the Power Solutions segment.

mEUR	Power solutions	Service	Not allocated	Total Group
Q3 2020				
Total revenue	**4,267**	**503**	**-**	**4,770**
Total costs	**(3,949)**	**(359)**	**(50)**	**(4,358)**
Operating profit (EBIT) before special items	**318**	**144**	**(50)**	**412**
Special items	6	-	-	6
Operating profit (EBIT)	**324**	**144**	**(50)**	**418**
Income from investments in joint ventures and associates				1
Net financial items				(28)
Profit before tax				**391**
Amortisation and depreciation included in total costs	(129)	(18)	(16)	(163)

1.1 Segment information (continued)

mEUR	Power Solutions	Service	Not allocated	Total Group
9M 2021				
Total revenue	**9,273**	**1,763**	**-**	**11,036**
Total costs	**(9,116)**	**(1,326)**	**(239)**	**(10,681)**
Operating profit (EBIT) before special items	**157**	**437**	**(239)**	**355**
Special items	(119)	-	-	(119)
Operating profit (EBIT)	**38**	**437**	**(239)**	**236**
Income from investments in joint ventures and associates				49
Net financial items				(70)
Profit before tax				**215**
Amortisation and depreciation included in total costs	(535)	(78)	(56)	(669)

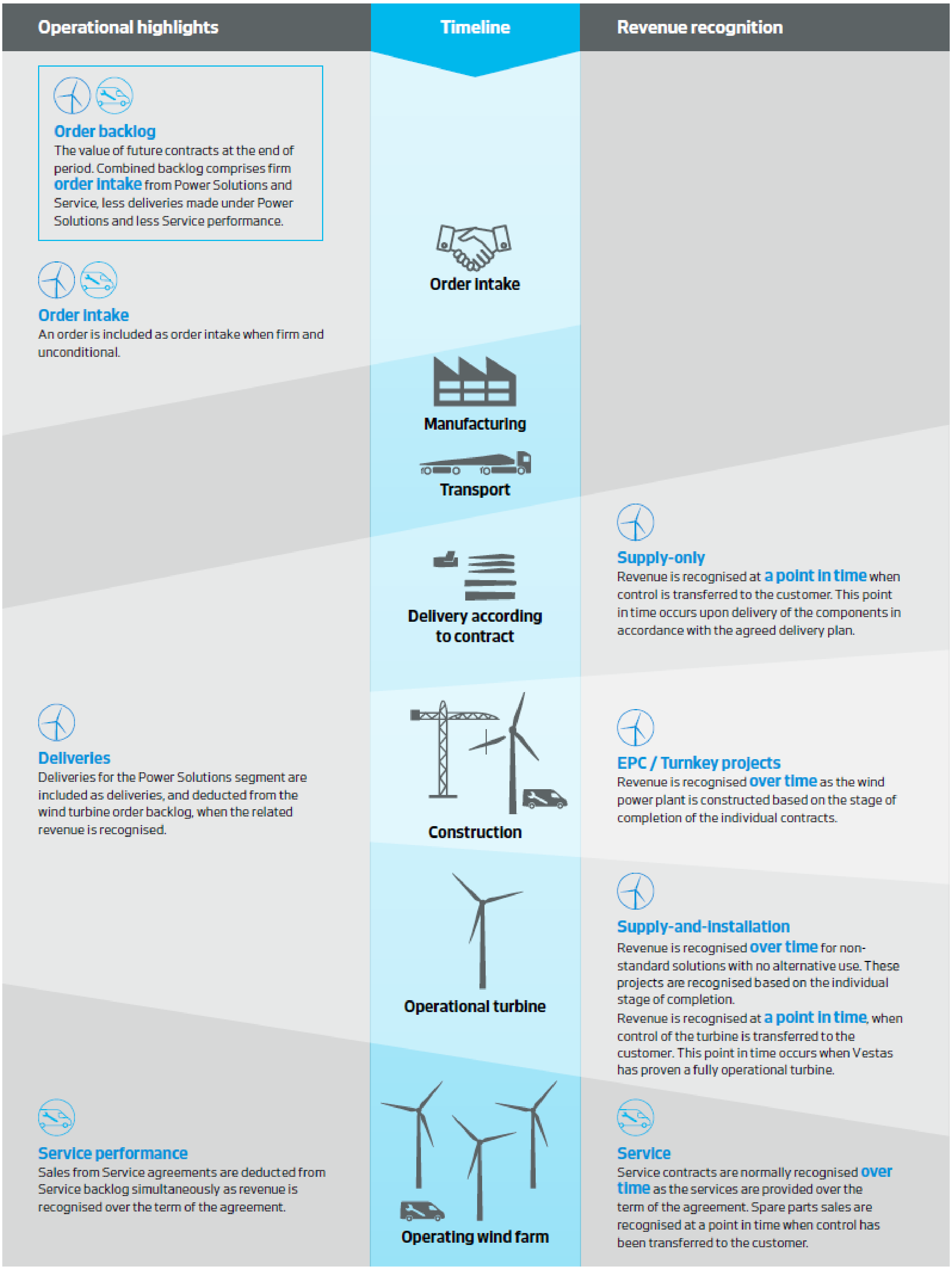
In the first nine months of 2021, impairment losses of EUR 48m, staff costs of EUR 61m, and other costs of EUR 10m related to adjustments of the manufacturing footprint have been recognised in special items, impacting the Power Solutions segment.

mEUR	Power solutions	Service	Not allocated	Total Group
9M 2020				
Total revenue	**9,064**	**1,482**	**-**	**10,546**
Total costs	**(8,913)**	**(1,070)**	**(171)**	**(10,154)**
Operating profit (EBIT) before special items	**151**	**412**	**(171)**	**392**
Special items	(52)	-	-	(52)
Operating profit (EBIT)	**99**	**412**	**(171)**	**340**
Income from investments in joint ventures and associates				2
Net financial items				(65)
Profit before tax				**277**
Amortisation and depreciation included in total costs	(371)	(51)	(46)	(468)

In the first nine months of 2020, impairment losses of EUR 43m, provision for purchase commitments of EUR 6m, and staff costs of EUR 3m related to the discontinuation of development projects have been recognised in special items, impacting the Power Solutions segment.

1.2 Revenue

The following illustration shows Vestas' revenue recognition and the link to the operational highlights.



Classification: Public

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	
	Q3 2021	**Q3 2020**	**Q3 2021**	**Q3 2020**	**Q3 2021**	**Q3 2020**
Timing of revenue recognition						
Products and services transferred at a point in time	3,851	3,446	94	82	3,945	3,528
Products and services transferred over time	1,070	821	523	421	1,593	1,242
	4,921	4,267	617	503	5,538	4,770
Revenue from contract types						
Supply-only	1,234	2,463	-	-	1,234	2,463
Supply-and-installation (at a point in time)	2,618	983	-	-	2,618	983
Supply-and-installation (over time)	869	586	-	-	869	586
Turnkey (EPC)	200	235	-	-	200	235
Service	-	-	617	503	617	503
	4,921	4,267	617	503	5,538	4,770
Primary geographical markets						
EMEA	2,843	1,323	280	272	3,123	1,595
Americas	1,606	2,375	249	179	1,855	2,554
Asia Pacific	472	569	88	52	560	621
	4,921	4,267	617	503	5,538	4,770

mEUR	Power Solutions		Service		Total	
	9M 2021	**9M 2020**	**9M 2021**	**9M 2020**	**9M 2021**	**9M 2020**
Timing of revenue recognition						
Products and services transferred at a point in time	6,552	6,701	259	237	6,811	6,938
Products and services transferred over time	2,721	2,363	1,503	1,245	4,224	3,608
	9,273	9,064	1,762	1,482	11,035	10,546
Revenue from contract types						
Supply-only	2,048	4,771	-	-	2,048	4,771
Supply-and-installation (at a point in time)	4,505	1,930	-	-	4,505	1,930
Supply-and-installation (over time)	2,082	1,374	-	-	2,082	1,374
Turnkey (EPC)	638	989	-	-	638	989
Service	-	-	1,762	1,482	1,762	1,482
	9,273	9,064	1,762	1,482	11,035	10,546
Primary geographical markets						
EMEA	5,273	2,567	986	815	6,259	3,382
Americas	2,856	5,074	593	519	3,449	5,593
Asia Pacific	1,144	1,423	183	148	1,327	1,571
	9,273	9,064	1,762	1,482	11,035	10,546

1.3 Special items

Group accounting policies
Special items comprise significant unusual and/or infrequently occurring items that are not attributable to Vestas' normal operations. Special items comprise income and costs related to significant organisational restructuring and significant adjustments to production capacity and the product programme. The costs include the write-down of intangible and tangible assets as well as provisions for re-organisations and any reversal/adjustments thereof.

Key Accounting judgement
Classification
The use of special items entails management judgement in the separation from other items in the income statement. In connection with the use of special items, it is crucial that these are of a significant unusual and/or infrequently occurring nature that are not attributable to Vestas' normal operations, as such classification highlights to users of financial statements the items to which the least attention should be given when understanding current and future performance.

Adjusting manufacturing footprint
Vestas continues to develop the products and solutions offered to customers as well as expand partnerships with specialised partners in the supply chain. As part of this development, in September 2021, Vestas announced that it will adjust its manufacturing footprint and intends to cease production at factories in Lauchhammer, Germany; Viveiro, Spain and Esbjerg, Denmark.

This adjustment of the manufacturing footprint event qualifies as special items in accordance with Vestas' Accounting policy. In total, special items of EUR 119m have been recognised. EUR 48m as impairment of tangible assets, EUR 61m as staff costs, and EUR 10m as other costs.

Basis for recognition
The impairment loss is primarily related to land and buildings which are written down to fair value less expected cost to sell. The facility in Lauchhammer has been written down with EUR 34m to EUR 10m. The facility in Viveiro has been written down with EUR 6m to zero as no significant value is expected from the disposal of the facility considering costs to sell. Furthermore, a right of use asset related to the building in Esbjerg has been written down with EUR 8m to zero as the building is not expected to be utilised after production has ended.

Vestas has initiated negotiations with worker's representatives and local work councils for all affected employees. The total staff cost recognised include severance packages and salaries during leave. The expected costs are dependent on the outcome of the negotiations including the length of the negotiation period. The provision for staff costs amounts to EUR 61m related to employees in Lauchhammer, Viveiro and Esbjerg.

Other costs are primarily related to a write-down of inventory and other receivables as well as costs to maintain facilities during idle period.

mEUR	30 September 2021	30 September 2020	31 December 2020
Impairment loss on intangible and tangible assets	(48)	(43)	(43)
Staff costs	(61)	(3)	(3)
Other	(10)	(6)	(6)
Special items	**(119)**	**(52)**	**(52)**

2 Other operating assets and liabilities

2.1 Property, plant and equipment

In the first nine months of 2021, Vestas acquired assets with a cost of EUR 324m mainly related to manufacturing blade moulds, transport equipment and construction tools, compared to EUR 255m in the first nine months of 2020.

Lease contracts recognised as right-of-use assets during the first nine months of 2021 amounted to EUR 147m, compared to EUR 133m in the first nine months of 2020.

2.2 Investments in joint ventures and associates

As disclosed in the Annual Report 2020, Vestas entered into an agreement to acquire a 25 percent stake in Copenhagen Infrastructure Partners P/S' parent companies on 18 December 2020. The consideration was agreed at a price of EUR

500m in the form of a EUR 180m upfront payment and a maximum of EUR 320m paid as a performance contingent consideration in the period 2023 to 2029, refer to note 3.4.

Following the completion of the transaction in February 2021, an investment of EUR 500m in associated companies has been recognised.

2.3 Warranty provisions (included in provisions)

mEUR	30 September 2021	30 September 2020	31 December 2020
Warranty provisions, 1 January	1,189	619	619
Provisions for the period	421	499	693
Warranty provisions consumed during the period	(599)	(225)	(326)
Additions from business combinations	55	-	203
Reclassification	57	-	-
Warranty provisions	**1,123**	**893**	**1,189**
The provisions are expected to be payable as follows:			
< 1 year	554	444	524
> 1 year	569	449	665
	1,123	**893**	**1,189**

In the first nine months of 2021, net warranty provisions charged to the income statement amounted to EUR 391m, equivalent to 3.5 percent of revenue. The warranty provisions in the third quarter of 2021 included additional warranty provisions of EUR 50m driven by increased repair and upgrade costs, caused by the external cost inflation. The net amount consists of a gross warranty provision of EUR 421m and a claim towards sub-suppliers of EUR 30m. Warranty consumption amounted to EUR 599m compared to EUR 225m in the first nine months of 2020. The higher consumption is primarily related to the extraordinary warranty provisions of EUR 175m made in the second quarter of 2020 to cover a specific repair and upgrade of a confined, albeit considerable number of blades already installed.

In the second quarter of 2021, the provisional purchase price allocation regarding MHI Vestas Offshore Wind A/S was adjusted with an increase in warranty provision and a reduction in service contract liability of EUR 55m respectively. The adjustment is related to alignment on the classification of commitments to replace and repair main components.

Reclassification of EUR 57m consists of warranty claims against Vestas for which it is virtually certain that Vestas will receive compensation from sub-suppliers. These have been reclassified from provisions to other receivables and therefore the reclassification does not have impact on the result nor cash flow for the period.

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. 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 8 April 2021, 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.

With effect as of 28 April 2021, a share split of Vestas' shares with a ratio 1:5 was carried out. Consequently, each share of nominally DKK 1.00 was split into five new shares of nominally DKK 0.20.

Treasury shares

Nominal value (DKK)	30 September 2021	30 September 2020	31 December 2020
Treasury shares as at 1 January	1,098,495	3,559,449	3,559,449
Purchases for the period	78,225	-	-
Cancellation for the period	-	(1,977,848)	(1,977,848)
Vested treasury shares for the period	(232,088)	(483,106)	(483,106)
Treasury shares	**944,632**	**1,098,495**	**1,098,495**

3.2 Cash and cash equivalents

mEUR	30 September 2021	30 September 2020	31 December 2020
Cash and cash equivalents without disposal restrictions	1,852	2,327	3,039
Cash and cash equivalents with disposal restrictions	26	25	24
Cash and cash equivalents	**1,878**	**2,352**	**3,063**

3.3 Financial risks

Financial risks, and how Vestas manages its risks, including liquidity, credit, and market risks, are addressed in the notes to the consolidated financial statements in the Annual Report 2020, note 4.2, pages 091-095. The risks in 2021 remain similar in nature.

As announced on 29 April 2021, Vestas has signed a EUR 2,000m revolving multi-currency credit facility with an interest margin linked to Vestas' sustainability KPIs to refinance the existing EUR 1,150m RCF maturing in 2024 and EUR 1,000m loan facilities established in 2020. The new sustainability-linked revolving credit facility will mature in 2026 and will include a two-year extension option to 2028. Subsequently to the establishment, Vestas has credit facilities of EUR 2,000m available for cash drawing and/or issuance of guarantees.

3.4 Financial instruments

Financial instruments measured at fair value have been categorised into level 1, 2, and 3 as addressed in the Annual Report 2020, note 4.4, page 102. In February 2021, Vestas acquired a 25 percent stake in Copenhagen Infrastructure Partners P/S' parent companies. The consideration includes a performance-contingent consideration amounting to a maximum of EUR 320m to be paid in the period 2023 to 2029. The contingent consideration is classified as financial debt and amounts to a discounted amount of EUR 308m as at 30 September 2021. The debt instrument is measured based on expected maximum payments of EUR 320m in the period 2023 to 2026 and discounted using a 1 percent normalised financing interest rate. The contingent consideration is categorised as a level 3 financial instrument. Other than the contingent consideration, no significant new financial instruments have been recognised compared to 2020 and there have been no transfers between fair value levels.

Financial investments consist of interest-bearing investments which do not meet the definition for cash and cash equivalents. As at 30 September 2021, the fair value of financial investments amounted to EUR 216m, equal to book value. Marketable securities amounted to EUR 100m and deposits amounted to EUR 116m.

Derivative financial instruments were positive with a market value of net EUR 35m, equal to book value, and were included in other receivables and other liabilities with EUR 288m and EUR 253m, respectively.

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 2020 and with no significant changes in fair values.

The book value of the green corporate eurobond issued by Vestas was EUR 499m with a corresponding fair value of EUR 507m as at 30 September 2021.

4 Other disclosures

4.1 Related party transactions

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

mEUR	Q3 2021	Q3 2020	9M 2021	9M 2020
Joint ventures				
Revenue for the period	48	294	61	504
Proceeds from sale of projects	-	-	10	-
Capital increase	1	-	22	-
Receivable as at 30 September	6	87	6	87
Received prepayments balance as at 30 September	148	61	148	61
Associates				
Proceeds from investments in associates	1	-	11	-
Capital increase	-	-	3	-
Payable capital contribution as at 30 September	46	43	46	43
Received prepayments balance as at 30 September	-	30	-	30

The volume and scale of transactions with related parties have decreased as a result of the acquisition of MHI's 50 percent shares in MHI Vestas Offshore Wind A/S on 14 December 2020, and consequently all transactions with MHI Vestas Offshore Wind A/S and subsidiaries are included in the consolidated figures.

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 2020, note 6.3, page 110.

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 2020 of Vestas and additional Danish disclosure requirements for interim financial reporting of listed companies.

This interim financial report does not include all the notes included in an annual financial report. Accordingly, this report should be read in conjunction with the Annual Report for the year ended 31 December 2020 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.

In April 2021, IFRIC finalised its agenda decision Configuration or Customization Costs in a Cloud Computing Arrangement. In this agenda decision, IFRIC considered whether intangible assets should be recognised in relation to configuration or customisation of application software, and if an intangible asset is not recognised, how the customer accounts for the configuration or customisation costs. As Vestas has cloud computing arrangements in place, Vestas has commenced an analysis of the impact of this agenda decision on the accounting policies applied to implementation costs in cloud computing arrangements.

5.2 Key accounting estimates and judgements

When preparing the interim financial reporting of Vestas, management makes a number of accounting estimates and assumptions which form the basis of the recognition and measurement of Vestas' assets and liabilities. The estimates and assumptions made are based on experience and other factors that management considers reasonable in the circumstances.

Reference is made to the consolidated financial statements in the Annual Report 2020, note 7.2, page 118 for further description of Vestas' key accounting estimates and judgements.

Estimate regarding recognition of contract elements
Management performs significant accounting estimates in connection with determining the appropriate income recognition of contract elements. In certain situations, Supply-only projects contain elements that in nature are associated with a high degree of estimations regarding allocation of consideration under a contract to elements already delivered and elements to be delivered in the future. Management has assessed that the project specific margin is a fair estimate of a reasonable margin used to allocate consideration under a contract to the contract elements.

Estimate regarding measurement of warranty provisions
Measurement of warranty provisions is associated with significant estimation uncertainty and arises from component defects and functional errors. Warranty provisions made also include wind turbines sold in prior years, but where serial defects are identified later and comprise management's best estimate of the costs required to settle the obligation from such defects and functional errors.

Management’s statement

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 September 2021.

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 Annual Report 2020 of Vestas 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 September 2021 and of the results of Vestas' operations and cash flows for the period 1 January to 30 September 2021.

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.

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 2020.

Aarhus, Denmark, 3 November 2021

Executive Management

Henrik Andersen
Group President & CEO

Marika Fredriksson
Executive Vice President & CFO

Board of Directors

Bert Nordberg
Chairman

Anders Runevad
Deputy Chairman

Lars Josefsson

Eva Merete Søfelde Berneke

Bruce Grant

Helle Thorning-Schmidt

Kentaro Hosomi

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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 2020 (available at vestas.com/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.