

Vestas Manufacturing A/S

CVR no. 27 98 82 10
Hedeager 42, 8200 Aarhus N

Annual report for 2022

Adopted at the annual general meeting on 24 May 2023

chairman

DocuSigned by:

Mikkel Bach Jensen

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Mikkel Bach Jensen

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Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of Vestas Manufacturing A/S for the financial year 1 January - 31 December 2022.

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

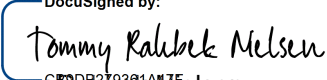
In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.


Management recommends that the annual report should be approved by the company at the annual general meeting.

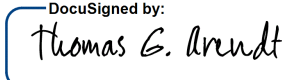
Aarhus, 24 May 2023

Executive board

DocuSigned by:

Tommy Ralibek Nielsen

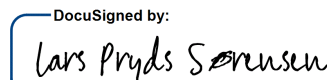
Supervisory board

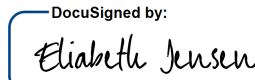
DocuSigned by:

Henrik Andersen
chairman

DocuSigned by:

Thomas Gunnel Arendt

DocuSigned by:

Kerstin Maritza Knapp

DocuSigned by:

Lars Pryds Sørensen

DocuSigned by:

Elisabeth Jensen

Independent Auditor's Report

To the shareholder of Vestas Manufacturing 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 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Vestas Manufacturing A/S for the financial year 1 January - 31 December 2022, 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.

Independent Auditor's Report

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.

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:

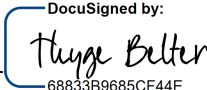
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.

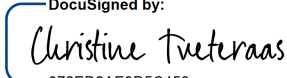
Independent Auditor's Report

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, 24 May 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

DocuSigned by:

Thyge Belter
68833B9685CF44E...
State Authorised Public Accountant
mne30222

DocuSigned by:

Christine Tveteraas
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State Authorised Public Accountant
mne34341

Company details

The company

Vestas Manufacturing A/S
Hedeager 42
8200 Aarhus N

Telephone: +45 97 30 00 00

Fax: +45 97 30 00 01

Website: www.vestas.com

CVR no.: 27 98 82 10

Reporting period: 1 January - 31 December 2022

Domicile: Aarhus

Supervisory board

Henrik Andersen, chairman
Thomas Gunner Arendt
Kerstin Mariella Knapp
Lars Pryds Sørensen
Elisabeth Jensen

Executive board

Tommy Rahbek Nielsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Jens Chr. Skous Vej 1
8000 Aarhus

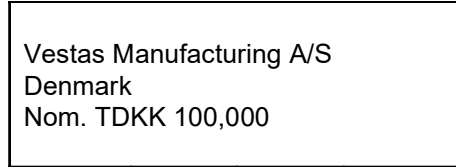
Consolidated financial statements

Vestas Wind Systems A/S, CVR 10 40 37 82

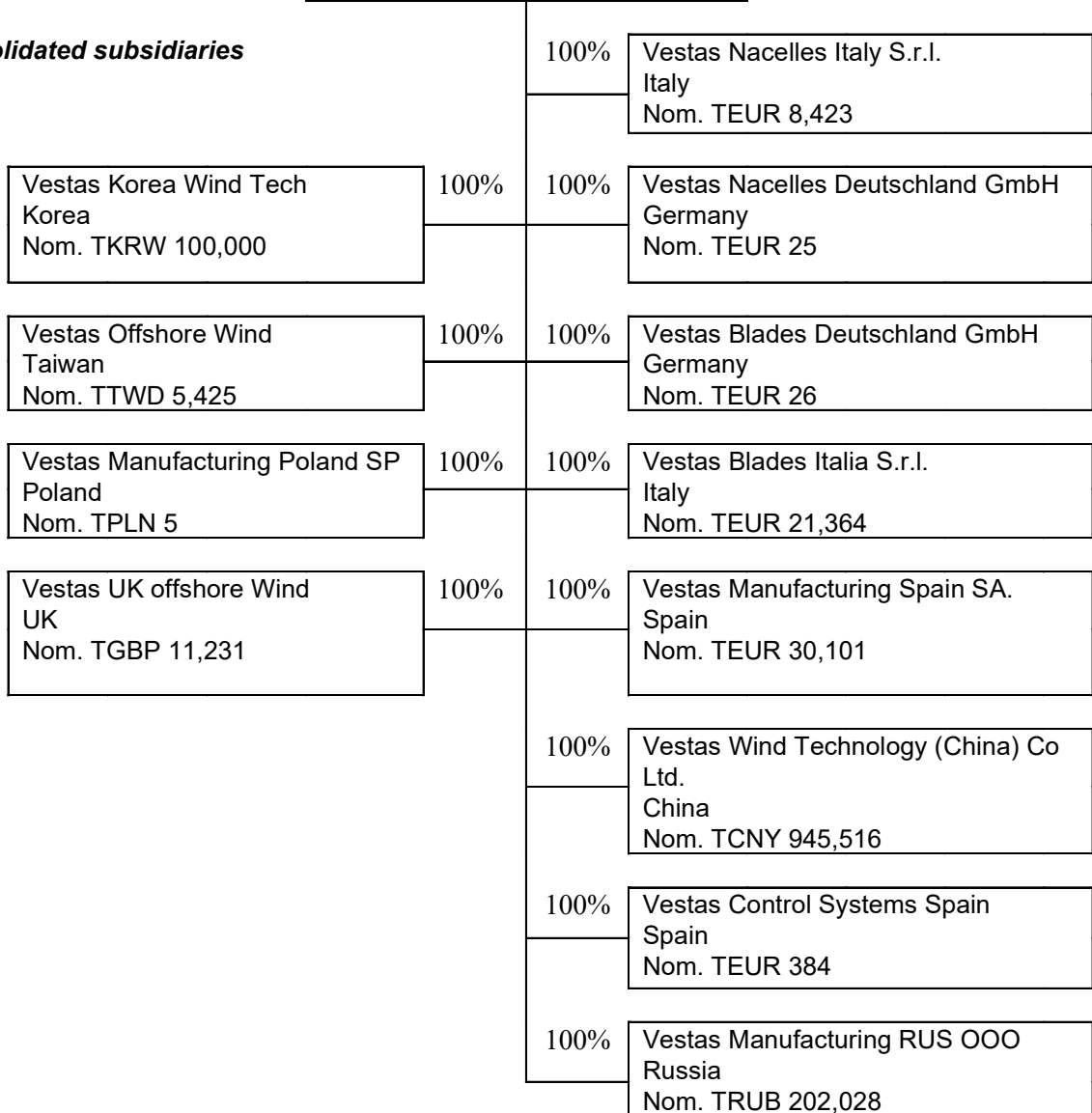
Vestas Wind Systems A/S
Hedeager 42
8200 Aarhus N

Group chart

Parent Company



Consolidated subsidiaries



Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2022	2021	2020	2019	2018
	MDKK	MDKK	MDKK	MDKK	MDKK
Key figures					
Revenue	41,354	47,602	50,729	48,189	36,638
Gross profit	225	364	3	159	50
Operating Profit	225	364	3	159	50
Net financials	-233	-438	221	-77	139
Balance sheet total	20,939	24,833	19,492	15,753	15,650
Equity	7,142	7,799	7,503	7,265	10,310
Number of employees	2,134	1,718	1,727	1,919	2,020
Gross margin	0.5%	0.8%	0.0%	0.3%	0.1%
EBIT margin	0.5%	0.8%	0.0%	0.3%	0.1%
Return on assets	1.0%	1.6%	0.0%	1.0%	0.3%
Solvency ratio	34.1%	31.4%	38.5%	46.1%	65.9%
Return on equity	-2.5%	-1.5%	2.1%	0.1%	1.6%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Where the accounting policies have been changed, the comparatives for 2019 onwards have been restated. Comparative figures for the period 2018 has not been changed. For an account of changes in accounting policies, see the summary of significant accounting policies.

Management's review

Business review

The company's principal activity consist of production and sale of main components for wind turbines. Sales are mainly made to companies within the Vestas Group. As part of Vestas' Offshore Integration program, after the acquisition of the Offshore business in 2020, the production and sales activities under Vestas Offshore Wind A/S were transferred to Vestas during 2021, respectively Manufacturing A/S and Vestas Northern Europe A/S. The purpose with the integration was to establish one common baseline for the on- and offshore business by implementing existing Vestas processes and systems in the offshore business.

Recognition and measurement uncertainties

The recognition and measurement of items in the annual report is not associated with any uncertainty.

Unusual matters

The company's financial position at 31 December 2022 and the results of its operations for the financial year ended 31 December 2022 are impacted by Russia's invasion of Ukraine in February 2022. This has led Vestas to withdraw from the Russian market and an impairment of the investment in Vestas Manufacturing RUS.

The company recognized approximately 230 million DKK as impairment loss during 2022. Out of this DKK 127 million is related to the V164/174 offshore activity. The impairment is related to Tangible assets and reflecting the recoverable amount of the assets. The recoverable amount is based on the discounted value of future expected cash flows from the offshore activity. The impairment was primarily due to revised assumptions on offshore order intake and project profitability.

Financial review

The company's income statement for the year ended 31 December 2022 shows a loss of TDKK 186,547, and the balance sheet at 31 December 2022 shows equity of TDKK 7,141,949.

Net profit for the year is considered satisfactory compared to expected.

Expected development of the company, including specific prerequisites and uncertainties

The company expects same activity level for 2023 compared with 2022, hence the operating profit is expected to be in line 2022 as well, given the current market conditions (i.e. supply chain instability, high degree of cost inflation) and projections. It should be emphasized that there is more uncertainty than usual around forecasts related to execution in 2023, and the outlook seeks to take into account the current situation and constraints. Vestas Manufacturing A/S continues to focus on its priorities for the year, which will enable delivering on the company's commitments.

The company's knowledge resources if of particular importance to its future earnings

As part of the Vestas Group, knowledge resources are significant for the company. Processors have been appointed for the company's core processes, which continuously work with mapping and streamlining workflows to ensure continuity and person-dependence in all processes.

Management's review

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 or for the company

The company has minor development activities which are re-invoiced to the rightful owner.

Statutory corporate social responsibility report

With reference to ÅRL § 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 CVR -nr. : 10 40 37 82.

<https://www.vestas.com/en/investor/reports-and-presentations/vestas-reporting>

Policies 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 Manufacturing 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 on the 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 report

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.

Accounting policies

The annual report of Vestas Manufacturing A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The annual report for 2022 is presented in TDKK. The accounting policies applied remain unchanged from last year.

Pursuant to section §112 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Pursuant to section §86 subsection 4, of the Danish Financial Statements Act, the company has not prepared the Cash Flow statement.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Hedge accounting

Fair value adjustments of financial instruments that are designated and qualify as fair value hedges of recognised assets or liabilities are recognised in the income statement together with any fair value adjustments of the hedged asset or liability that can be attributed to the hedged risk.

Accounting policies

Changes in the fair value of financial instruments that are designated and qualify as hedges of expected future transactions are recognised in equity under retained earnings as regards the effective portion of the hedge. The ineffective portion of the hedge is recognised in the income statement. If the hedged transaction results in an asset or a liability, amounts deferred under equity are transferred to the cost of the asset or liability. If the hedged transaction results in income or expenses, amounts deferred under equity are transferred to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair value of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries, participating interests or associates are recognised directly in equity as regards the effective portion of the hedge, while the ineffective portion is recognised in the income statement.

Income statement

Revenue

Revenue comprises sold and delivered main components for wind turbines and is recognised in the income statement according to IFRS 15 when:

- delivered and the control of the components has been transferred to the buyer prior to the year end,
- the income can be measured reliable and
- payment has been received or is expected to be received.

Cost of productions

Cost of productions comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as labour, rent, leasing and depreciation on production equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Profit/loss from investments in subsidiaries

Dividend from investments is recognised in the reporting year in which the dividend is declared.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

Accounting policies

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Goodwill

Goodwill is initially recognised in the balance sheet as the net difference between the fair value of net assets acquired and consideration transferred. Subsequently goodwill is measured at this value less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill has been allocated to Vestas' operating segments. Identification of operating segment is based on management structure and internal financial reporting.

The carrying amount of goodwill is tested at least annually for impairment, together with the other non-current assets of the operating segment to which goodwill has been allocated. If the recoverable amount is lower than the carrying amount of the operating segment, goodwill is written down to its lower recoverable amount in the income statement.

The recoverable amount is usually calculated as the net present value of expected future net cash flows from the operating segments to which the goodwill has been allocated.

Alternatively, the recoverable amount is calculated as fair value less costs to sell. Impairment losses on goodwill are recognised in the income statement, either in production costs, research and development costs, distribution costs or administration costs.

Impairment losses on goodwill are not reversed.

Software

Acquired software licences and internally developed software is measured at a cost less accumulated amortisation and impairment losses. Cost includes both direct internal and external costs. Software is amortised on a straight-line basis over three to five years. The basis of amortisation is calculated net of any impairment losses.

Tangible assets

Items of land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Accounting policies

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Buildings	25 - 40	years
Plant and machinery	3 - 10	years
Other fixtures and fittings, tools and equipment	3 - 5	years

Assets costing less than DKK 30,700 are expensed in the year of acquisition.

Depreciation is recognised in the income statement under production costs, distribution costs and administrative expenses, respectively.

Leases

Right-of-use assets and corresponding lease liabilities are recognised at the lease commencement date, except leases below 12 month and leases less than DKK 30,000. These leases, are 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 initial 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-ofuse assets are from the commencement date depreciated over the shorter period of lease term and useful life of the underlying asset. The estimated useful lives 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 lease liabilities.

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 an incremental borrowing rate.

Accounting policies

Lease payments included in the measurement of the lease liabilities comprise the following:

- 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 that 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 the assessment of whether an option will be exercised is changed. 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.

Investments in subsidiaries

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

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets. Write-down is made to the lower of the recoverable amount and the carrying amount.

The recoverable amount is the higher of the net present value and the value in use less expected costs to sell. The net present value is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

Inventory

Inventory are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

Accounting policies

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

Production overheads include the indirect cost of materials, wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the cost.

The net realisable value of inventory is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables

Receivables are measured at amortised cost.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Equity

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Provisions

Provisions comprise expected expenses relating to warranty commitments, losses on work in progress, restructuring, etc. Provisions are recognised when, as a result of a past event, the company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Income tax and deferred tax

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate 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 expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

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 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 expenses.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in 'Other receivables to group companies' or 'Other payables to group companies', respectively.

Accounting policies

Financial highlights

Definitions of financial ratios.

Gross margin ratio	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
EBIT margin	$\frac{\text{Profit/loss before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets at year-end}}$
Return on equity	$\frac{\text{Profit/loss from ordinary operations after tax} \times 100}{\text{Average equity}}$

Income statement 1 January 2022 - 31 December 2022

	Note	2022 TDKK	2021 TDKK
Revenue	1	41,353,668	47,601,893
Cost of productions		-41,128,646	-47,237,895
Gross profit		225,022	363,998
Profit/loss before financial income and expenses		225,022	363,998
Profit/loss from investments in subsidiaries	2	-265,977	-338,000
Financial income	3	551,971	487,853
Financial costs	4	-518,692	-587,418
Profit/loss before tax		-7,676	-73,567
Tax on profit/loss for the year	5	-178,871	-42,740
Net profit/loss for the year		-186,547	-116,307
Distribution of profit	6		

Balance sheet at 31 December 2022

	Note	2022 TDKK	2021 TDKK
Assets			
Software		1,116	1,419
Goodwill		40,576	79,801
Intangible assets	7	41,692	81,220
Land and buildings		160,382	175,819
Plant and machinery		244,283	440,042
Other fixtures and fittings, tools and equipment		1,314,006	1,436,241
Right-of-use assets		205,295	253,270
Property, plant and equipment in progress		502,007	362,535
Tangible assets	8	2,425,973	2,667,907
Investments in subsidiaries	9	1,420,924	1,586,959
Fixed asset investments		1,420,924	1,586,959
Total non-current assets		3,888,589	4,336,086
Inventory	10	11,606,328	7,681,361
Trade receivables		61,948	82,610
Receivables from group companies		4,527,682	12,354,214
Other receivables		595,001	368,119
Deferred tax asset	11	233,766	0
Prepayments		25,466	11,041
Receivables		5,443,863	12,815,984
Total current assets		17,050,191	20,497,345
Total assets		20,938,780	24,833,431

Balance sheet at 31 December 2022

	Note	2022 TDKK	2021 TDKK
Equity and liabilities			
Share capital		100,000	100,000
Retained earnings		6,964,328	7,150,875
Cash flow hedging reserve		77,621	548,092
Equity	12	7,141,949	7,798,967
Provision for deferred tax	11	0	115,694
Total provisions		0	115,694
Lease obligations		143,557	173,078
Total non-current liabilities	13	143,557	173,078
Lease obligation	13	60,226	74,242
Prepayments		1,551,334	0
Trade payables		6,788,723	7,623,501
Payables to group companies		4,650,467	8,607,247
Joint taxation contributions payable		483,285	259,147
Other payables		119,239	181,555
Total current liabilities		13,653,274	16,745,692
Total liabilities		13,796,831	16,918,770
Total equity and liabilities		20,938,780	24,833,431
Staff	14		
Subsequent events	15		
Contingent liabilities	16		
Financial instruments	17		
Related parties and ownership structure	18		

Statement of changes in equity

	Share capital	Retained earnings	Cash flow hedging reserve	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January 2022	100,000	7,150,875	548,092	7,798,967
Revaluation for the year	0	0	79,417	79,417
Dissolution of previous years' revaluation	0	0	-682,584	-682,584
Net profit/loss for the year	0	-186,547	0	-186,547
Changes in equity of tax	0	0	132,696	132,696
Equity at 31 December 2022	100,000	6,964,328	77,621	7,141,949

Notes

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
1 Revenue		
Nordic countries	10,072,288	14,254,530
Europe other	16,028,778	13,108,578
World other	15,252,602	20,238,785
Total revenue	<u>41,353,668</u>	<u>47,601,893</u>
2 Profit/loss from investments in subsidiaries		
Impairment	-265,977	-338,000
	<u>-265,977</u>	<u>-338,000</u>
3 Financial income		
Interest received from group companies	66,729	78,694
Other financial income	0	18
Exchange adjustments	485,242	409,141
	<u>551,971</u>	<u>487,853</u>
4 Financial costs		
Other financial costs	5,843	32,548
Exchange loss	512,849	554,870
	<u>518,692</u>	<u>587,418</u>

Notes

	2022 <small>TDKK</small>	2021 <small>TDKK</small>
5 Tax on profit/loss for the year		
Current tax for the year	258,318	40,084
Deferred tax for the year	-193,764	17,741
Adjustment of tax concerning previous years	137,294	229,734
Adjustment of deferred tax concerning previous years	-22,999	-248,400
Other taxes	22	3,581
	<u>178,871</u>	<u>42,740</u>
6 Distribution of profit		
Retained earnings	<u>-186,547</u>	<u>-116,307</u>
	<u>-186,547</u>	<u>-116,307</u>
7 Intangible assets		
	<u>Software</u>	<u>Goodwill</u>
	<small>TDKK</small>	<small>TDKK</small>
Cost at 1 January 2022	<u>2,077</u>	<u>817,428</u>
Cost at 31 December 2022	<u>2,077</u>	<u>817,428</u>
Impairment losses and amortisation at 1 January 2022	658	737,627
Depreciation for the year	<u>303</u>	<u>39,225</u>
Impairment losses and amortisation at 31 December 2022	<u>961</u>	<u>776,852</u>
Carrying amount at 31 December 2022	<u>1,116</u>	<u>40,576</u>
Depreciated over	<u>5 years</u>	<u>20 years</u>

Notes

8 Tangible assets

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Right-of-use assets	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January 2022	478,045	1,460,930	2,845,365	372,658	362,535
Additions for the year	0	23,337	116,866	50,748	794,676
Disposals for the year	-2,927	-355,923	-376,013	-880	-73,526
Transfers for the year	7,208	87,109	487,361	0	-581,678
Cost at 31 December 2022	482,326	1,215,453	3,073,579	422,526	502,007
Impairment losses and depreciation at 1 January 2022	302,227	1,020,887	1,409,126	119,386	0
Impairment losses for the year	0	120,982	108,250	0	0
Depreciation for the year	21,511	172,838	609,045	97,845	0
Reversal of impairment and depreciation of sold assets	-1,794	-348,624	-371,134	0	0
Transfers for the year	0	5,087	4,286	0	0
Impairment losses and depreciation at 31 December 2022	321,944	971,170	1,759,573	217,231	0
Carrying amount at 31 December 2022	160,382	244,283	1,314,006	205,295	502,007
Depreciated over	25-40 years	3-10 years	3-5 years	2-20 years	
Value of leased assets	158,491	0	46,804	0	0

9 Investments in subsidiaries

	2022 TDKK	2021 TDKK
Cost at 1 January 2022	2,025,021	1,860,900
Additions for the year	99,942	164,121
Cost at 31 December 2022	2,124,963	2,025,021
Revaluations at 1 January 2022	-438,062	-100,062
Impairment for the year	-265,977	-338,000
Revaluations at 31 December 2022	-704,039	-438,062
Carrying amount at 31 December 2022	1,420,924	1,586,959

Notes

Investments in subsidiaries are specified as follows:

Name	Registered office	Share capital	Ownership interest	Equity	Profit/loss for the year
Vestas Nacelles Deutschland GmbH	Germany	TEUR 25	100%	22,259	933
Vestas Blades Deutschland GmbH	Germany	TEUR 26	100%	78,165	1,610
Vestas Blades Italia S.r.l.	Italy	TEUR 21,364	100%	38,683	2,618
Vestas Manufacturing Spain S.L.	Spain	TEUR 25,500	100%	10,688	2,679
Vestas Wind Technology (China) Co Ltd.	China	TCNY 945,516	100%	5,628,364	567,806
Vestas Control Systems Spain S.L.	Spain	TEUR 384	100%	376	-5
Vestas Manufacturing RUS OOO	Russia	TRUB 202,028	100%	3,692,586	80,712
Vestas Korea Wind Tech	Korea	TKRW 500,000	100%	21,123,504	3,918,654
Vestas Offshore Wind Taiwan	Taiwan	TTWD 5,000	100%	12,246	602
Vestas Manufacturing Poland Sp.Z	Poland	TPLN 5	100%	1,430	-1,436
Vestas UK Offshore Wind Blades UK	UK	TGBP 7,000	100%	28,721	3,983
Vestas Nacelles Italy S.r.l. Italy	Italy	TEUR 8,423	100%	0	0

Notes

	<u>2022</u> TDKK	<u>2021</u> TDKK
10 Inventory		
Raw materials and consumables	2,199,984	1,929,053
Work in progress	80,577	269,438
Finished Goods	<u>9,325,767</u>	<u>5,482,870</u>
	<u>11,606,328</u>	<u>7,681,361</u>
11 Provision for deferred tax		
Provision for deferred tax at 1 January 2022	115,694	219,935
Deferred tax recognised in income statement	-216,763	-230,659
Deferred tax recognised in equity	<u>-132,697</u>	<u>126,418</u>
Provision for deferred tax at 31 December 2022	<u>-233,766</u>	<u>115,694</u>
Provisions for deferred tax on:		
Intangible assets	245	312
Property, plant and equipment	-239,717	20,316
Inventories	28,645	-5,114
Provisions	-44,832	-54,410
Hedging on equity	21,893	154,590
Transferred to deferred tax asset	<u>233,766</u>	<u>0</u>
	<u>0</u>	<u>115,694</u>
Deferred tax asset		
Calculated tax asset	<u>233,766</u>	<u>0</u>
Carrying amount	<u>233,766</u>	<u>0</u>

12 Equity

The share capital consists of 1,000,000 shares of a nominal value of DKK 100. No shares carry any special rights.

Notes

13 Lease obligations

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
Lease obligations		
Between 1 and 5 years	143,557	173,078
Non-current portion	143,557	173,078
Within 1 year	60,226	74,242
	<u>203,783</u>	<u>247,320</u>

14 Staff

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
Wages and Salaries	1,134,374	811,026
Pensions	106,034	81,575
Other social security expenses	7,358	8,896
	<u>1,247,766</u>	<u>901,497</u>

Wages and Salaries, pensions and other social security expenses are recognised in the following items:

Cost of sales	1,247,766	901,497
	<u>1,247,766</u>	<u>901,497</u>

Including remuneration to the executive board:

Executive Board	5,158	4,711
	<u>5,158</u>	<u>4,711</u>

Average number of employees	<u>2,134</u>	<u>1,718</u>
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Notes

15 Subsequent events

On 9 August 2022, Vestas signed an agreement to sell the Converters & Controls business to KK Wind Solutions ("KK") which was subject to approvals from the relevant regulatory authorities. These approvals were obtained in 2023 and the transaction was closed on 28 February 2023. The final sales price is agreed in 2023 and hence no gain/loss from the transaction has been recognised in the 2022 annual report.

16 Contingent liabilities

The company is included in the joint taxation with the Groups other Danish companies and severally liable for tax on consolidated taxable income etc.

17 Financial instruments

The company has entered into derivatives with Vestas Wind Systems A/S in the form of FX forward contracts.

The fair value of the derivatives amounts to:

	Gains and losses recognised in equity	
	2022	2021
<u>TDKK</u>		
Assets	549,444	1,357,785
Liabilities	436,110	663,920
	<u>113,334</u>	<u>693,865</u>

Net amount recognized as payables to group companies

The FX forward contracts are entered into to hedge future purchases of goods and sales. The Company's net position are specified below. The derivatives matures in the period 2023 to 2029.

Positions in foreign currency

BRL: - 688,600
CAD: -335,009
CNY: 4,179,368
USD: - 621,850
INR: 18,379,161
GBP: 53,356

Notes

18 Related parties and ownership structure

Transactions

All transactions with related parties has been carried out at arm´s length principle.

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 System A/S, Hedeager 42, 8200 Aarhus N