Vestas Offshore Wind A/S

Hedeager 42, DK-8200 Aarhus N

CVR no. 27918042

Annual report 2021

Approved at the Company's annual general

meeting Chairman:

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Anita Røndbjerg

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Vestas Offshore Wind A/S for the financial year 1 January - 31 December 2021.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of its operations for the financial year 1 January 2021 - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, the results for the year and the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Aarhus, 14 July 2022

Executive Board:

Morten Hultberg Buchgreitz	Flemming Ougaard

Board of Directors:

Henrik Andersen Chairman	Javier Rodriguez Diez
Kerstin Mariella Knapp	Steen Møller

Independent auditor's report

To the Shareholders of Vestas Offshore Wind A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Vestas Offshore Wind A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management Is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility Is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it Is our responsibility to consider whether Management's Review provides the Information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review Is In accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material If, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, Intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 14 July 2022
PricewaterhouseCoopers
statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Claus Lindholm Jacobsen State Authorised Public Accountant mne23328	Rune Kjeldsen State Authorised Public Accountant mne34160

Management's review

Company details

Name	Vestas Offshore Wind A/S
Address	Hedeager 42, DK-8200 Aarhus N
CVR no.	27918042
Financial year	1 January - 31 December
Website	www.vestas.com
E-mail	contact@vestaso.com
Telephone	+45 88 44 89 00
Domicile	Aarhus
Board of Directors	Henrik Andersen, Chairman Kerstin Mariella Knapp Steen Møller Javier Rodriguez Diez
Executive Board	Morten Hultberg Buchgreitz Flemming Ougaard
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup
Cosolidated financial statement	The company is included in the consolidated financial statements of the parent company Vestas Wind Systems A/S, CVR 10 40 37 82 The group report of Vestas Wind Systems A/S, CVR 10 40 37 82 can be obtained at the following address: Vestas Wind Systems A/S Hedeager 42 8200 Aarhus N

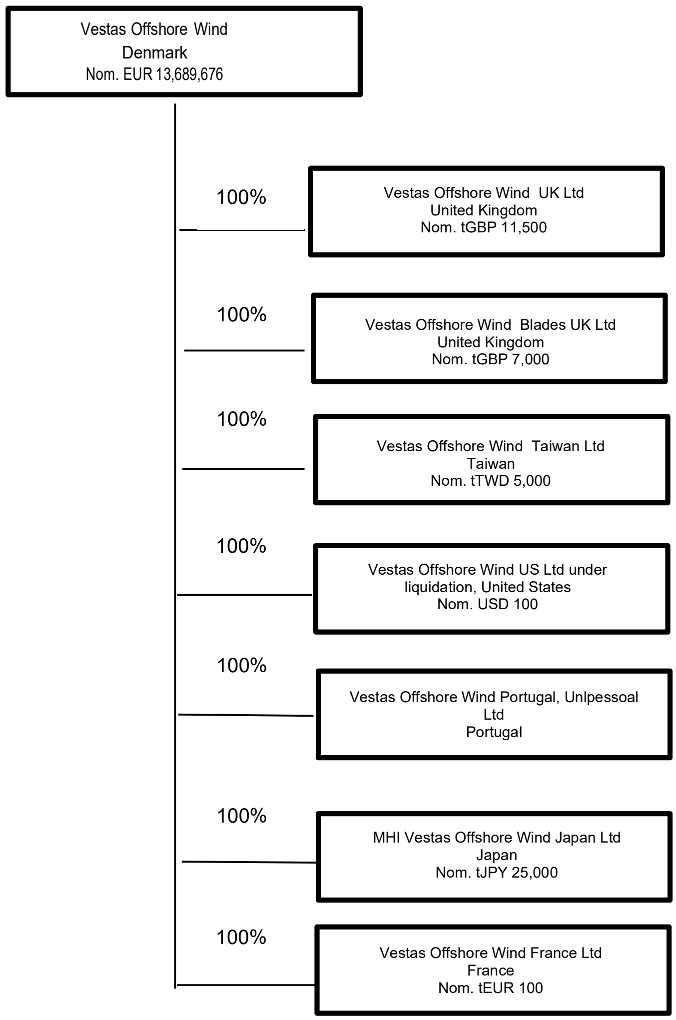
Group relationship

The Company is owned 100% by Vestas Wind Systems A/S.

Management's review

Group chart

Parent company Subsidiaries



Management's review

Financial highlights

EUR'000	2021	2020 (9 months)	2019/20	2018/19	2017/18
Key figures					
Revenue	1.445.690	664.476	1.255.697	1.350.798	745.338
Gross profit	322.440	-83.766	195.710	90.286	-4.469
Operating profit before interests, taxes, depreciation and amortisation (EBITDA)	1.739.724	-39.692	215.490	95.392	-18.407
Operating profit (EBIT)	1.671.757	-130.755	102.141	8.838	-104.820
Net financial items	-24.554	396	-88.374	8.415	5.794
Profit for the year	1.304.732	-68.441	2.523	52.989	-98.287
Total assets	2.193.372	2.068.454	1.385.881	1.329.082	1.304.680
Investments in property, plant and equipment	23.180	32.464	38.843	26.663	54.047
Equity	1.493.660	174.655	203.999	168.922	195.749
Financial ratios					
Gross margin	22,3%	-12,6%	15,6%	6,7%	-0,6%
EBITDA margin	120,3%	-6,0%	17,2%	7,1%	-2,5%
EBIT margin	115,6%	-19,7%	8,1%	0,7%	-14,1%
Return on invested capital	189,9%	-63,0%	118,4%	12,5%	-57,3%
Solvency ratio	68,1%	8,4%	14,7%	12,7%	15,0%
Return on equity	156,4%	-36,1%	1,4%	29,1%	-38,6%
Average number of full-time employees	704	1.993	2.020	1.885	1.535

For terms and definitions, please see the accounting policies.

IFRS 15 and IFRS 16 has been implemented in 2019/20 using the retrospective method, therefore comparison figures for 2017/18 to 2018/19 are unchanged.

The accounting policy for investment in subsidiaries has been changed as of 1 January 2020 from equity method to historical cost price, therefore comparison figures for 2017/18 to 2018/19 are unchanged.

Management's review

Business activities

The company's principal activity consists of sale and service of wind turbines in the offshore industry.

Recognition and measurement uncertainties

The recognition and measurement of items in the financial statements is not subject to any significant uncertainty.

Unusual matters

The company´s financial position at 31 December 2021 and the results of its operations for the financial year ended 31 December 2021 are affected by the sale of activities to Vestas Group companies. Except from this, the Company is not affected by any unusual matters.

Business review

The company's income statement for the period January-December 2021 shows a positive result of EUR 1.305m, and the balance sheet at 31 December 2021 shows an equity of EUR 1.494m.

The result for the year is impacted positively with a gain of EUR 1.418m relating to the sale of different activities to Vestas Group companies as part of the integration process. Adjusted for the one-off gain, the result for the year is considered satisfactory.

Financial expectations and subsequent events

The Company was in December 2020 part of the transaction where Vestas Wind Systems A/S obtained 100% ownership of the Company. An integration process of activities with the Vestas Group will continue during 2022 and Management therefore do not find it reliably to comment on the expected development for the future.

No events materially affecting the financial position and thereby assessment of the annual report have occurred after the balance sheet date.

Knowledge resources

As part of the integration process most of the company employees were transferred to other Vestas Group entities during 2021.

Special risks apart from generally occurring risks in industry

Refer to the Group annual report where the special risks and financial risks within the Vestas Group are stated.

Research and development activities In and for reporting entity

The company has development activities as described in note 9.

Statutory report on corporate social responsibility

With reference to ARL § 99a, subsection 6 gives information on social responsibility, including respect for human rights, social conditions, environmental and climatic conditions and the fight against corruption in the annual report of the parent company Vestas Wind Systems A/S.

For more information please refer to: https://www.vestas.com/en/sustainability/reports-and-ratings

Management's review

Statutory report on the underrepresented gender

The overall Diversity & Inclusion policy in Vestas applies to all employees, functions, all units of Vestas and all regulated subsidiaries,including Vestas Offshore Wind A/S. This policy outlines the strategy, setting the overall aim, and specifying our focus areas globally within this area. As per Danish legislation, Vestas will determine targets and maintain the policy at hand for the underrepresented gender as Vestas is committed to working towards increasing the share of the underrepresented gender in executive and managerial positions, internally referred to as People Leadership positions. The goal is to increase the number of female managers at all levels long-term. Although Vestas is making progress onthe targets, Vestas must do more to improve representation. For this reason, in 2021 Vestas appointed a Global Head of D&I who will be leading the efforts to achieve greater inclusion within diversity categories, and embedding diversity and inclusion more broadly across the company. Vestas has already initiated several activities designed to help the organization become the most inclusive employer in the industry. These initiative includes but not limited to:

Pay equity, Embedding inclusion in future leaders, introduction of inclusive employee lifecycle, implementing tools for enhancing diversity and inclusion across the regions, balanced representation in our global talent programme.

According to the Danish Business Authority guidance on goals and policies for the gender composition of the management, an equal gender distribution has been achieved in the Board.

For more information please refer to: https://www.vestas.com/en/sustainability/reports-and-ratings

Data Ethics Policy

The overall objective of our Data Ethics Policy is to encourage and motivate all employees of the Vestas Group to handle data with utmost care and respect and to adhere to a responsible and sustainable use of data by following our guiding principles on data ethics. As a global company we align with universal principles on fundamental rights. Through ethical use of our smart data capabilities and groundbreaking new technologies our aim is to achieve our long-term business objectives and extend our position as the energy industry's leading global partner on sustainable energy. We report on this in accordance with Section 99d of the Danish Financial Statements Act.

Financial statements 1 January - 31 December 2021

Income statement

Note	EUR'000	2021	2020
2	Revenue	1.445.690	664.476
4	Production costs	-1.123.250	-748.242
	Gross profit	**322.440**	**-83.766**
3	Research and development costs	-43.649	-48.484
4	Distribution costs	-245	-6.412
4	Administration costs	-24.664	-25.107
5	Other operating income	1.418.119	42.149
	Other operating costs	-244	-9.135
	Operating profit (EBIT)	**1.671.757**	**-130.755**
	Share of profit in group companies	32.972	0
6	Financial income	6.542	8.755
7	Financial costs	-31.096	-8.359
	Profit before tax	**1.680.175**	**-130.359**
8	Income tax	-375.443	61.918
	Profit for the year	**1.304.732**	**-68.441**

Proposed distribution of profit

		2021	2020
	Transfer to reserve under development costs	-142.650	36.595
	Retained earnings	1.447.382	-105.036
		1.304.732	**-68.441**

Financial statements 1 January - 31 December

Balance sheet

Assets

Note	EUR'000	2021	2020
9	**Intangible assets**		
	Software	0	15.685
	Development projects in progress	0	143.817
	Completed development projects	0	224.748
	Total intangible assets	**0**	**384.250**
10	**Property, plant and equipment**		
10	Plant and machinery	0	14.869
10	Other fixtures and fittings, tools and equipment	0	60.945
10	Property, plant and equipment under construction	0	25.697
11	Right-of-use assets	0	78.699
	Total property, plant and equipment	**0**	**180.210**
	Other non-current assets		
	Other receivables	143	1.406
15	Deferred tax	0	97.358
12	Investments in group companies	32.242	36.246
	Total other non-current assets	**32.385**	**135.010**
	Total non-current assets	**32.385**	**699.470**
13	**Inventories**	**0**	**732.952**
	Receivables		
14	Trade receivables	1.780	526
	Receivables from group companies	2.112.766	424.263
	Other receivables	11.109	15.062
16	Tax receivables	0	739
15	Deferred tax asset	8.393	0
	Prepayments	24.742	19.663
	Total receivables	**2.158.790**	**460.253**
	Cash and cash equivalents	**2.197**	**175.779**
	Total current assets	**2.160.987**	**1.368.984**
	Total assets	**2.193.372**	**2.068.454**

Financial statements 1 January - 31 December 2021

Balance sheet

Equity and liabilities

		2021	2020
	Equity		
17	Share capital	13.690	13.690
	Reserve for development costs	0	142.650
	Hedging reserve	-29.183	-43.934
	Retained earnings	1.509.153	62.249
	Total equity	**1.493.660**	**174.655**
18	Provisions	0	147.669
19	Financial debts	734	54.231
	Total non-current liabilities	**734**	**201.900**
	Provisions	0	107.986
	Financial debts	0	270.227
	Prepayments from customers	319.282	809.209
	Trade payables	34.658	230.588
	Payables to group companies	25.668	158.850
	Other liabilities	28.323	115.039
16	Tax payable	291.047	0
	Total current liabilities	**698.978**	**1.691.899**
	Total liabilities	**699.712**	**1.893.799**
	Total equity and liabilities	**2.193.372**	**2.068.454**

Financial statements 1 January - 31 December 2021

Statement of changes in equity

EUR'000	Share capital	Reserve for developmen t costs	Hedging reserve	Retained earnings	Total
Equity as at 1 April 2020	**13.690**	**106.055**	**-44.758**	**129.012**	**203.999**
Adjustment Change in principles				**37.443**	37.443
Exchange rate adjustment from EUR conversion	0	0	0	830	830
Exchange rate adjustments on foreign entities	0	0	0	0	0
Fair value adjustments of derivative financial instruments	0	0	1.057	0	1.057
15 Tax on equity transactions	0	0	-233	0	-233
Profit / (loss) for the period	0	36.595	0	-105.036	-68.441
Equity as at 31 Dec 2020	**13.690**	**142.650**	**-43.934**	**62.249**	**174.655**
Equity as at 1 January 2021	**13.690**	**142.650**	**-43.934**	**62.249**	**174.655**
Exchange rate adjustment from EUR conversion	0	0	0	-478	-478
Exchange rate adjustments on foreign entities	0	0	0	0	0
Fair value adjustments of derivative financial instruments	0	0	18.911	0	18.911
Tax on equity transactions	0	0	-4.160	0	-4.160
20 Profit / (loss) for the period	0	-142.650	0	1.447.382	1.304.732
Equity as at 31 Dec 2021	**13.690**	**0**	**-29.183**	**1.509.153**	**1.493.660**

Content

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Financial statements 1 January - 31 December 2021

Notes to the financial statements

1 **Accounting policies**

The annual report of Vestas Offshore Wind A/S for 2021 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

Pursuant to section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The financial statements of Vestas Offshore Wind A/S and Its subsidiaries are Included In the consolidated financial statements of Vestas Wind Systems A/S.

Pursuant to section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement.

The Company has as of 1 January 2021 changed the recognition and measurement of investment in subsidiaries from equity method to historical cost price. The recognition and measurement is changed due to the fact the equity method does not reflect the value adding of the company.

The impact from the changes to the accounting policy has been incorporated in the financial statements and comparative figures have been changed to reflect the new accounting policy. The impact from the changes to the financial statement are presented below:

Balance Sheet

Investment in subsidiaries has been increased with EUR 6.976k as of 31 December 2020. Provision related to investment in subsidiaries has been offset against intercompany receivables which has been reversed with EUR 19.802k as of 31 December 2020.

Profit/Loss

Profit/loss from subsidiaries has reduced with EUR 11.627k in 2020.

Equity

Equity has increased with EUR 26.778k as of 31 December 2020.

Apart from the above the accounting policies are consistent with those of last year.

Financial statements 1 January - 31 December 2021

Notes to the financial statements

1 **Accounting policies (continued)**

The annual report is presented In EUR 1,000.

This note describes the general accounting policies. Accounting policies described in the separate notes to the financial statements form part of the general description of accounting policies:

- Revenue note 2
- Research and development costs note 3
- Depreciation/amortisation note 4
- Other operating income note 5
- Financial Income note 6
- Financial costs note 6
- Income tax note 8
- Intangible assets note 9
- Property, plant and equipment note 10
- Leases note 11
- Investment In group companies note 12
- Inventories note 13
- Trade receivables note 14
- Deferred tax note 15
- Tax payables and receivables note 16
- Share Capital note 17
- Provisions note 18
- Financial debts note 19
- Proposed distribution of profit note 20
- Employee information note 21
- Related parties and ownership note 22
- Derivative financial instruments note 23

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Foreign currency translation

The functional currency of Vestas Offshore Wind A/S is DKK, but to be consistent with last year's reporting due to the Company's International relations, the annual report is presented In EUR. Transactions in other currencies than the functional currency are transactions in foreign currency,

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial costs.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial costs.

Foreign subsidiaries are considered separate entitles. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date, Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity. Foreign exchange adjustments of intra-group balances with Independent foreign subsidiaries which are considered part of the investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value.

Changes in the fair value of derivative financial Instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity. Income and expenses related to such hedges are transferred from equity by realisatlon of the hedged Item and recognised in the same financial statement item as the hedged item.

Income statement

Production costs

Production costs, including warranty costs, comprise expenses incurred in generating the revenue for the year. Cost comprises raw material, consumables, direct labour costs and indirect expenses such as salaries, rental, tools and minor acquisitions as well as depreciation of production facilities.

Research and development costs

Research and development costs comprise development costs that do not qualify for capltalisatlon, as well as amortisation of and impairment losses on capitalised development costs.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

***Distribution* costs**

Distribution costs comprise costs incurred for the sale and distribution of products, etc. sold during the year. Also costs relating to staff and depreciation/amortisation are recognised.

***Administration* costs**

Administration costs include costs incurred In the year for management and administration of the Group, including costs relating to administrative staff, management, office premises, office expenses and depreciation/amortisation.

Other operating Income

Other operating Income comprises items secondary to the activities of the enterprises, including service charges and gains on disposal of property, plant and equipment.

Other operating costs

Other operating costs comprises items secondary to the activities of the enterprises, including losses on disposal of property, plant and equipment.

Balance sheet

Other receivables

Other receivables comprise VAT receivables, deposits etc. and are measured at cost. Other receivables include foreign currency derivatives, designated as cash flow hedges to hedge highly probable forecast sales and purchases are measured at fair value as hedging Instruments.

Prepayments

Prepayments recognised as assets comprise prepaid expenses concerning subsequent financial years.

Equity and dividends

Reserve for development costs

The reserve for development costs comprises recognized development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognized development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not been realised. The reserve Is dissolved when the hedged transaction is realised, If the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The hedging reserve does not represent a limitation under company law and may therefore be negative.

Dividend

Dividend proposed for the year is recognized as a liability at the date when it is adopted at the annual general meeting. Dividend expected to be distributed for the year Is disclosed as a separate item under equity.

Prepayments from customers

Prepayments from customers are recognised as liabilities. Prepayments from customers recognised in liabilities are measured at cost and comprise prepayments received for wind turbines or wind power plants ordered but not yet delivered and service prepayments received in respect of wind turbine or wind power plants delivered.

Other liabilities

Other liabilities comprise VAT payables, salary and holiday pay obligations, personal taxes etc. and are measured at cost. Other liabilities include foreign currency derivatives, designated as cash flow hedges to hedge highly probable forecast sales and purchases are measured at fair value as hedging Instruments.

Financial ratios

Gross margin	=	Gross profit x 100 / Net revenue
EBITDA margin	=	Profit before financial Items and depreciation/amortisation x 100 / Net revenue
EBIT margin	=	Operating profit (EBIT\ x 100 / Net revenue
Return on Invested capital	=	Operating profit (EBIT) x 100 / Average assets excluding cash and non-interest bearing debt
Solvency ratio	=	Equity at year end x 100 / Total assets
Return on equity	=	Profit for the year x 100 / Average equity

Financial statements 1 January - 31 December

Notes to the financial statements

2 Revenue

Accounting policies

For revenue recognition IFRS 15 has been adopted as basis of Interpretation for the Danish Financial Statement act.

Revenue Is measured based on the consideration specified in a contract with a customer, Revenue is recognises when it transfers control over a product or service to a customer.

Revenue comprises sale of wind turbines and wind power plants, after-sales service, and sale of spare parts.

Revenue from the sale of individual wind turbines based on standard solutions is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is recognised at a point in time, when control is transferred to the customer, and the consideration agreed is expected to be received. Control Is generally deemed to be transferred upon delivery of the components in accordance with the agreed delivery plan.

Revenue from sale of wind power plants based on standard solutions with alternative use Is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties, Revenue is recognised when control of the fully operational turbine Is transferred to the customer, and the consideration agreed Is expected to be received. Control is deemed to be transferred at the point in time when the turbine Is fully operational.

Revenue from service sales, comprising services and maintenance agreements as well as extended warranties regarding wind turbines and wind power plants sold, are recognised over the term of the agreement as the services are provided. Spare parts sales are recognised at a point in time when control has been transferred to the customer, and provided that consideration agreed Is expected to be received.

Revenue	2021	2020
Wind Turbine	1.420.289	647.813
Service	25.401	16.663
	1.445.690	**664.476**
Denmark	9.709	31.135
Internal sales	1.435.981	633.341
	1.445.690	**664.476**

3 Research and development costs

R&D costs	58.354	75.385
Capitalised development projects	-35.565	-68.515
Amortisation and impairment of development projects	20.860	41.614
	43.649	**48.484**

Financial statements 1 January - 31 December

Notes to the financial statements

4 Depreciation/amortisation

Depreciation/amortisation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Software	3-5 years
Completed development projects	3-10 years
Plant and machinery	3-7 years
Other fixtures and fittings, tools and equipment	3-7 year

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, If any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

4 **Depreciation/amortisation**	2021	2020
Software	13.380	6.449
Completed development projects	20.860	41.614
Plant and machinery	4.797	6.219
Other fixtures and fittings, tools and equipment	28.101	24.389
Right-of-use assets	829	12.392
	67.967	**91.063**
Expensed as follows:		
Production costs	33.727	42.309
Research and development costs	20.860	41.614
Distribution costs	0	138
Administrative costs	13.380	7.002
	67.967	**91.063**

5 Other operating income

Other operating income is the gain from sale of activities to other Vestas Group companies as part of the integration process.

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6 Financial income

Financial income comprises interest income, exchange gains on securities, payables and transactions denominated in foreign currencies

Financial income	2021	2020
Interest income from subsidiaries	0	3.348
Foreign exchange gains	0	5.407
Other financial income	6.542	0
	6.542	**8.755**

7 Financial cost

Financial cost comprise interest expense, exchange losses on securities, payables and transactions denominated in foreign currencies, amortization of financial assets and liabilities.

Financial costs	2021	2020
Interest costs to subsidiaries	0	2.041
Interest costs	3.093	1.132
Leasing interest	22	940
Foreign exchange losses	24.224	0
Financial instruments	0	2.426
Other financial costs	3.757	1.820
	31.096	**8.359**

8 Income tax

Income tax for the year comprises tax payable for the year and changes in deferred tax for the year. The tax expense relating to the profit for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity, is recognised in equity.

Income tax	2021	2020
Income tax	291.047	0
Income tax, adjustment to previous years	0	0
Adjustment to deferred tax, previous years	2.841	-33.007
Adjustments to deferred tax	81.555	-28.911
	375.443	**-61.918**

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9 Intangible assets

Acquired software licenses and internally developed software is measured at cost less accumulated amortisation and impairment losses, Cost includes both direct internal and external expenses. Software is amortised on a straight-line basis. The basis of amortisation is calculated net of any impairment losses.

Projects for the development and testing of new wind turbines that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or application In the enterprise are evidenced, and where the Company intends to manufacture, market or use the project, are recognised as intangible assets provided that the cost can be reliably measured and that there Is sufficient assurance that future earnings or the net selling price can cover cost of sales, distribution and administrative expenses as well as research and development costs. This Is underpinned by a gate process, where these judgments are made at specific gates, other development costs are recognised In the Income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses. Development costs comprise salaries, amortisation and other expenses attributable to the Group's development activities.

Following completion of the development work, development projects are amortised on a straight-line basis over their estimated useful life. The basis of amortisation Is calculated net of Impairment losses, if any.

The carrying amount of Intangible assets Is subject to an annual test for indications of impairment. If so, write-down Is made to the recoverable amount If this Is lower than the carrying amount.

The recoverable amount Is the higher of an asset's net selling price and Its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

	Software	Development projects in progress	Completed development projects	Total
	EUR 1.000	EUR 1.000	EUR 1.000	EUR 1.000
Cost as at 31 December 2020	50.396	143.817	515.238	709.451
Adjustment to opening balance		-87		-87
Exchange rate adjustments	-376	473	137	233
Additions for the year	1.076	35.565		36.641
Transfers for the year	376	-3.406	3.031	0
Disposals for the year	-51.472	-176.361	-518.405	-746.238
Cost as at 31 December 2021	0	0	0	0
Amortisation as at 31 December 2020	34.711	0	290.490	325.201
Exchange rate adjustments				0
Amortisation for the year	13.380		20.860	34.240
Reversal of amortisation on disposals for the year	-48.091		-311.350	-359.441
Amortisation as at 31 December 2021	0	0	0	0
Carrying amount as at 31 December 2021	**0**	**0**	**0**	**0**
Amortisation period	3-5 years		3-10 years	

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10 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and Impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset Is available for use.

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the selling priceless selling costs and the carrying amount at the date of disposal. Gains or losses are recognised In the Income statement as other operating Income or other operating costs, respectively.

The carrying amount of property, plant and equipment Is subject to an annual test for Indications of Impairment other than the decrease in value reflected by depreciation or amortisation. If so, write-down is made to the recoverable amount If this Is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and Its value in use. The value in use Is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Right-of-use assets	Total
	EUR 1.000	EUR 1.000	EUR 1.000	EUR 1.000	EUR 1.000
Cost as at 31 December 2020	43.966	172.841	25.697	104.206	346.710
Adjustment to opening balance	1.675	-4.979	-126		-3.431
Exchange rate adjustments	9	36	16		60
Additions for the year	316	8.372	13.648	844	23.180
Transfer	6.667	15.218	-21.885		0
Disposals for the year	-52.632	-191.488	-17.350	-105.050	-366.520
Cost as at 31 December 2021	0	0	0	0	0
Depreciation as at 31 December 2020	29.097	111.896	0	25.507	166.500
Exchange rate adjustments					0
Depreciation for the year	4.797	28.101		829	33.727
Transfer					0
Reversal of depreciation on disposals in the year	-33.894	-139.997		-26.335	-200.226
Depreciation as at 31 December 2021	0	0	0	0	0
Carrying amount as at 31 December 2021	**0**	**0**	**0**	**0**	**0**
Depreciation period	3-7 years	3-7 years		1-12 years	

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11 Leases

For lease recognition IFRS 16 has been adopted as basis of Interpretation for the Danish Financial Statement act.

At Inception of a contract, it is assessed whether a contract is or contains a lease, Right-of-use assets and corresponding lease liabilities are recognised at the lease commencement date, except for short- term leases and leases of low value. These lease payments are normally recognised as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset Is initially measured at cost, which comprises the intitial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial costs Incurred.

The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, The right-of-use assets are from the commencement date depreciated over the shorter period of lease term and useful life of the underlying asset. The estimated useful lifes of right·of- use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use assets are periodically reduced by Impairment losses, if any, and adjusted in accordance with

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Incremental borrowing rate in the specific country.

Lease payments included in the measurement of the lease liabilities comprises fixed payments, variable lease payments that depend on an Index or a rate, initially measured using the Index or rate as at the commencement date, the exercise price of a purchase option If It Is reasonably certain the option will be exercised, and amounts expected to be payable under residual value guarantees.

The lease liabilities are subsequently measured at amortised cost using the effective Interest method. It is remeasured when there is a change in future lease payments arising from a change in an Index or rate, if there is a change in the estimate of the amount expected to be payable under a residual value guarantee, or if there are changes to the assessment on whether an option to purchase, extend or terminate will be exercised.

When the lease liabilities are remeasured in this way, a corresponding adjustment Is made to the carrying amount of the right-of-use assets or Is recorded in profit or loss If the carrying amount of the right-of-use assets has been reduced to zero.

	Buildings	Equipment	Vehicles	Vessels	Total
	EUR 1.000	EUR 1.000	EUR 1.000	EUR 1.000	EUR 1.000
Right-of-use assets as at 31 Dec 2020	**56.402**	**3.924**	**1.782**	**16.591**	**78.699**
Exchange rate adjustments					
Depreciation charge for the year including transfers	-52.374	-118	-297		-52.789
Addition of right-of-use assets for the year including transfers					
Depreciation of right-of-use assets for the year					
Disposals in the year	-4.028	-3.806	-1.485	-16.591	-25.910
Right-of-use assets as at 31 Dec 2021	**0**	**0**	**0**	**0**	**0**

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12 Investment in group companies

Investments in group companies are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

	2021	2020
Cost as at 1 January	36.246	36.246
Additions in the year		0
Disposals in the year	-4.004	0
Cost as at 31 Dec	**32.242**	**36.246**
Value adjustments as at 1 January	0	0
Value adjustments as at 31 Dec	0	0
Carrying amount as at 31 Dec	**32.242**	**36.246**

Investments comprise the following entities:

Name	Registered office	Share capital	Ownership	Equity	Profit/loss for the year
Vestas Offshore Wind UK Ltd.	United Kingdom	kGBP 11.500	100%	8.817	65.895
Vestas Offshore Wind Blades UK Ltd.	United Kingdom	kGBP 7.000	100%	-13.893	11.374
Vestas Offshore Wind Taiwan Ltd.	Taiwan	kTWD 5.000	100%	-367.251	-348.304
Vestas Offshore Wind US, Inc. under liquidation	United States	USD 100	100%	383	863
Vestas Offshore Wind Portugal, Unipessoal, Lda.	Portugal	EUR 1	100%	110	123
MHI Vestas Offshore Wind Japan Ltd.	Japan	kJPY 25.000	100%	17.271	97.215
Vestas Offshore Wind France, SAS	France	kEUR 100	100%	-1	99

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13 Inventories

Inventories are measured at the lower of cost, using the weighted average method, and net realisable value (NRV). The NRV of inventories is measured at sales price less cost of completion and selling costs. NRV is determined taking into account marketability, obsolescence and development in the expected selling price. The cost of goods for resale and consumables comprises direct costs and transportation expenses.

	2021	2020
Raw materials and consumables	0	55.360
Work in progress	0	125.599
Finished goods	0	504.137
Prepayment for goods	0	1.433
	0	**686.529**

14 Trade Receivables

Accounting policies

Trade receivables are measured at amortised cost. Provisions are made for bad debts.

	2021	2020
Trade receivables	1.780	526
Provisions for bad debts	0	0
	1.780	**526**

15 Deferred tax

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax Is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax.

In case of use of alternative taxation rules for determination of tax base, deferred tax Is measured on the basis of planned realisation of the asset and settlement of the liability, respectively.

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15 Deferred tax (continued)

Deferred tax assets, Including the tax value of tax loss carry-forwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future Income or as a set-off against deferred tax liabilities.

Deferred tax assets are recognised where management assesses that the tax assets may be utilised within three years based on business plans for the future years.

	2021	2020
Deferred tax		
Deferred tax as at 1 January	97.358	35.593
Exchange rate adjustments	-409	80
Deferred tax on equity transactions	-4.160	-233
Adjustment of deferred tax, previous years	-2.841	33.007
Adjustment of deferred tax for the year	-81.555	28.911
Deferred tax as at 31 Dec	**8.393**	**97.358**

16 Tax payables and receivables

Current tax liabilities and receivables are recognized in the balance sheet at the amounts calculated on the taxable Income for the year adjusted for tax on taxable income for prior years and for taxes paid on account.

	2021	2020
Tax receivables (assets)	0	739
Tax payables (liabilities)	291.055	0
	291.055	**739**

17 Share capital

The share capital Is made up of 13,689,676 shares of EUR 1 each. All shares rank equally. No changes have been made to the share capital the past 5 years

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18 Provisions

Provisions are recognised when in consequence of an event that has occurred before or on the balance sheet date – the company has a legal or constructive obligation and it is probable that there will be an outflow of the company's financial resources to settle the obligation. Provisions are measured at Management's best estimate of the expenses required to settle the obligation.

Warranty provisions comprise warranty obligations made in respect of delivered wind turbines or wind power systems based on experience. At the start of the warranty period, calculated provisions are made for each type of wind turbine and are released to the income statement over the warranty period as warranty costs are incurred. Subsequently, periodic reviews are performed based on an overall assessment of the need for provisions.

A provision for loss-making service or turbine contracts is made where the expected benefits to the company from the contract are lower than the unavoidable costs of meeting obligations under the contract (loss-making contracts).

	2021	2020
Warranty provisions	0	255.655
Other provisions	0	0
Provisions as at 31 Dec	**0**	**255.655**
Warranty provisions as at 1 January	255.655	61.497
Exchange rate adjustments	0	218
Utilised provisions for the year	-14.128	-34.275
Provisions for the year	0	228.215
Sale of warranty liability to parent company	-241.527	0
Warranty provisions as at 31 Dec	**0**	**255.655**
Warranty provisions are expected to be payable as follows:		
0-1 year	0	107.986
1-5 years	0	147.669
	0	**255.655**

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19 Financial debts

	2021	2020
Bank debt	0	245.000
Lease liabilitites	734	79.458
	734	**324.458**

Financial debts break down as follows:		
< 1 year	734	270.227
1-5 years	0	45.084
> 5 years	0	9.147
	734	**324.458**

20 Proposed distribution of profit

	2021	2020
Transfer to reserve under development costs	-142.650	36.595
Retained earnings	1.447.382	-234.543
	1.304.732	**-197.948**

21 Employee information

	2021	2020
Wages and salaries, etc.	110.187	122.778
Pension schemes	8.396	9.204
Other social security costs	2.260	2.704
	120.843	**134.686**
Average number of employees	**704**	**1.993**
Executive management remuneration incl. incentive schen	**831**	**1.771**
Board of Directors remuneration	**0**	**0**

22 Related parties and ownership

Transactions
All transactions with related parties has been carried out on arm-length basis.

Ownership structure
According to the company's register of shareholders, the following shareholder holds at least 5% of the votes or at least 5% of the share capital:

Vestas Wind Systems A/S, Hedeager 42, 8200 Aarhus N

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23 Derivative financial Instruments

The Company uses hedging Instruments such as forward exchange contracts to hedge expected currency risks relating to sale and purchase of goods.

	Contractual value		Gains/losses in equity	
EUR'000	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Foreign currency derivatives EUR/GBP	188.786	2.246.605	-10.935	-47.026
Foreign currency derivatives EUR/USD	0	2.532	0	-212
Foreign currency derivatives EUR/TWD	470.841	535.620	-37.610	-18.831
Foreign currency derivatives EUR/JPY	131.336	152.090	11.130	7.306
	790.963	**2.936.847**	**-37.415**	**-58.763**

Risks which were managed by derivative financial Instruments in 2021 comprise foreign currency risk,

Hedging of risks with derivative financial Instruments are made with a ratio of 1:1. Any ineffectiveness arising from hedging of foreign currency risks are recognised in financial items. Recognised sources of ineffectiveness are mainly derived from differences in the timing of the cash flows of the hedged items and hedging Instruments and changes to the forecasted amount of cash flows of hedged items.

Foreign currency risk

Derivative financial Instruments considered as cash flow hedges are designated hedges of forecasted sales and purchases. Cash flow hedges are measured at fair value, Any Ineffective portions of the cash flow hedges are recognised In the Income statement as financial Items, Gains or losses on cash flow hedges are upon realisation of the hedged Item transferred from the equity hedging reserve into the initial carrying amount of the hedged item.

Firm commitments in foreign currency are designated as fair value hedges and measured with changes in fair value In the Income statement as financial Items,

In some sales agreements, a foreign currency element is incorporated, in cases where the sales currency is not closely related to the functional currency nor a commonly used currency in the country in which the sales takes place, the foreign currency element is treated as an embedded financial derivative, The embedded financial derivative is designated as a cash flow hedge and included as forward contracts.