Tax Sustainability Report

Wind. It means the world to us.™

Vestas Wind Systems A/S – Company reg. no.: 10403782
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Commitment to tax transparency and responsible tax practices

In 2023, in line with our sustainability strategy, Sustainability In Everything We Do, we reinforced our commitment to tax transparency.

We believe that tax transparency is crucial for building trust with our stakeholders. It demonstrates our commitment to ethical tax practices and ensures compliance with tax regulations.

Vestas is aware of the challenges that taxation can pose as we operate in a complex environment with various regulations and continuous changes. Therefore, a strong tax framework is essential to minimise potential risks, enabling us to address any tax issues that may arise, and ensuring the correct taxes are paid, in the countries and jurisdictions where we operate.

Furthermore, as a company, we understand the role that fair tax collection plays in the transformation and decarbonisation of the planet. Responsible taxation is a crucial part of providing and allocating financing.

Taxes and the way large corporations pay them have increasingly become a concern for society at large. We sympathise with this and want to share the way we deal with taxes.

After successfully releasing last year's tax report, which was the first edition, we are continuing to work towards increasing the visibility of our tax practices.

Our aim for this year, following last year's approach, is to disclose even more information about our global tax payments as they appeared during 2023. To this end, we have created a robust process using technology with the aim of involving relevant members of the organisation and to facilitate the extraction of relevant information.

Following last year's intention, we have set out to generate a simple approach to illustrate our tax practices in an easily accessible format. This will enable non-tax specialists to understand Vestas' operating model and tax practices. It will also share our main achievements and the challenges we face now and in the coming years.

We invite interested stakeholders to engage in dialogue with us on how we can further increase the robustness of transparency in our tax practice.

Hjalte Volqvartz,
Vice President, Vestas Group Tax

Sustainable tax practices are key to financing the decarbonisation of the planet.

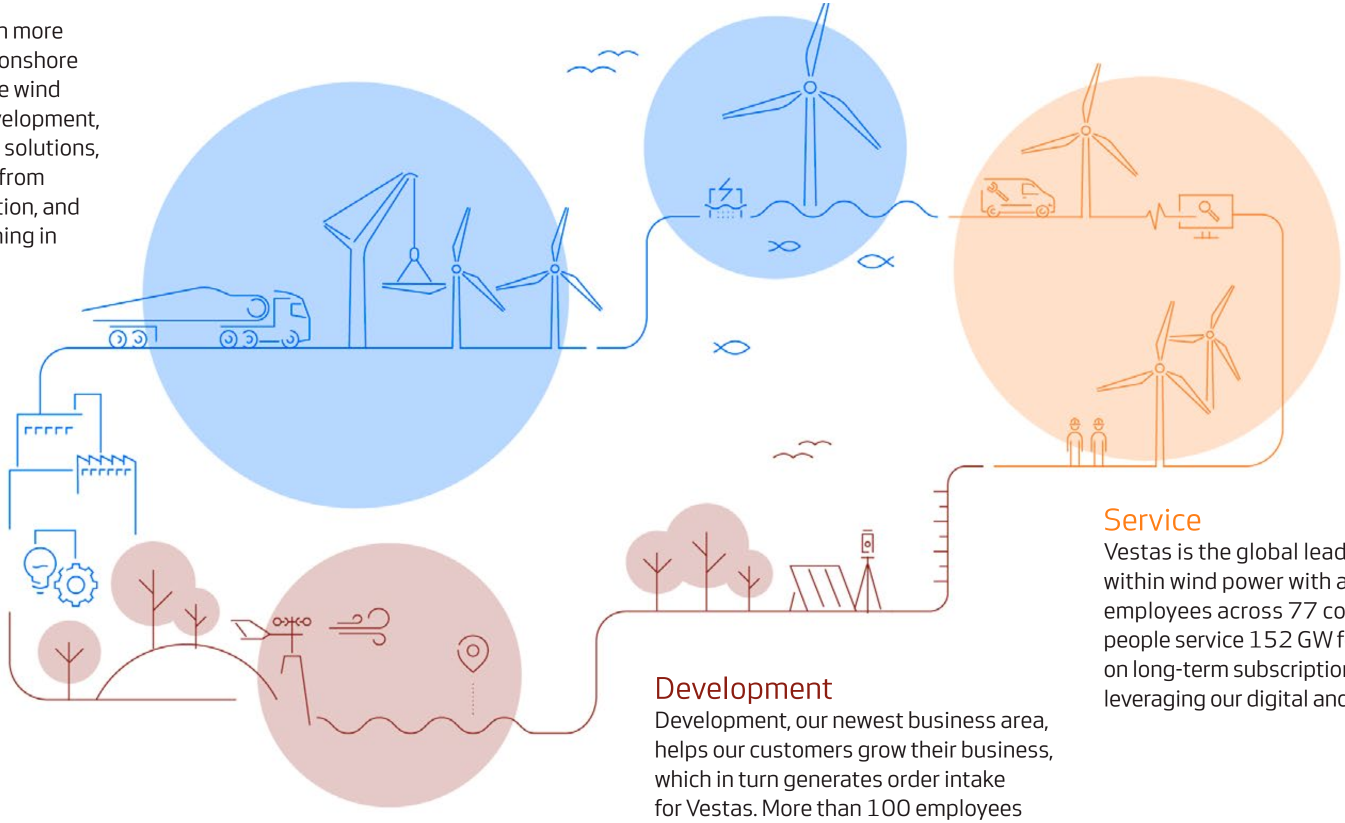
Our business

Offshore

Vestas is becoming a leading player in Offshore wind with almost 30 years of experience. Based on our own offshore wind turbine product design and development, we offer customers wind power solutions, and we take care of all stages from siting through final commissioning.

Onshore

Vestas is the market leader with more than 40 years of experience in onshore wind. Based on our own onshore wind turbine product design and development, we offer customers wind power solutions, and we take care of everything from siting manufacturing, construction, and installation to final commissioning in cooperation with our partners



Service

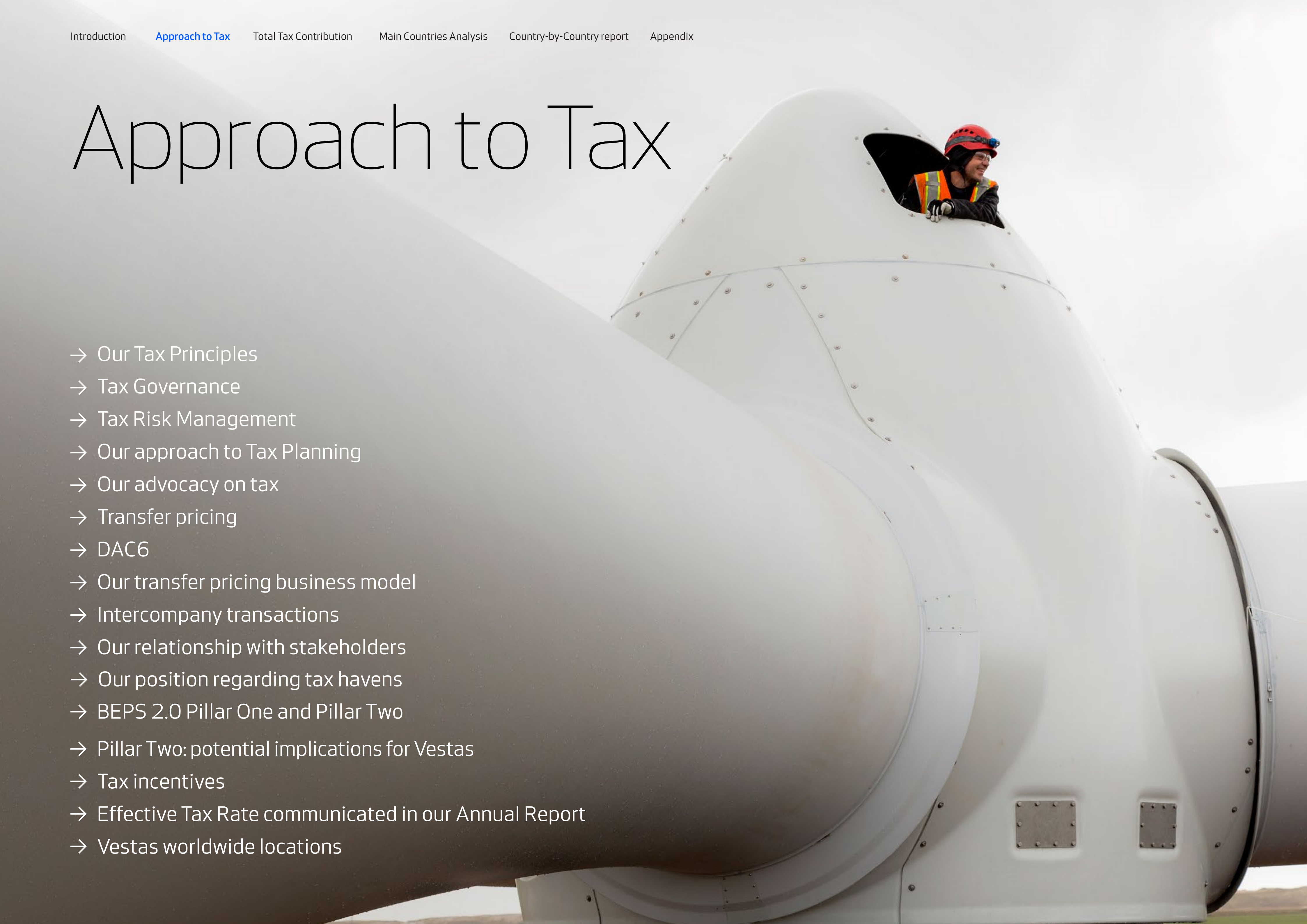
Vestas is the global leader in Service within wind power with around 15,000 employees across 77 countries. Our people service 152 GW for our customers on long-term subscription-based contracts leveraging our digital and AI capabilities.

Development

Development, our newest business area, helps our customers grow their business, which in turn generates order intake for Vestas. More than 100 employees across 15 countries secure land rights and permits, design sites, ensure grid connection, and secure project offtake agreements to create quality projects.

Vestas has more than 30,000 employees and operates in more than 80 countries.

+30,000



Approach to Tax

We consider a sustainable, socially responsible and compliant tax practice to be a cornerstone of our efforts to contribute positively to the communities we are part of and to create a sustainable planet for future generations.

Our Tax Principles

By taking a responsible and transparent approach to tax, our tax practice helps sustain the Group's license to operate globally and locally. We therefore also believe that local operations must be proportionally matched by local tax contributions. Likewise, Vestas' principles - Simplicity, Collaboration, Accountability and Passion - drive our actions and guide everything we do within the Group Tax Department.

See more about Vestas Group's tax policy **here.**

Simplicity
We strive to simplify our solutions. For this reason, we only develop branches and subsidiaries in the jurisdictions where we operate and invest.

Collaboration
We work in a collaborative and respectful way in all the jurisdictions where we operate.

Accountability
We decide and act in a constructive way, understanding the importance of taxation for the sustainable development of the countries where we operate.

Passion
We are dedicated to our planet, our people and Vestas. Our strong team of tax professionals are evidence of this dedication.

Tax Governance

Vestas' tax practice is governed by a global organisation where roles have been defined to secure an efficient structure, where:

- The global tax policy and strategy is centralised in Group Tax along with the global controlling function.
- The Regional Tax Directors oversee regional tax positions and ensure compliance with the global tax policy, general tax compliance and tax filing in their respective regions.
- The Global Tax Business Partner function collaborates with global business units, providing tax advice for decision-making, planning and execution.

In order to execute in accordance with the policy, Vestas retains the necessary level of trained tax professionals to adequately ensure understanding of Vestas' business model; comply with tax filing requirements in a sufficient and timely manner; and develop and maintain the information necessary to explain how Vestas' business decisions have affected individual tax filings. In addition, responsible tax planning and tax practices contribute to the UN Sustainable Development Goals and are part of our sustainability strategy, Sustainability in Everything We Do.

The tax policy is subject to an annual review and approval by the Board of Directors of Vestas Wind Systems A/S. This review process is anchored in the Audit Committee. Besides this review process executed at the top governance level of Vestas, our financial control processes are designed to ensure that our operations and activities are in line with the tax policy. Vestas is committed to high ethical standards, and through our whistleblower system, 'EthicsLine', inappropriate behaviour or incidents can be brought forward and handled in a fair and timely manner – this also includes tax-related issues.

Vestas' Code of Conduct helps ensure integrity and compliance in our corporate decisions, while our Values of Simplicity, Collaboration, Accountability and Passion provide further guidance.

Tax Risk Management

We appreciate that the complexity of a global tax policy requires a clear focus on managing risk. This is supported by Vestas' tax risk management principles:

- Identification of tax risks by local management.
- Evaluation of systemic risk related to operations based on a global business model.

Tax risks are reported in Vestas' tax risk management (TRM) reporting and reported to management on a bi-annual basis, together with reassurance that sufficient contingencies are in place. Actions are planned on how to most efficiently mitigate and prevent identified tax risks.

The Vestas Material Risk Policy forms a central element of our tax and VAT governance in relation to project activities and corporate structure. It does this by ensuring that decisions with material impact on the tax risk profile will be decided by management based on recommendations from the corporate structure committee and Group Tax.

Vestas has a comprehensive approach to managing tax risks. The purpose of the Group Tax Policy is to define global management of taxes, including governance, structuring, and risk management. The policy applies to all decisions that directly or indirectly affect reporting and/or payment of taxes.

Controlling is performed on an annual compliance list where local management confirms they have fulfilled the statutory filing requirements in the jurisdictions where they operate.

To this end, we have implemented TRM as a specific tool within Group Finance to facilitate the detection, assessment and management of these risks. This tool provides a clear definition of the roles and responsibilities in the different areas (Group Tax, Regional Tax teams and Finance) and implements a robust process to detect, measure, manage and control the status of potential uncertain tax positions or disputes within the countries where we operate.

Moreover, effective tax risk management is ensured by qualified tax experts who manage tax-related topics that could pose potential risks to the company. When we identify the need to analyse complex tax environments in the countries where we operate.

Our approach to Tax Planning

Vestas relies on sound legal structures based on individual business cases. It does not apply legal structures designed to avoid or artificially defer corporate tax payments or unduly shift the tax jurisdiction governing transactions.

Vestas operates in a number of jurisdictions where the government has introduced and promotes incentives to encourage specific investments and activities. Such incentives commonly reduce tax rates or postpone tax payments through advanced depreciations. Vestas seeks to benefit from such tax incentives where these are commonly available across the industry.

We generally expect vendors, partners and customers to share Vestas' values in respect to tax planning. As far as possible, Vestas monitors the behaviour of partners from project to project. Based on this screening, Group Tax, together with management, continuously evaluates whether stakeholders act within Vestas' values of integrity and accountability and takes appropriate actions.

We find aggressive tax planning contrary to Vestas' policy and potentially damaging to the long-term development and success of the industry.

Our advocacy on tax

We support public debate on tax matters and promote effective and stable tax systems. Our advocacy focuses on taxes relevant to our industry.

We actively collaborate with various national and international organisations on tax issues, sharing our concerns about tax development and our practices.

Vestas ' tax policy builds on a responsible approach towards tax governance and tax authorities. From time to time, there might be disagreements in judgements. Vestas is committed to open and honest collaboration with Tax Administrations and actively supports them in carrying out the appropriate controls on the Vestas Group's operations.

Transfer pricing

The OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (OECD Guidelines) are widely accepted by both Tax Administrations and Multinationals. This unified set of Guidelines provide guidance on day-to-day operations, as well as special cases. The OECD Guidelines and the OECD Model Convention establishes the arm's length principle, which OECD member countries have agreed should be applied for tax purposes by Multinationals and Tax Administrations. The arm's length principle therefore constitutes an international standard that is recognised and appreciated by Tax Administrations and Multinationals globally.

We follow the advice and guidance of the OECD Guidelines and structure our daily operations and transfer pricing management to adhere to the arm's length principle established by the OECD Guidelines and the OECD Model Convention.

At the same time, we have adopted the three-tiered approach suggested by the OECD Guidelines, comprising a package of a Master File, Local Files, and a Country-by-Country Report (CbCR). We strive to ensure transfer pricing compliance in all jurisdictions where the group is represented with either a legal entity or a permanent establishment. As such, transfer pricing documentation packages are prepared in accordance with local regulations following the standards set by the OECD Guidelines.

DAC6

In addition to the three-tiered approach governed by the OECD, Vestas follows the 2018 EU Directive, DAC6. This covers the mandatory disclosure of certain international transactions, which establish a mandatory exchange of information in relation to cross-border arrangements by intermediaries or taxpayers to the tax authorities.

As a Group, we have developed an internal platform where we report tax positions that fall under DAC6. The process we have launched requires people from all regions to report any transactions that could be considered within the scope of DAC6. Internally, the Group tax team analyses such transactions and determine whether it is necessary to report them to the tax authorities. This process is repeated on a monthly basis.

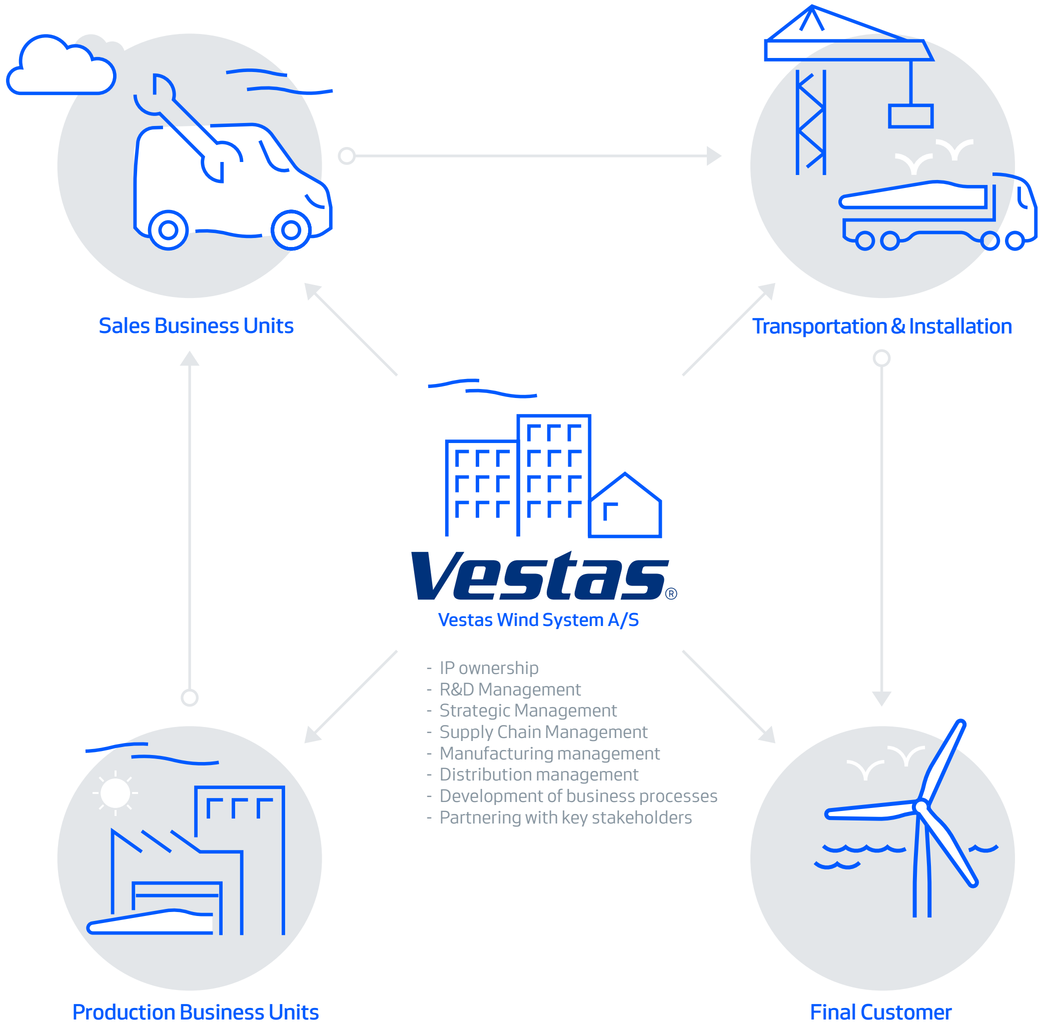
Vestas' transfer pricing business model

Vestas operates a centralised business model in which the group parent entity, Vestas Wind Systems A/S, is the entrepreneurial entity responsible for strategic management.

Vestas' subsidiaries are assigned specific tasks, and are considered either production entities or project sales and service entities. In addition to this, Vestas operates a few entities focusing on the provision of shared internal services. Subsidiaries within the Vestas Group are regarded as low-risk entities.

The Vestas Group applies an activity-based remuneration methodology, in accordance with which Vestas' subsidiaries are remunerated in line with value creation. As such, remuneration of subsidiaries is carried out using the transactional net margin method (TNMM), using a cost-based PLI.

For financial transactions, the generally accepted method is the comparable uncontrolled price (CUP).



Intercompany transactions

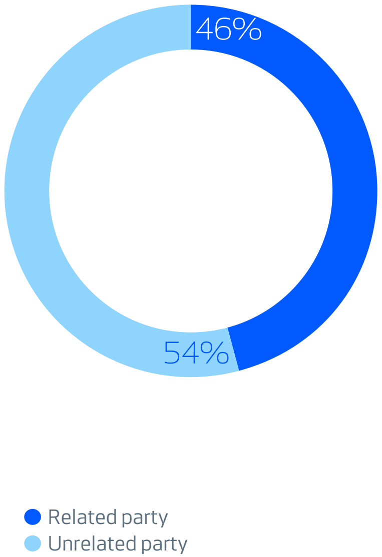
With a presence in more than 80 countries, Vestas' related party transactions are driven by business operations as well as the global commercial strategy.

The transactions that Vestas carries out between related party entities are guided by the OECD guidelines. Transfer pricing methods are applied consistently across all Vestas' companies, which comprise more than 130 legal entities.

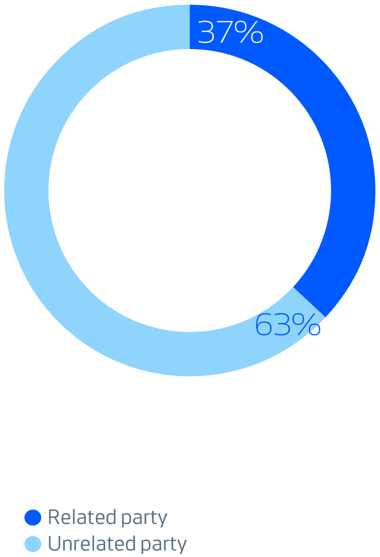
Furthermore, our business model is operated according to OECD principles, enabling our business to increase value creation.

All intercompany transactions we execute support our goal of helping customers implement industry leading sustainable power plants. Within this context, Vestas Wind Systems plays a decisive role in providing business units with the knowledge they need to develop best-in-class solutions.

Average Revenue 2018-2022[1]



Revenue 2023[2]



[1] Figures incorporated in the graph are the average of the information reported in 2018 to 2022 Country-by-Country reports.

[2] Figures incorporated in the graph are based on the data to be reported in the 2023 Country-by-Country report due in December 2024.

Our relationship with stakeholders

Vestas ' tax policy builds on a responsible approach towards tax governance and tax authorities. From time to time, there might be disagreements in judgements. That can be a result of differences between local rules and running a global and complex operation.

Such situations most commonly arise out of transfer pricing, where judgements often lead to different opinions.

Vestas is committed to open and honest collaboration with Tax Administrations during transfer pricing controversy. We actively support Tax Administrations in carrying out the appropriate controls and assessment of the Vestas Group's operations.

To mitigate risk and prevent the escalation of conflicts to the court, Vestas pursues active collaboration with the tax authorities through Mutual Agreements Procedures and Advance Pricing Agreements. This helps to eliminate misunderstandings around our operation and the way that Vestas has organised its activity and transactions.

Vestas aims to adopt a transparent and collaborative approach with all its partner institutions. We believe that a fair tax system is essential to contribute to the growth of local communities. In this regard, Vestas supports public debate around taxes and a fair tax system.

Our position regarding tax havens

Tax havens are defined by a lack of transparency, no or nominal tax on relevant income, lack of effective exchange of information and no substantial activity.

The countries we operate in do not have uniform lists on jurisdictions considered tax havens. Therefore, for this analysis we have considered the OECD and the EU lists of non-cooperative jurisdictions. The OECD list is composed of the following countries: American Samoa, Anguilla, Antigua and Barbuda, Bahamas , Belize, Fiji, Guam, Palau, Panama, Russia, Samoa, Seychelles, Trinidad and Tobago, Turks and Caicos Islands, US Virgin Islands and Vanuatu. It is important to highlight that this list is updated on an annual basis.

One of our main principles is that our decisions need to be aligned with the commercial operations and interests of the company. However, some time the activity of the company implicate the operation in some countries that can be controversial from a tax perspective. As a company we would like to be completely transparent about all the factors that may raise concerns to our stakeholders.

Of all the jurisdictions in which we operated in 2023, only one, Panama, is listed as 'non-cooperative'.

Currently, our presence in Panama is related to projects and carried out through two legal entities: Vestas Overseas Panama and Vestas Spare Parts Panama. Our operations in this country started in 2018, when we received our first order from Elecnor Panama for a wind energy solution for the 66MW Toabre wind park. The project involved installation, assembly, erection, testing and commissioning. Vestas Overseas was awarded the installation scope, as well as a five-year service contract to be carried out at the site in Panama.

In April 2019, we created Vestas Spare Parts, a new company which operates a spare parts warehouse. The company contracts international freight forwarding and other logistics providers, with the objective for onwards distribution in the region. Panama was chosen because of its unique geographical position and global role as a logistical hub.

BEPS 2.0: Pillar One and Pillar Two

In recent years, we have seen a change in mentality around international taxation and the mechanisms for fighting tax evasion and aggressive tax planning.

The emergence of new information and communication technologies has presented challenges for OECD tax regimes, leading to a reduction in tax payments from companies in certain countries.

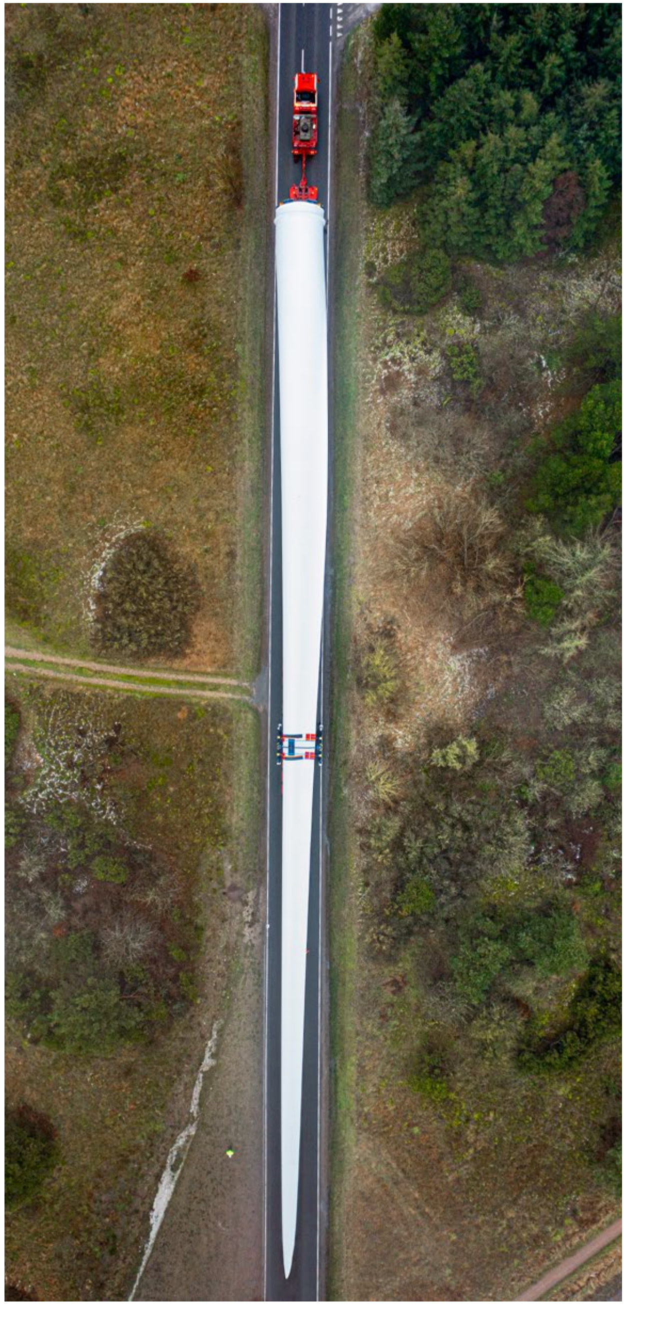
To combat these scenarios, the OECD launched a series of measures known as BEPS 2.0 Pillar One and Pillar Two.

At Vestas, we support these efforts, which have been developed in cooperation with responsible companies to increase efficiency and avoid unnecessary administration.

Pillar Two – Global Minimum Tax is OECD's response presented on 20 December 2021. The project developed the Global Anti-Base Erosion (GLoBE) Model Rules, which provide a framework for the calculation of the minimum payment of 15 percent tax. The objective of this regulation is for large multinational enterprises (MNEs) to bear a minimum tax rate of 15 percent or higher, referred to as Effective Tax Rate (ETR) in all the jurisdictions where they operate. Membership countries of the European Union are obligated to implement it for the year 2024.

On 7 December 2023, the Danish Parliament passed Bill No. L 5 to implement Pillar Two into Danish law. The GLoBE rules were incorporated into a new law called 'Minimumsbeskatningsloven', which follows the structure of Council Directive (EU) 2022/2523 of 14 December 2022. The law also includes clarifications and interpretations published by the OECD in 2022 and 2023.

The Danish law includes a Danish Qualified Domestic Minimum Top-up Tax (QDMTT) that applies to income tax years starting on or after 31 December 2023. This means that it will come into effect for income years starting on or after 1 January 2024. The QDMTT applies only to international groups. However, since the Income Inclusion Rule also applies to purely domestic groups, the effects are expected to be the same for both domestic and international groups.

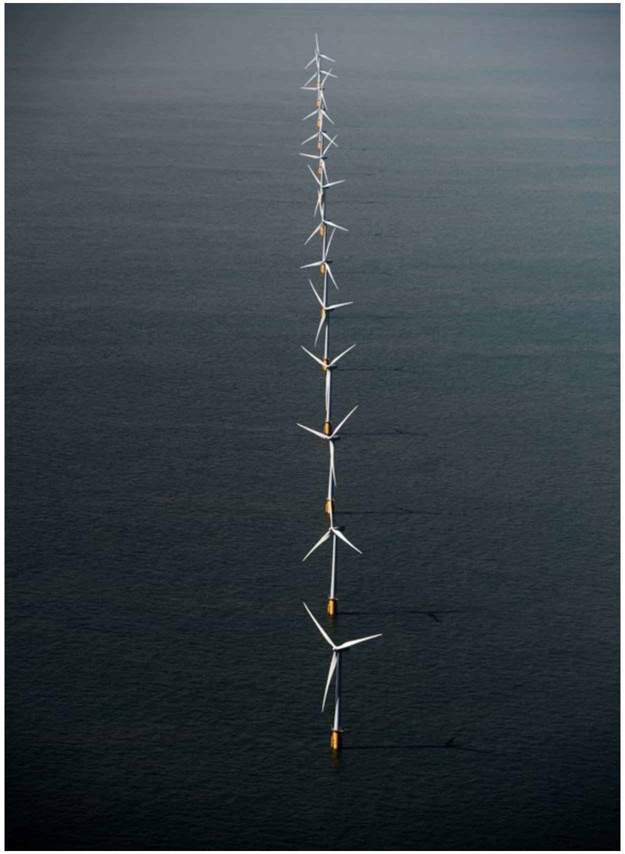


Pillar Two: potential implications for Vestas

Vestas is within the scope of the OECD Pillar Two model rules, also known as the Global Anti-Base Erosion (GloBE) Rules. Pillar Two legislation has been enacted in Denmark, the jurisdiction in which Vestas Wind Systems A/S is incorporated, and will come into effect from 1 January 2024. The Pillar Two legislation was not effective at the reporting date and therefore no related current tax exposure has been recognised. Vestas applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued by IASB in May 2023.

Under the legislation, Vestas is liable to pay a top-up tax for the difference between the GloBE effective tax rate per jurisdiction and the 15 percent minimum rate. All Vestas entities have an effective tax rate that exceeds 15 percent in a normalised commercial cycle. However, analysis shows that individual entities, based on historical data, can drop below the threshold in individual years. The calculated theoretical historic top-up tax, adjusted for one-off events, impact on the Vestas Group ETR is immaterial.

Vestas management is in the process of assessing the Vestas Group's exposure to the Pillar Two legislation when it comes into effect. Vestas is operating in an industry that is rapidly changing in terms of growth, markets and products. Combined with the complexities of applying the legislation and calculating GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable.



Governments are looking to implement tax incentives to encourage decarbonisation and investment in areas like R&D and the energy transition. Vestas, as part of the energy industry, could benefit in some countries that offer tax incentives or subsidies that could have a direct or indirect effect on our projects. As a company, we strive to use tax incentives responsibly, aligning them with our commercial activity and complementing our demand. In keeping with our commitment to transparency, we would like to list some of the tax incentives from which Vestas benefits.

Tax incentives

The USA

The Inflation Reduction Act (IRA) is a US initiative aimed at combating the climate crisis, reducing greenhouse gas emissions, and promoting a prosperous future for American businesses. The Act offers numerous business incentives that encourage sustainable action, from creating new opportunities in green industries to fostering a competitive edge in domestic manufacturing.

Brazil

The Brazilian government has implemented a series of incentives, including tax exemptions or reductions, for companies that establish themselves in specified regions within Brazil, primarily in the north and northeast. These incentives are intended to accelerate the development of certain less-developed regions and industries that are considered important to the economy.

Vestas currently benefits from the Industrial Development Fund (FDI) in the form of a VAT on Sales and Services (ICMS) exemption on the acquisition or import of equipment and components specifically used for solar and wind power generation. Additionally, the company benefits from SUDENE (Lucro da Exploração), a tax incentive aimed at promoting productive activities in the northeast. This incentive results in a reduction of the statutory tax rate from 34 percentage to 20 percentage.

The UK

The UK Government has an ambitious target to increase total investment in R&D. R&D tax incentives have a key role in supporting this investment by supplementing the costs of innovation. Vestas benefits from the Research and Development Expenditure Credit incentive (RDEC), which gives a taxable credit on the amount of qualifying R&D expenditure payable as cash or as an offset against the company's corporation tax liabilities.

R&D activities become eligible for tax credits when a project seeks to achieve an advance in overall knowledge or capability in a field of science or technology. The RDEC tax credit rate of 20 percent can be claimed against certain costs incurred from 1 April 2023 that are allowable for tax purposes on the project.

Portugal

The Portuguese Government has created a list of tax incentives to promote investments in the country in order to increase its competitiveness.

Vestas as a company benefits from some of those tax incentives. One of them is the SIFIDE II, which is an incentive regime for research and development. It consist of a deduction of the amount designated to R&D expenditures. To apply for these tax incentives, companies must meet the requirements covered in the IRC Code.

Denmark

In 2018, the Danish Government introduced a variety of tax incentives to help reduce R&D expenses, with the aim of promoting R&D activities and encouraging innovation and growth in the country.

According to Danish tax regulation , expenses for the purchase of operating equipment and ships used for experimental and research activities may be deducted immediately in the year of acquisition. The deduction is gradually increased from 100 percent to 110 percent as follows: income years 2018–19 = 101.5 percent; income year 2020 = 103 percent; income years 2021–22 = 105 percent; income years 2023–25 = 108 percent; and income years 2026 and onward = 110 percent.

The taxpayer may choose to take tax depreciation in the same year and the following four years on a straight-line basis. Costs incurred in connection with the exploration for raw materials may also be fully deducted in the same year.

Effective Tax Rate communicated in our Annual Report

The chart on the right represents the reconciliation between the Danish statutory tax rate, and the final ETR calculated. It is noted that the explanation in percentages is more volatile than normal at the current profitability and activity levels.

The main reasons for these differences are as follows:

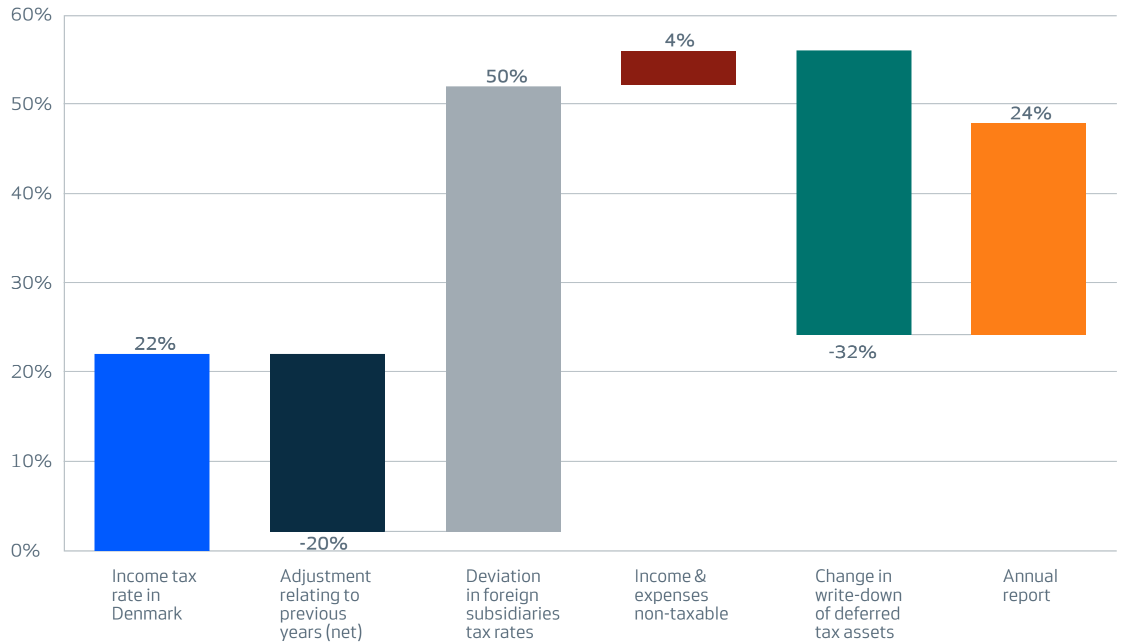
- Adjustment relating to previous year, representing a reduction in our effective tax rate of 20 percentage points.

- Deviation in foreign subsidiaries' tax rate, which represents the difference tax rate between foreign jurisdictions where we operate and Denmark. This represented an addition of 50 percentage points, mainly due to Brazil, the US, and Argentina.

- Due to local tax regulations, non-taxable income and expenses had an additional impact of four percentage points.

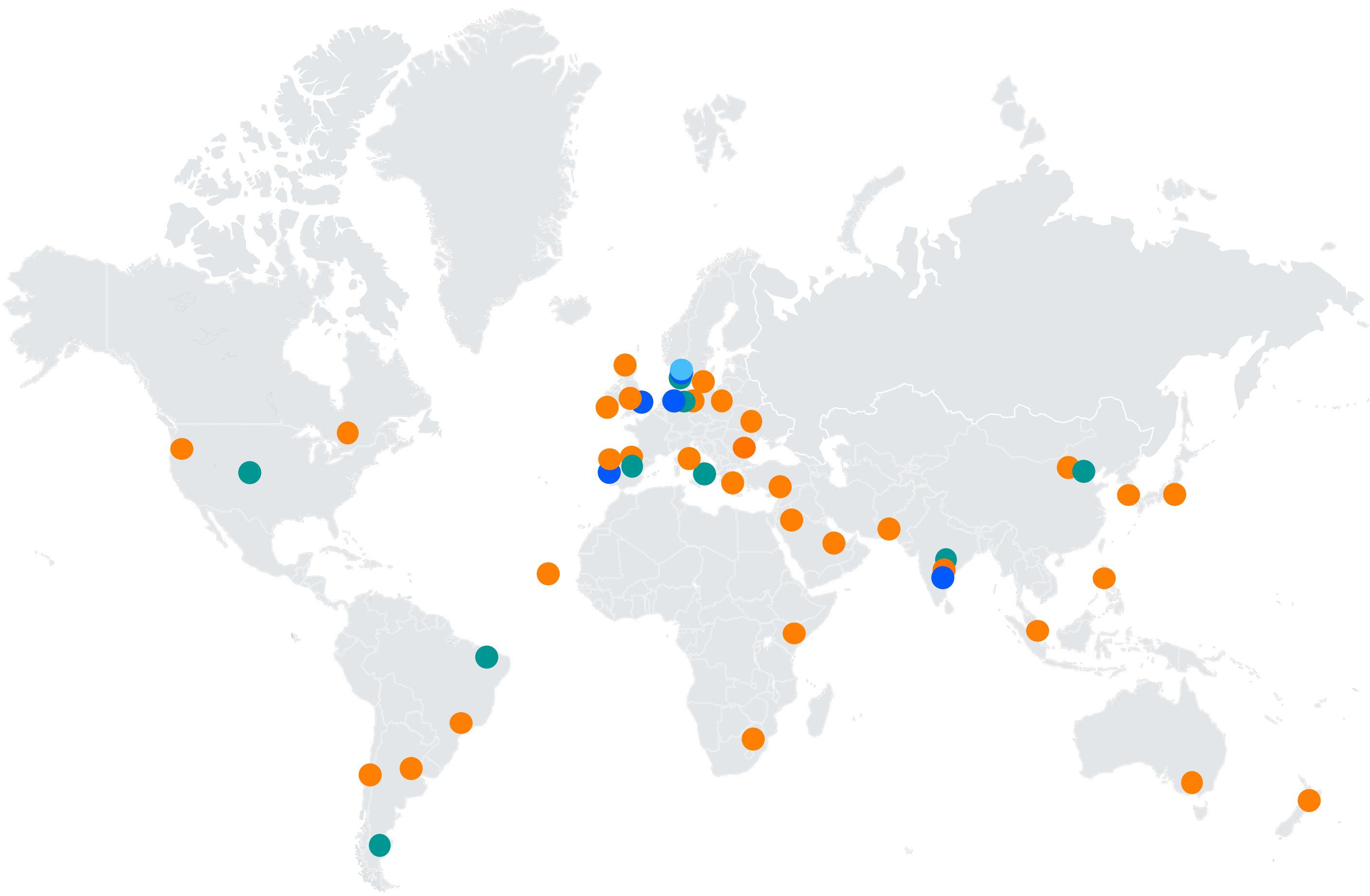
- Change in the write-down of deferred tax assets mainly relates to reversal of the write-down concerning tax loss carried forward in Denmark, resulting in a reduction of ETR by 32 percentage points.

The ETR that we recognised in our Annual Report was lower than originally expected, as we reported a 48 percent ETR in the Q1 disclosure. The main reasons for this difference in the calculation were the higher profitability, release of write-down related to tax loss carried forward in Denmark, and a reduction impact from adjustments relating to previous years.



Our Global Effective Tax Rate (ETR) represents the total tax expenses according to the IFRS and is included in our Annual Report. The calculation of this rate is the result of dividing the income tax provision by the profit before tax.

Vestas worldwide locations



- Global Headquarters
- Sales & Service
- Production
- Research

Vestas has a unique global reach in manufacturing, sales and installation

Total Tax Contribution

- → Clarifying key concepts
- → Overall review of Total Tax Contribution
- → Total Tax Contribution by region
- → Trends between 2023 and 2022 in tax paid
- → Total Tax Contribution figures 2023

Clarifying key concepts

The Total Tax Contribution (TTC): gives an overall understanding of the tax payments that multinational groups make during the year. In this report, we are going to introduce the full contribution the Vestas Group made during 2023.

The TTC categorises tax payments in two categories: tax borne and tax collected.

Tax borne: defined as taxes that we pay to the government as cost for the company.

Tax collected: defined as taxes that we collected on behalf of governments, but which does not represent a cost for the company.

Throughout this report we are going to refer to different tax typologies, which we divide into three groups: Corporate Income taxes, Indirect taxes, and Employee taxes.

Tax borne

Corporate income taxes: include all payments based on the taxable profits of our operations.

Indirect taxes: the indirect taxes that we categorise as a direct cost to the company are customs duties. These relate to the importation of goods across borders, which represents a vital part of our activity due to the importance of maintaining supply to our factories, which in turn enables the delivery of products to our customers. Furthermore, we categorise as indirect tax the property taxes paid as a result of owning, selling and transferring the title to property.

Employee taxes: these taxes include the payments that the company makes during the year for the employment of individuals, which represent cost for the company.

Tax collected

Corporate income taxes: withheld on payments in the supply chain on behalf of suppliers. They therefore do not represent a direct cost to the company.

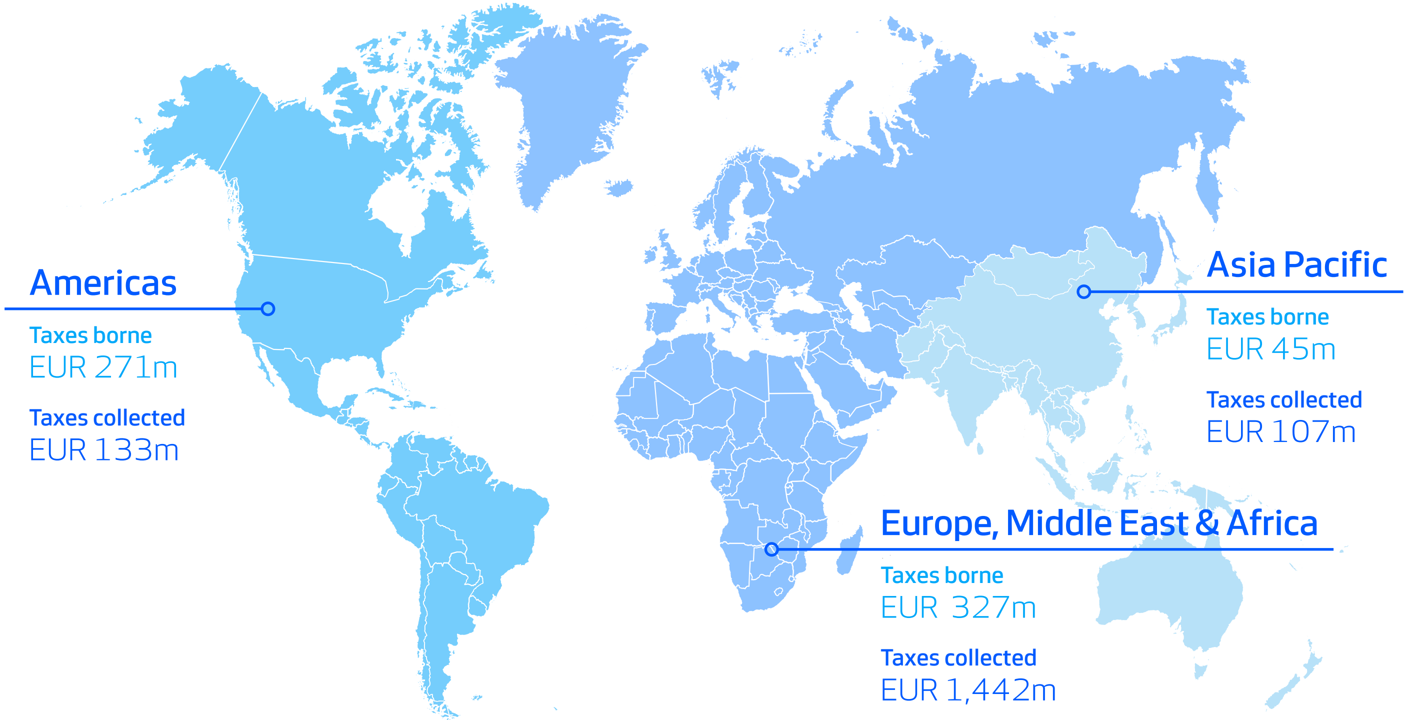
Indirect taxes: the indirect taxes collected on behalf of tax authorities that normally involve VAT and GST.

Employee taxes: taxes withheld by Vestas as an employer on behalf of our employees.

Effective tax rate (ETR): the result of the tax provision divided by the profit (loss) before tax that we report in our CbCR. It is important to highlight in this respect that the profit(loss) before tax that we report is based on the Vestas GAAP, which is based on IFRS principles.

FTE: refers to the full-time equivalent employees that we have at the end of the year in the respective countries.

Overall review of Total Tax Contribution



Total Tax Collected

Corporate income taxes
EUR 25m

Indirect taxes
EUR 1,196m

Employee taxes
EUR 461m

Total Tax Borne

Corporate income taxes
EUR 262m

Indirect taxes
EUR 135m

Employee taxes
EUR 246m

The Total Tax Contribution overview provides a comprehensive explanation of our tax footprint worldwide. The Total Tax Contribution methodology is the cash payment criterion. We only consider taxes paid in 2023 and split these taxes between borne and collected.

Our global total tax footprint during 2023 involved a Total Tax Contribution of EUR 2,325m, divided between EUR 643m as taxes borne and EUR 1,682m as taxes collected. The map shows that the total tax is mainly concentrated in Europe, Middle East & Africa (EMEA) region, where we have our headquarters.

Total Tax Contribution by region

Companies	>130[1]
Tangible assets	EUR 12,830m
Revenue	EUR 15,382m[2]
FTE	30,586

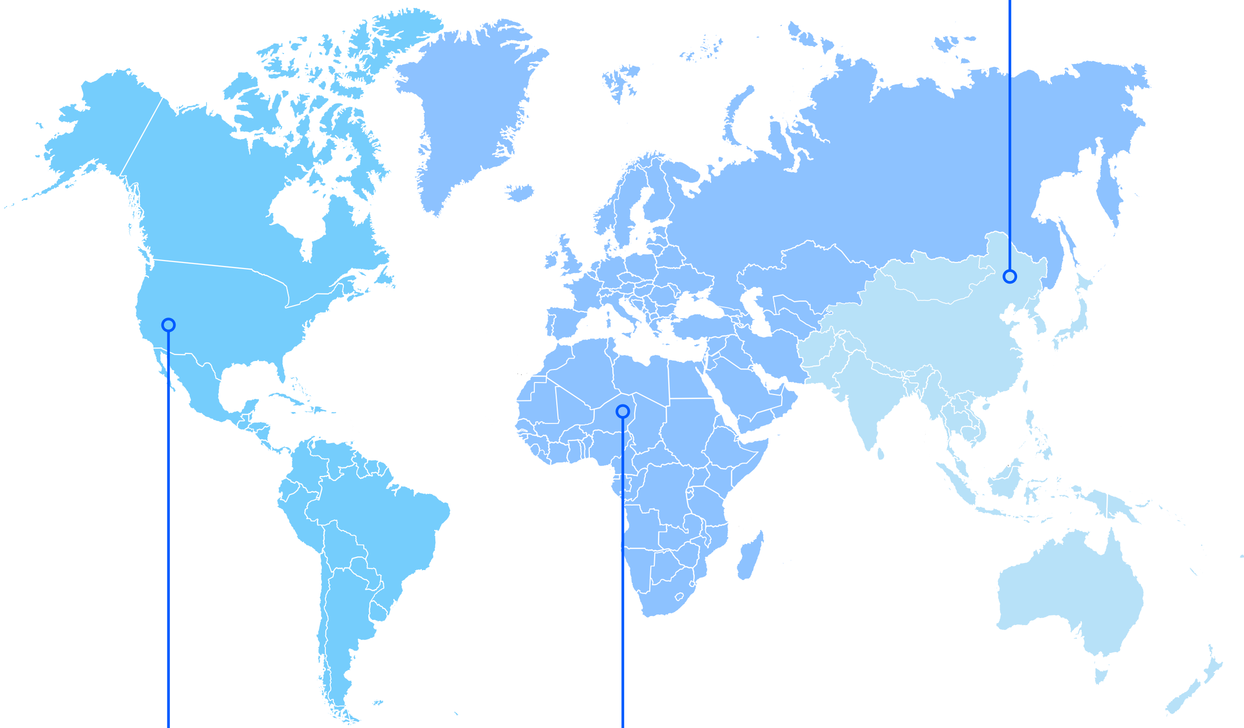
Asia Pacific

Tax borne

18% Corporate Income Taxes
53% Indirect Taxes
29% Employee Taxes

Tax collected

4% Corporate Income Taxes
56% Indirect Taxes
40% Employee Taxes



Americas

Tax borne

63% Corporate Income Taxes
25% Indirect Taxes
12% Employee Taxes

Tax collected

6% Corporate Income Taxes
26% Indirect Taxes
68% Employee Taxes

Europe, Middle East & Africa

Tax borne

26% Corporate Income Taxes
13% Indirect Taxes
61% Employee Taxes

Tax collected

1% Corporate Income Taxes
76% Indirect Taxes
23% Employee Taxes

[1] Companies with insignificant impact have been left out of the overview. For more information, see the Annual Report 2023
[2] This figure only includes external revenue

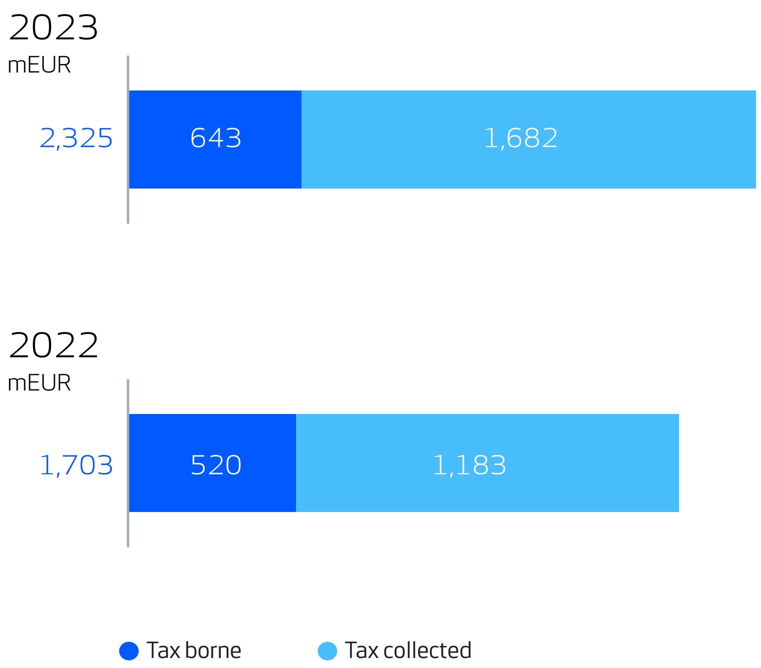
Trends between 2023 and 2022 in tax paid

In 2023, the Total Tax Contribution increased compared to 2022. As a group, our taxes were divided between 28 percent borne and 72 percent collected.

Taxes borne in 2023 amount to EUR 643m. The main component of these taxes refers to corporate income taxes, which represent 41 percent of total taxes paid. The next category in terms of relevancy is employee taxes, which represent 38 percent, followed by indirect taxes at 21 percent.

Taxes collected in 2023 amount to EUR 1,682m. The main component of these taxes refers to Indirect taxes, which represent 71 percent of total taxes paid. The next category in terms of relevancy is employee taxes, which represent 28 percent, followed by corporate income taxes at 1 percent.

At the same time it is important to highlight that 62 percent of the taxes that we paid are centralised in the EMEA region. This represented the most material region in terms of revenue during 2023, amounting to EUR 7,617m

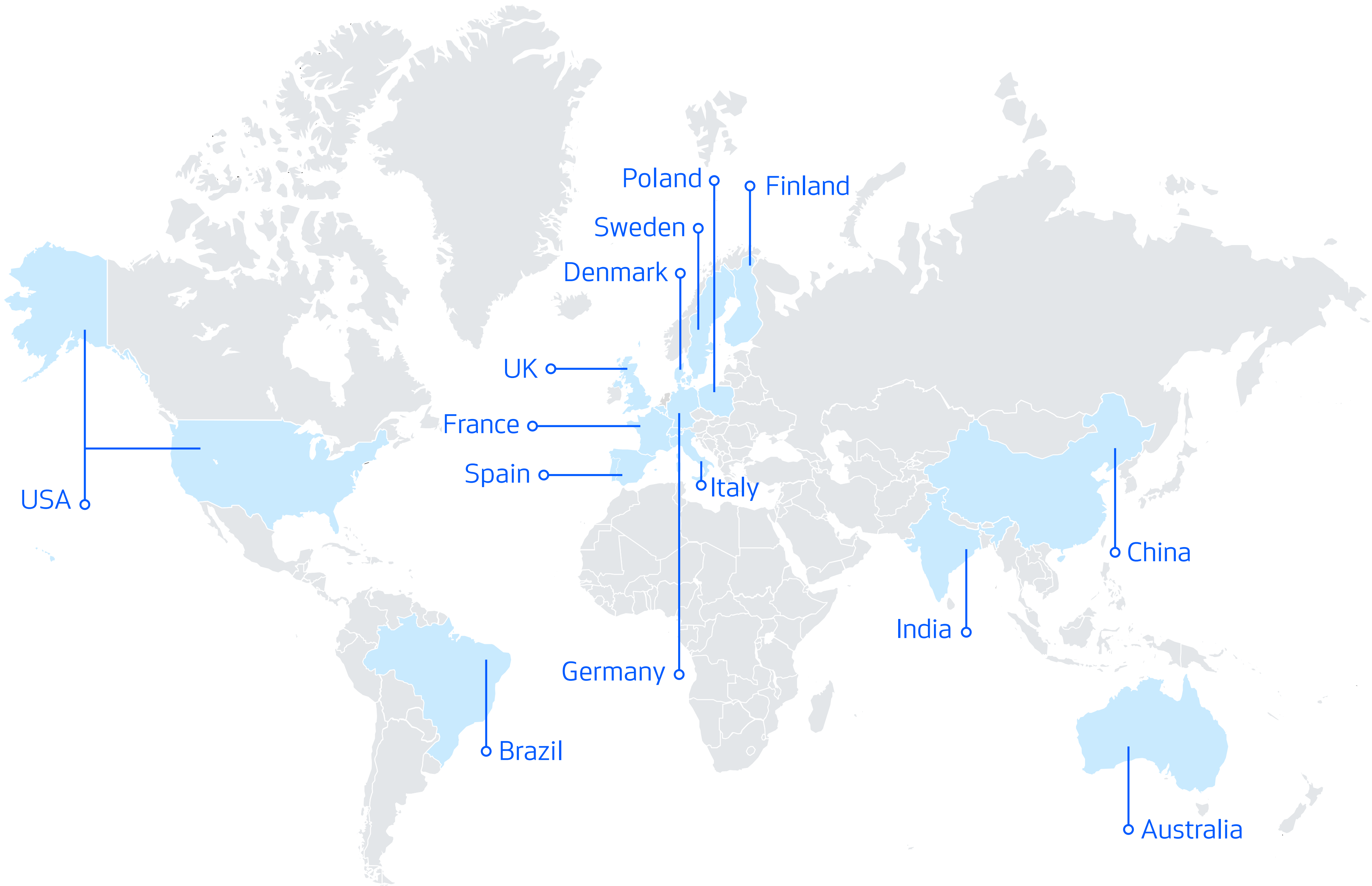


Total Tax Contribution figures

In Euro Millions Country	Employee taxes borne	Indirect taxes borne	Corporate income taxes borne	Employee taxes collected	Indirect taxes collected	Corporate income taxes collected	Revenue	FTE
Abu Dhabi	-	-	-	-	-	-	-	1
Argentina	1.41	0.78	2.14	0.28	-	0.67	141.17	223
Australia	0.45	1.25	2.25	23.98	53.34	0.01	930.54	681
Austria	2.09	0.35	0.51	2.05	17.69	-	236.12	134
Belgium	4.36	0.63	1.68	6.78	-	0.01	154.08	190
Bolivia	-	0.22	-	-	-	0.42	1.20	-
Bosnia	-	-	-	-	-	-	-	-
Brazil	2.53	32.31	0.52	14.63	-	2.10	1488.47	1126
Bulgaria	0.22	-	-1.06	0.11	1.29	-	10.62	50
Canada	1.40	1.68	2.77	6.18	16.27	-	337.05	354
Cape Verde	0.03	-	-	0.07	-	-	-	6
Chile	0.47	0.27	1.20	-	1.65	-	85.09	200
China	9.42	2.77	2.28	5.19	0.02	0.20	48.88	963
Colombia	0.21	0.36	2.91	0.06	1.52	2.96	36.60	27
Costa Rica	0.06	0.03	0.04	0.01	-	0.25	3.21	6
Croatia	0.04	-	0.06	0.02	2.96	-	6.98	11
Cyprus	0.09	-	0.02	0.03	0.38	-	4.98	14
Czech Republic	0.05	0.05	0.24	0.12	-	-	14.90	13
Denmark	77.33	7.33	30.55	201.25	4.32	7.25	472.68	6182
Dominican Republic	0.10	0.25	0.13	0.09	-	0.59	2.97	27
Egypt	0.01	-	1.01	0.02	-	0.55	82.54	7
El Salvador	0.01	0.01	0.52	0.01	-	0.52	0.35	3
Estonia	0.02	0.48	-	0.01	14.73	-	105.17	3
Finland	3.33	1.92	1.21	0.85	160.70	-	764.29	251
France	12.39	5.36	1.98	8.27	293.40	1.13	935.89	784
Germany	22.57	4.23	11.49	24.00	135.07	-	1974.89	2265
Georgia	-	-	-	0.01	0.11	-	0.86	2
UK	12.37	5.65	13.52	14.43	67.21	0.66	1019.49	1595
Greece	2.09	0.10	2.77	2.54	11.53	0.07	146.29	242
Guatemala	0.06	-	-	0.02	-	0.01	1.74	10
Honduras	0.01	-	0.02	0.02	-	0.01	0.65	9
Hungary	0.12	-	0.03	0.29	0.79	-	3.01	-
India	0.10	3.74	1.56	6.50	-	3.20	177.02	2736
Indonesia	-	-	-	-	-	0.02	-	-
Ireland	1.66	0.06	0.24	0.90	-	1.98	47.77	115
Italy	13.71	2.53	3.45	9.66	29.70	0.18	319.64	1030

In Euro Millions Country	Employee taxes borne	Indirect taxes borne	Corporate income taxes borne	Employee taxes collected	Indirect taxes collected	Corporate income taxes collected	Revenue	FTE
Jamaica	0.02	0.11	0.10	0.04	0.17	-	1.05	4
Japan	-	0.51	1.17	2.41	-	0.19	93.86	132
Jordan	0.16	-	-	0.04	-	-	9.70	30
Kazakhstan	0.02	0.05	0.08	0.01	0.24	0.01	3.58	9
Kenya	-	0.40	1.23	0.20	1.52	0.17	1.95	17
Korea	-	0.18	-2.01	0.81	-	0.15	30.45	109
Latvia	0.02	-	-	0.02	0.28	-	0.70	3
Lithuania	0.01	0.44	0.01	-	0.02	-	91.95	1
Mexico	2.51	1.64	0.11	4.29	-	0.01	69.94	360
Mongolia	0.02	0.04	0.49	0.03	-	0.06	3.85	10
Morocco	0.10	0.40	-	0.15	0.23	0.02	2.39	9
Netherlands	5.39	0.18	1.24	2.93	45.55	0.02	367.78	256
New Zealand	0.01	0.89	0.11	1.29	3.08	0.11	92.81	55
Nicaragua	0.07	0.04	0.07	0.03	0.13	0.08	0.36	6
Norway	1.39	0.37	-	3.59	5.75	-	30.30	150
Pakistan	-	-	0.02	-	-	-	0.06	-
Panama	0.07	0.02	0.15	0.05	0.27	0.16	-4.69	11
Peru	0.13	0.01	0.09	0.05	-	0.12	4.17	13
Philippines	2.44	0.34	0.58	-	-	-	4.13	994
Poland	4.60	2.72	-0.03	2.69	176.77	0.88	471.99	774
Portugal	6.42	-	0.31	14.53	0.17	0.03	109.54	861
Romania	0.36	0.58	0.70	1.18	9.76	-	108.50	347
Saudi Arabia	0.22	0.05	0.11	-	0.28	0.01	6.99	31
Senegal	0.21	0.21	0.15	-	-	0.16	3.99	15
Serbia	-	0.03	-	-	-	-	3.72	7
Singapore	-	-	0.06	-	-	-	-	15
Slovakia	-	-	-	-	0.02	-	0.04	-
South Africa	-	1.30	0.42	2.13	26.11	-	39.68	154
Spain	19.72	4.79	1.40	19.65	34.02	0.02	248.76	1912
Sri Lanka	-	0.56	-	-	-	0.03	2.34	-
Sweden	7.85	0.64	1.64	7.53	60.68	-	269.33	540
Switzerland	-	-	0.01	-	0.03	-	0.54	-
Taiwan	1.00	12.68	0.08	1.37	3.26	0.26	557.25	207
Thailand	-	-	1.15	0.31	-	-	2.82	30
Turkey	1.10	2.40	6.86	0.82	0.63	0.15	75.81	208
Ukraine	0.15	0.24	1.78	0.15	-	0.02	1.79	39
Uruguay	0.91	0.66	0.20	0.35	1.66	0.31	23.99	68
USA	23.16	29.90	158.69	64.99	11.93	-	3072.26	3818
Vietnam	-	1.16	-	0.99	-	-	23.32	131
	246.77	135.90	261.01	461.01	1,195.24	25.76	15,382.14	30,586

Main Countries Analysis



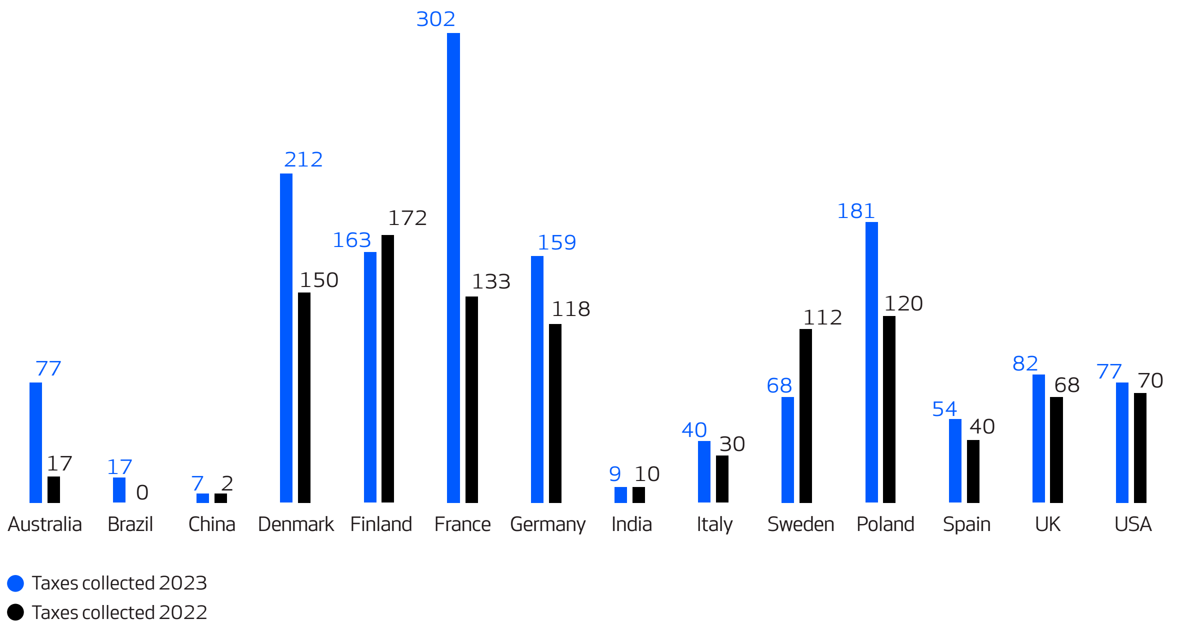
*We include in this analysis the most important countries in terms of revenue and FTE reported during 2023

*All the figures reported in the main analysis countries slides refer to payments and figures recognised during 2023

Tax Collected by country mEUR

(main countries)

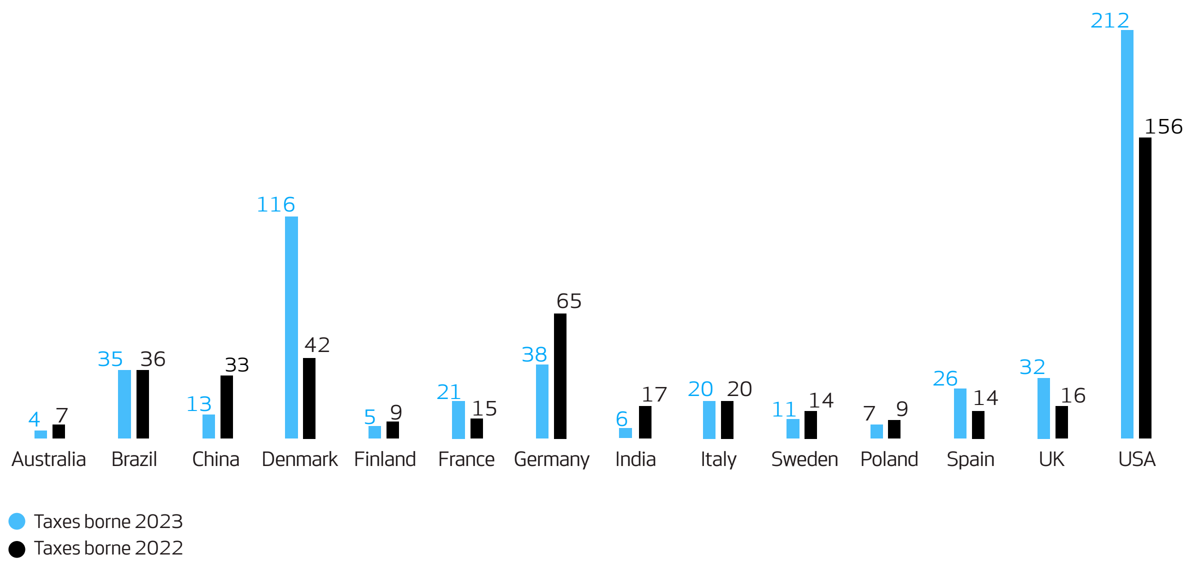
This graph shows the comparison between figures that we reported in 2022 and 2023 respectively in terms of tax collected. As demonstrated, the countries with the highest concentration of taxes collected are countries in Europe: Denmark, Finland, France and Poland, due to magnitude of revenue.



Tax Borne by country mEUR

(main countries)

Tax borne during 2023 is concentrated mostly in the United States, mainly due to an increase in the number of employees in the country, where the company increased its presence.



Our total tax footprint in Australia

The taxes borne in Australia in 2023 consisted mainly of corporate income tax relating to our activities in the country.

These activities included production, manufacturing, maintenance and operation of wind parks. The effective tax rate recognised amounted to 46 percent, significantly higher than the statutory tax rate in Australia of 30 percent. The main reasons for the higher effective tax rate are related to differences from prior year, where a profitability adjustment has been re-evaluated and valuation of deferred tax assets related to project cost-to-complete provisions has been reassessed.

The indirect taxes borne in Australia of approximately EUR1m relate to the import of equipment for the purpose of erecting and maintaining wind turbines.

Total tax payment EUR 81m (2022 : EUR 24m)

Tax collected:

Employee taxes	EUR 24m
Indirect taxes	EUR 53m

Tax borne:

Corporate income taxes	EUR 2m
Employee taxes	EUR 1m
Indirect taxes	EUR 1m

Vestas has received a 254 MW order to power an undisclosed wind project in Australia. The order consists of 41 V162-6.2 MW wind turbines from the EnVentus platform. Vestas will also deliver the Engineering, Procurement and Construction (EPC) of the turbines, as well as a 30-year Active Output Management 5000 (AOM 5000) service agreement, designed to optimise the performance of the assets.

Delivery of Vestas' wind turbines is expected to occur in the fourth quarter of 2024, with commissioning to commence in the fourth quarter of 2025.

FTE	681
Profit before tax	EUR 16m
Revenue	EUR 950m
Statutory tax rate	30%
Effective tax rate	46%

Our total tax footprint in Brazil

In 2023, tax payments in Brazil reached a total of EUR 52m, mainly related to indirect taxes EUR 32m, employee taxes EUR 17m, and corporate income tax EUR 3m. These payments were generated by the significant presence Vestas has in Brazil, which includes our own factories, plus facilities operated by partners with capacity to produce approximately 450 nacelles, hubs and drive trains, as well as blades and towers for the same number of turbines.

Corporate income tax payments are affected by significant VAT receivables capitalized in the balance sheet as a result of Vestas' customers being exempt from VAT. This exemption is due to a government programme introduced to support investments in renewable energy. However, Vestas' local supplier and importation supply chain is subject to VAT. This ties up significant amounts of capital, at times reaching as high as EUR 200m, which also partly offsets Corporate income tax payments.

The Effective Tax Rate (ETR) in Brazil differs from the statutory rate mainly due to complicated transfer pricing legislation. This requires the accumulation of a contribution margin on imported components that, in some years, exceeds the profitability of the underlying activity in the country. Another factor that impacted the ETR in 2023 was the tax benefit from SUDENE[3] (Exploration Profit), which reduced the statutory tax rate on qualifying income from 34 percent to 20 percent. This corporate income tax benefit is applied by Vestas relating to manufacturing activities in the northeast of Brazil.

Total tax payment EUR 52m (2022 : EUR 36m)

Tax collected:

Corporate income taxes	EUR 2m
Employees taxes	EUR 15m

Tax borne:

Corporate income taxes	EUR 1m
Indirect taxes	EUR 32m
Employee taxes	EUR 2m

[3]If you want to read more about the SUDENE Benefit please go to page 45

We installed our first turbine in Brazil in 2011. However, our activity in the country began in 2002.

In 2023, Vestas Brazil signed an agreement with Casa dos Ventos for two projects: Serra do Tigre wind park in the state of Rio Grande do Norte, and Babilônia Centro in the state of Bahia. The projects will have total capacity of 1.3 GW once fully installed, making it the largest onshore order to date for Vestas in Latin America and globally. The firm order includes the supply, installation, operation and maintenance of 168 V150-4.5 MW turbines for the 756 MW Serra do Tigre project and 123 V150-4.5 MW turbines for the 554 MW Babilônia Centro project.

FTE	1,126
Profit before tax	EUR 159m
Revenue	EUR 1,527m
Statutory tax rate	34%
Effective tax rate	29%

Our total tax footprint in China

In 2023, Vestas' activity in China was mostly focused on manufacturing of wind turbine equipment through both Vestas-owned facilities and through a growing network of partners.

We are proud to be one of the first western companies that reached a bilateral agreement (BAPA) with both the Danish and Chinese governments, initially from 2010 to 2014. The high complexity of the industry and significant capital deployed is recognised by all parties and therefore efforts are still underway to prolong the agreement, which has formed the basis of an open and transparent dialogue between the parties. We aim to extend the BAPA into the coming years.

The effective tax rate ended up at 26 percent, slightly higher than the statutory rate of 25 percent. The difference between them was mainly attributed to permanent differences that are mainly composed by the adjustment made for entertainment and loss on bad debt.

Total tax payment EUR 20m (2022 : EUR 35m)

Tax collected:

Corporate income taxes	EUR 2m
Employee taxes	EUR 5m

Tax borne:

Corporate income taxes	EUR 1m
Indirect taxes	EUR 3m
Employee taxes	EUR 9m

We have been operating in China for nearly 20 years, starting in 2005. Since then, we have expanded our manufacturing capacity and installed base, which reached 9GW in 2022.

In 2023, after more than two years of planning, evaluation and collaboration between Vestas and China International Marine Containers (CIMC) TLC, we began production of side compartments at Vestas' first external side compartment factory in Yangzhou. The factory will supply the side compartments of Vestas' modular nacelle for future global onshore and offshore projects. It will also support upcoming offshore V236 projects and onshore V162 and V172 projects.

FTE	963
Profit before tax	EUR 35m
Revenue	EUR 1,009m
Statutory tax rate	25%
Effective tax rate	26%

Our total tax footprint in Denmark

As a leading company in wind power technology, Vestas has a large pool of highly qualified professionals based at its headquarters in Denmark. These professionals comprise more than 6,000 employees working on the research, design and promotion of innovative solutions, making up a substantial part of the global workforce. Vestas is obligated to withhold and pay taxes on behalf of these employees, leading to a Total Tax Collection of EUR 278m split between EUR 201m as tax collected, and EUR 77m as tax borne.

In 2023, after years of challenges in the industry, Vestas Group returned to profitability. However, as a result of housing the parent company with significant investments, profitability in Denmark remains negative.

The effective tax rate in Denmark of 54 percent is mainly due to the permanent effects of additional tax deduction of R&D costs, as well as previous year adjustments related to revaluation of deductible costs regarding footprint changes. It is to be observed that tax is recognised as income due to the negative result before tax.

Total tax payment EUR 328m (2022 : EUR 192m)

Tax collected:

Corporate income taxes	EUR 7m
Indirect taxes	EUR 4m
Employee taxes	EUR 201m

Tax borne:

Corporate income taxes	EUR 31m
Indirect taxes	EUR 8m
Employee taxes	EUR 77m

Denmark is home to our headquarters, which were established 125 years ago as a blacksmith shop. Over 50 years ago, we transformed into a manufacturer of wind turbines and have since accelerated significantly to become a leader in sustainable energy solutions. Our headquarters are located in Aarhus and represent the heart of our company, where we execute and pursue innovative solutions.

In August 2023, our latest innovation, the Offshore Wind Turbine V236-15, set a world record for the most power output by a single wind turbine in 24 hours, producing 363 megawatt-hours during that period. The turbine will make its offshore debut in 2024 at the Frederikshavn wind farm off the coast of Denmark.

FTE	6,178
Profit before tax	EUR (587m)
Revenue	EUR 6,199m
Statutory tax rate	22%
Effective tax rate	54%

Our total tax footprint in Finland

Our tax footprint in Finland amounted to EUR 168m in total tax payments during 2023.

This was primarily due to significant indirect tax payments of EUR 161m and indirect taxes borne of EUR 2m. Total tax contribution was lower than the previous year, mainly due to a reduction in Profit Before Taxes resulting in a decrease in indirect taxes.

The statutory tax rate in Finland is 20 percent, and we calculated an Effective Tax Rate of 35 percent in 2023. The higher tax rate for 2023 is primarily due to a revaluation of TP-adjustments resulting in a timing difference in Group Reporting.

Total tax payment EUR 168m (2022 : EUR 181m)

Tax collected:

Corporate income taxes	EUR 1m
Indirect taxes	EUR 161m
Employee taxes	EUR 1m

Tax borne:

Indirect taxes	EUR 2m
Employee taxes	EUR 3m

Our operations in Finland began in 2005, and since then we have installed almost 3.5 GW of capacity and currently service the same amount. This demonstrates our commitment to the renewable energy market in Finland.

In 2023, Vestas received several new orders, adding 435 MW to our order backlog. Additionally, we signed 10 new service contracts to our portfolio during the same year.

FTE	251
Profit before tax	EUR 2m
Revenue	EUR 784m
Statutory tax rate	20%
Effective tax rate	35%

Our total tax footprint in France

Over the years, Vestas has established a significant presence in France with a highly skilled workforce. During construction, they ensure the supply, installation, and commissioning of turbines. In the service business, we maintain the increasing installed base to optimise the output of clean energy produced by customers.

In 2023, Vestas France contributed approximately EUR 21m in taxes borne and collected EUR 302m. Upon analysing the figures, it is evident that there has been a significant increase in the collected indirect tax compared to the previous year. This increase can be attributed to a change in French VAT regulation, where VAT on supplies of goods is now due upon payment of the deposit, resulting in a substantial payment during 2023.

The difference between ETR and the statutory tax rate is mainly due to permanent differences arising from a contribution from the parent company. This contribution related to commitments made to the French tax authorities in connection with procedures to eliminate double taxation. An offsetting adjustment has been booked in Denmark, keeping the adjustment neutral on a consolidated level.

Total tax payment EUR 323m (2022 : EUR 148m)

Tax collected:

Corporate income taxes	EUR 1m
Indirect taxes	EUR 293m
Employee taxes	EUR 8m

Tax borne:

Corporate income taxes	EUR 2m
Indirect taxes	EUR 6m
Employee taxes	EUR 13m

Our activity in France began in 2002, when the wind original equipment manufacturers (OEMs) were still pioneering the energy industry. Vestas has been proud to lead the expansion of the French wind energy market for two decades and remains committed to this important market where we have installed almost 8GW. France is a stable market delivering solid revenue and profitability for Vestas.

In 2023, Vestas added new orders totaling 639 MW. We are excited to announce that 60 MW of these orders are related to floating offshore turbines, with commissioning planned for the first half of 2024. This marks a new milestone on an impressive journey in the country.

FTE	784
Profit before tax	EUR 65m
Revenue	EUR 943m
Statutory tax rate	24%
Effective tax rate	6%

Our total tax footprint in Germany

Our presence in Germany consists of employees both in our offshore and onshore businesses who played a vital role in our operations in 2023. We had a total of 2,265 FTEs in 2023, which largely explains Vestas Germany's high employee tax footprint. Taxes borne amounted to EUR 23m, and taxes collected on behalf of employees amounted to EUR 24m.

The tax footprint in Germany is mainly characterised by significant payments of indirect taxes totaling EUR 139m. This is divided between tax collected, which amounts to EUR 135m (significantly higher than in 2022), and tax borne, which amounts to EUR 4m.

The increase in the effective tax rate is mainly due to a tax audit conducted for the years 2012-2016. This related to transfer pricing that has been initially recognised until resolved in MAP.

Total tax payment EUR 197m (2022: EUR 183m)

Tax collected:	
Indirect taxes	EUR 135m
Employee taxes	EUR 24m
Tax borne:	
Corporate income taxes	EUR 11m
Indirect taxes	EUR 4m
Employee taxes	EUR 23m

Vestas has been operating in the German market since 1986 and has installed more than 8,790 wind turbines with a total capacity of more than 17 GW to date. Vestas is present throughout the entire value chain, from R&D and production facilities to sales locations, a unique service network, and our headquarters of the Vestas Northern & Central Europe business unit.

FTE	2,265
Profit before tax	EUR 51m
Revenue	EUR 2,206m
Statutory tax rate	31%
Effective tax rate	41%

Our total tax footprint in India

During 2023, Indian tax authorities granted refunds of indirect tax (GST) credits pertaining to the 2021 and 2022 financial years, amounting to EUR 49m.

Tax audits in relation to certain indirect tax aspects for the 2017-18 and 2018-19 financial years were concluded with minimal tax demands, whereby tax authorities have accepted the claims made by Vestas India.

As a conclusion to comprehensive procedures in 2023 and before, Vestas India recently concluded a Bilateral Pricing Agreement involving competent authorities in India and Denmark, which was finalised on 13 January 2024. This provides certainty for Vestas Group on its transfer pricing arrangement relating to business in India for a period of 9 financial years ending 31 March 2020.

The effective tax rate has slightly exceeded the statutory tax rate for the period due to a business restructuring in an affiliate.

Total tax payment EUR 15m (2022 : EUR 27m)

Tax collected:

Corporate income taxes	EUR 3m
Employee taxes	EUR 6m

Tax borne:

Corporate income taxes	EUR 2m
Indirect taxes	EUR 4m

Vestas has been in India since 1997, delivering sustainable energy solutions to help customers tap into the potential of a vast resource. With our world-leading manufacturing facilities, innovative R&D centre (largest outside Denmark), advanced training centre, and fully functional team across sales, service, legal, engineering, people & culture, safety and quality, we are equipped to provide cutting-edge technology and optimal service to our customers in India.

More information about Vestas India is available via this **link.**

FTE	2,736
Profit before tax	EUR 62m
Revenue	EUR 437m
Statutory tax rate	25%
Effective tax rate	28%

Our total tax footprint in Italy

Our company has a significant presence in Italy, with a factory located in Taranto. In 2023, we employed a total of 1,030 full-time employees, which explains our tax footprint. This includes significant employee tax payments totaling EUR 24m divided into EUR 10m in tax collected and EUR 14m in tax borne.

Furthermore, our indirect tax payments make up a significant portion of our total tax footprint in this country. This is mainly due to the production, manufacturing and sale of components for our turbines, totaling EUR 33m, which is significantly higher than last year due to an increase in profit before tax.

Our consolidated effective tax rate is on par with the statutory tax rate.

Total tax payment EUR 60m (2022: EUR 50m)

Tax collected:

Indirect taxes	EUR 30m
Employee taxes	EUR 10m

Tax borne:

Corporate income taxes	EUR 3m
Indirect taxes	EUR 3m
Employee taxes	EUR 14m

We installed our first wind turbine in Italy in the 1990s. Since then, the versatility of the Vestas portfolio has increasingly become a key factor in the expansion of wind energy in the country. The company has installed most of its wind turbine models in Italy, from the earliest variants of the 2 MW platform to the latest V162 6.0 MW wind turbine installed at the Fiumesanto wind farm in Porto Torres.

Vestas is also the only OEM to manufacture wind components locally in Italy. In October 2022, Vestas announced the serial production of V236-15.0 MW blades at its Taranto blade factory starting in the third quarter of 2023. The start of this project coincides with the factory's 25th anniversary.

FTE	1,030
Profit before tax	EUR 14m
Revenue	EUR 458m
Statutory tax rate	29%
Effective tax rate	29%

Our total tax footprint in Sweden

Our tax footprint in Sweden is primarily based on our indirect tax payments, which in 2023 amounted to EUR 61m in tax collected and EUR 1m in tax borne.

Our effective tax rate is in line with the statutory tax rate of 20.6 percent, with the minimal deviation being due to a prior year adjustment that decreased the effective tax rate burden.

Total tax payment EUR 79m (2022: EUR 126m)

Tax collected:

Indirect taxes	EUR 61m
Employee taxes	EUR 7m

Tax borne:

Corporate income taxes	EUR 2m
Indirect taxes	EUR 1m
Employee taxes	EUR 8m

We began operating in Sweden in the 1990s and have since expanded our presence in the market to promote renewable energy solutions.

In 2023, we signed four new projects to install a total capacity of 348 MW, of which we installed 165 MW. Additionally, as part of our commitment to service, we signed 33 new contracts.

FTE	540
Profit before tax	EUR 15m
Revenue	EUR 291m
Statutory tax rate	20.6%
Effective tax rate	20%

Our total tax footprint in Poland

Our presence in Poland is characterised by a large number of FTEs, specifically 774, which implies relevant employee tax payments of EUR 7m, divided between taxes borne and collected.

The main taxes that we pay in this country are Indirect taxes, composed of a total indirect tax collected of EUR 177m and indirect tax borne of EUR 3m.

Our effective tax rate is 12 percent, which is lower than the statutory corporate income tax rate in Poland of 19 percent. This is due to a reversal of a tax provision related to a tax assessment and reassessment of deferred tax assets.

Total tax payment EUR 188m (2022: EUR 129m)

Tax collected:

Corporate income taxes	EUR 1m
Indirect taxes	EUR 177m
Employee taxes	EUR 3m

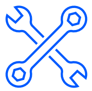
Tax borne:

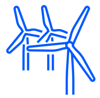
Indirect taxes	EUR 3m
Employee taxes	EUR 4m

With more than 700 employees and firm investments in both onshore and offshore wind, Vestas Poland has experienced a huge growth in the last 20 years. Furthermore, offshore wind is set to grow significantly in the country.

The recent announcement to build a nacelle and hub assembly factory in Szczecin is expected to create 600 to 700 new jobs. Our selection as preferred supplier to the Baltic Power Offshore Wind project supports this assessment.

Throughout 2023, we signed eight new projects, which will add 1,367 MW of future installed capacity.





FTE	774
Profit before tax	EUR 5m
Revenue	EUR 495m
Statutory tax rate	19%
Effective tax rate	12%

Our total tax footprint in Spain

Spain is an important country for Vestas, and it is home to our MED Headquarters. Additionally, we have a strong footprint in our factory in Daimiel, which makes up an important part of the Vestas supply chain.

At Vestas, we prioritise the wellbeing and development of our employees, considering them integral to the company's growth. In Spain, we employed 1,912 FTE in 2023, which resulted in total employee tax payments of approximately EUR 40m, distributed between taxes borne and collected.

In 2023, we observed a lower effective tax rate (ETR) compared to the country's statutory tax rate of 25 percent. This difference is primarily due to permanent adjustments resulting from transfer pricing in previous periods.

Total tax payment EUR 80m (2022 EUR 54m)

Tax collected:

Indirect taxes	EUR 34m
Employee taxes	EUR 20m

Tax borne:

Corporate income taxes	EUR 1m
Indirect taxes	EUR 5m
Employee taxes	EUR 20m

Our operations in Spain began in 1996. Since then, Vestas has installed over 5,094 MW. The year 2008 was pivotal for our business in this country, with the inauguration of the first Spanish blade factory in Daimiel. Our activities have focused on promoting, constructing, maintaining and operating wind farms *and turbines, as well as purchasing, selling, marketing, and distributing them.

In 2023, Vestas became the leading turbine producer in Spain with a total order intake of 552 MW.

FTE	1,912
Profit before tax	EUR 8m
Revenue	EUR 695m
Statutory tax rate	25%
Effective tax rate	18%

Our total tax footprint in the UK

In 2023, our UK corporate income taxes borne increased notably, totaling EUR 14m. At the same time, our payments towards indirect taxes collected also rose significantly, reaching EUR 67m. This expansion in our indirect tax payments resulted in an expansion of our tax footprint in the country, reflecting an increased fiscal presence and activity in the local market.

The statutory tax rate, which is the statutory tax rate set by the government, is scheduled to rise from 19 percent to 25 percent for profits earned after 31 March 2023. However, despite this increase, the effective tax rate stands at 82 percent, significantly surpassing the statutory rate. This higher effective tax rate is due to timing differences in Group reporting due to late recognition of transfer pricing adjustments.

Total tax payment EUR 114m (2022: EUR 84m)

Tax collected:

Corporate income taxes	EUR 1m
Indirect taxes	EUR 67m
Employee taxes	EUR 14m

Tax borne:

Corporate income taxes	EUR 14m
Indirect taxes	EUR 6m
Employee taxes	EUR 12m

Vestas employs over 1,595 people in UK , spanning blade manufacturing, R&D, construction, service, and other functions. Over 700 of our UK workforce are employed on the Isle of Wight.

In 2023, we installed a total capacity of 903 MW in the UK of which 395 MW was offshore. We signed six new projects, totaling 472 MW, and 18 new service contracts, including offshore of Aberdeen.

FTE	1,595
Profit before tax	EUR 12m
Revenue	EUR 1,175m
Statutory tax rate	25%
Effective tax rate	82%

Our total tax footprint in the USA

The US market is an extremely important part of Vestas' long and medium-term strategy. We have committed significant local footprint with two factories in Brighton and Windsor, Colorado, specialising in blades and nacelles, with investments in capacity continuously being added.

In 2023, we increased our workforce to 3,818 employees, resulting in employee tax payments totaling around EUR 88m for federal and state social security taxes. Of this amount, EUR 23m is classified as tax borne and EUR 65m is classified as tax collected.

As part of our US business development, we make significant indirect tax payments due to the sale and service of wind turbines in various states. Our total indirect tax footprint includes sales and use taxes, as well as import taxes, totaling EUR 12m in collected taxes and EUR 30m in indirect taxes mainly due to import activity.

In 2023, we reached a settlement of a multi-year negotiated Bilateral Advanced Pricing Agreement between the US and Denmark. This settlement covers the tax years 2010-2011 and 2015-2022. The final agreed-upon settlement resulted in the payment of EUR 105m of corporate income tax to the IRS. This one-time payment of corporate income tax resulted in an escalated effective tax rate for 2023. From a consolidate perspective, an offsetting posting is recognised in Denmark. This has not yet been settled in cash, but is normalising the ETR for the Group.

Total tax payment EUR 289m (2022: EUR 226m)

Tax collected:

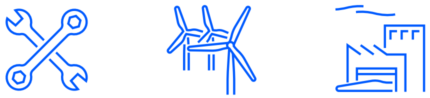
Indirect taxes	EUR 12m
Employee taxes	EUR 65m

Tax borne:

Corporate income taxes	EUR 159m
Indirect taxes	EUR 30m
Employee taxes	EUR 23m

In the US, we are a leading offshore wind turbine manufacturer with 8+ GW of offshore wind installed to date. Vestas is taking an active role in building a sustainable US offshore industry that will bring long-term economic impacts to local communities.

Last year, Vestas spent EUR 1,5bn in the US across 1,200 vendors to support our onshore business. We look forward to working with partners across the value chain to support the buildout of the US offshore industry and establishing long-term supply chains to serve regional markets.



FTE	3,818
Profit before tax	EUR 128m
Revenue	EUR 3,699m
Statutory tax rate	26%
Effective tax rate	126%

Key tax takeaways in 2023

The USA

The Inflation Reduction Act of 2022 (IRA) established a collection of interrelated tax credits and incentives supporting domestic clean and renewable energy production. A crucial aspect of that legislation — the Advanced Manufacturing Production Credit under Section 45X — supports the domestic production of equipment and components. Importantly, this credit incentivises the manufacturing of equipment required by those seeking to take advantage of many other credits included in the IRA. The selection 45X credit is therefore the linchpin for the achievement of numerous goals within this legislation.

The Section 45X credit directly supports the supply chain for property qualifying for other credits, including producing electricity from wind and solar energy and energy storage. It applies to equipment produced in the US and sold between 31 December 2022 and 31 December 2023. The equipment must be sold to an unrelated party as part of the taxpayer's trade or business.

The base rate of the credit depends on the specific eligible component being manufactured. There is a credit amount phase-out beginning in 2030 for only the manufactured components.

For components sold between 2030 and 2032, the amount of credit gradually phases out. The credit amount available each year equates to:

- 2030 – the amount calculated via the chart x 0.75
- 2031 – the amount calculated via the chart x 0.5
- 2032 – the amount calculated via the chart x 0.25
- After 2032, the credit is eliminated.

Vestas has tracked the production and sales of these qualifying components. The credit that Vestas will claim based on qualifying production and sale of components for 2023 is EUR 54m.

Denmark

In 2023, the write-down of deferred tax assets relating to tax losses of EUR 60m carried forward in Denmark from 2022 were partly released (EUR 40m). This resulted in a write-down of EUR 20m as of 31 December 2023. The release is in accordance with an updated impairment test based on the expected profitability level for the Group. The EUR 20m write-down covers the unrecognised tax assets which are not expected to be utilised within the foreseeable future.

Brazil

Federal, state and municipal tax benefits can be obtained by foreign and local tax-payers doing business in Brazil. Benefits, such as public policy mechanisms, have historically been granted by the political entities to foster economic development and sustainable growth, both at nationwide and regional levels. However, tax subsidies still exist, focused on specific business segments and on technological, scientific, and industrial innovation. Benefit-granting processes are supported by specific pieces of legislation, requiring taxpayers to qualify under the conditions set out therein.

Vestas Brazil benefits from some of these incentives. Specifically, at the state level, Vestas Brazil is qualifies for the Industrial Development Fund (FDI). This exempts the ICMS on the on the acquisition of raw materials and fixed assets utilised in the plant in the Municipality of Aquiraz, in the State of Ceará, where the PBU is located. This state benefit follows the pattern of incentives granted by other Brazilian states in the context of enlarging and consolidating business growth agendas.

Furthermore, Vestas Brazil benefits from a corporate income tax federal tax incentive in the context of the Superintendence for the Development of the Northeast (SUDENE), denominated as exploitation profit, which can reduce the statutory tax rate between 20 percent and 27 percent (in comparison with the 34 percent standard nominal rate).

These federal and state tax incentives are key growth drivers for Vestas Brazil, aas they reduce direct manufacturing costs. This enhances Vestas Brazil's competitive edge and encourages investments in strategic growth areas within the renewables sector.

Country-by-Country report

→ Clarifying key concepts
→ Country-by-Country report 2023

Clarifying key concepts

What is the Country-by-Country Report?

The Country-by-Country report is an initiative from the OECD and G20 based on the BEPS (Base Erosion and Profit Shifting) as an action plan to try to control and prevent tax avoidance by multinational corporate groups (MNEs) . MNEs must file to the authorities in the country where they are headquartered. They must provide information related to the activities of different group entities in the countries where they operate.

Where do we distribute our Country-by-country Report?

In 2023, Vestas operated in more that 80 countries. Our CbCR is provided to Skattestyrelsen in Denmark where our company is headquartered. From here, the CbCR is distributed by the Danish authorities to the relevant authorities in all countries where we operate.

In the following pages, we provide tables which explain the figures that we reported during 2023 relating to 2022.

What kind of companies must be submitted in the Country-by-Country report?

We must report specific information related to all our permanent establishments, and to all subsidiaries where we have 100 percent ownership.

Definition of the concepts used in our Country-by-Country report

Revenue : In the CbCR, we report the total sum of the revenue of the companies, which is composed of the unrelated party revenue. This means the revenue of all legal entities of the MNE Group, generated from transactions with independent parties. It also includes revenue with related parties, which means revenue generated from transactions with the Group's associated enterprises.

Profit or (loss) before tax: The PBT reported is based on Vestas GAAP, which is based on IFRS principles.

Corporate income tax paid: Tax paid during the year 2022 by all legal entities resident for tax purposes in all the jurisdictions where the Group operates.

Corporate income tax accrued:Tax expenses recorded on taxable profits or losses linked to all the legal entities and adjustments from previous years.

Stated capital: The stated capital of all legal entities resident for tax purposes in a relevant jurisdiction.

Accumulated earning: The amount of net profit realised by the entities in each tax jurisdiction, net of dividends paid an any other reduction.

Employees: The number of employees is based on the average amount of full-time employees for the year.

Tangible Assets: The net book values of tangible assets of all legal entities resident for tax purposes in the relevant tax jurisdiction. Tangible assets for this purpose do not include cash or cash equivalents, intangibles, or financial assets.

Activity: The main activities that are performed in the country.

*Explanatory note:
As a multinational group, it is necessary to chose our reporting principles in the CbCR file. With any choice there will be benefits and sacrifices. We have made a choice that favours speed and reconciliation of the total data set, based on application of the Group Accounting Principles (IFRS numbers), and report based on uniform accounting treatment, as we see this as being the most transparent approach. The sacrifice, compared to the use of local accounting principles, is that individual tax returns are mostly derived from local accounting and thus we encounter timing differences in our reporting. This can lead to difficulties in clearly explaining the link between paid tax and the tax provision in the IFRS numbers. We see cash payments as the most objective financial data point and based on our accounting practice these numbers reconcile with the IFRS tax provision over time.

Country-by-Country report

Jurisdiction	Non-related party revenue	Related party revenue	Total revenue	Profit (loss) before tax	Corporate income tax paid	Corporate income tax accrued	Stated capital	Accumulated earnings	Employees	Tangible assets	Activity
United Arab Emirates	-	-	-	44,156	-	-	11,095	42,317	4	139,836	SMDPUP
Argentina	74,628,247	20,691,754	95,320,001	13,196,346	2,781,976	-11,279,565	26,264,028	-28,457,113	173	38,922,864	SMDPUP, PUP
Aruba	77,000	-	77,000	49,000	-	13,000	-	-52,000	3	2,644,000	PUP
Australia	577,627,719	16,917,986	594,545,705	12,498,978	6,618,329	-4,547,353	38,724,303	61,011,736	598	423,028,427	SMDPUP, PUP
Austria	245,832,962	2,252,477	248,085,439	13,461,853	360,305	-3,364,912	7,035,000	15,006,235	117	48,416,166	SMDPUP, PUP
Belgium	179,166,512	6,722,136	185,888,648	4,613,141	1,214,646	-1,167,733	24,561,499	57,200,882	189	51,046,312	SMDPUP, PUP
Bolivia, Plurinational State of	-4,278,086	753,680	-3,524,406	-4,678,117	-	157,784	10,743	-18,520,075	-	4,726,995	SMDPUP, PUP
Bosnia and Herzegovina	-	-	-	-50,164	-	5,018	30,000	-158,266	-	41,389	Dormant
Brazil	1,196,878,328	33,106,514	1,229,984,842	4,149,063	187,843	-10,405,542	31,041,933	108,121,073	992	447,048,961	MP, SMDPUP, PUP
Bulgaria	9,860,633	228,882	10,089,515	5,117,050	28,427	-589,143	2,556	15,665,859	42	4,320,602	SMDPUP, PUP
Canada	412,987,675	31,195,418	444,183,093	6,030,933	758,744	-1,438,829	60,869,278	33,610,466	302	92,794,388	SMDPUP, PUP
Cape Verde	-	-69	-69	-7,600	107,545	-24,869	1,814	-23,826	5	407,772	SMDPUP, PUP
Chile	92,119,070	6,479,483	98,598,553	-312,031	1,891,317	-581,620	6,574	-21,269,603	188	66,158,606	SMDPUP, PUP
China	67,122,081	1,649,121,356	1,716,243,437	-50,326,854	11,246,488	10,812,856	258,430,543	516,638,306	1,275	1,281,565,292	MP, SMDPUP, PUP,RD
Colombia	39,081,728	-	39,081,728	2,824,147	1,554,802	-442,974	35,694	3,127,844	23	2,944,228	SMDPUP, PUP
Costa Rica	1,711,891	94,453	1,806,344	522,425	36,953	-218,177	-	2,491,861	6	876,479	SMDPUP, PUP
Croatia	2,133,017	252,748	2,385,765	-4,219,322	-	503,868	667	271,525	12	2,359,038	SMDPUP, PUP
Curaçao	1,728,000	-	1,728,000	59,000	-	13,000	-	-169,000	3	-	PUP
Cyprus	4,108,746	203,316	4,312,062	769,127	-	-102,962	300,000	1,310,593	11	655,285	SMDPUP, PUP
Czech Republic	4,226,092	35,015,002	39,241,094	68,587	56,704	-180,521	7,401	-3,624,406	8	22,669,854	SMDPUP, PUP
Denmark	569,106,322	6,311,096,637	6,880,202,959	-1,749,961,337	33,701,931	514,634,904	1,100,784,218	4,238,554,334	6,157	3,587,199,115	SMDPUP,PUP,MP,RD, HSO,AMSS, HMIP,IGF,I
Dominican Republic	14,159,535	5,458,379	19,617,914	832,639	109,578	153,565	-	193,799	27	8,808,995	SMDPUP, PUP
Egypt	79,862,157	-	79,862,157	-5,420,689	861,520	427,114	281	-12,098,980	8	73,425,710	SMDPUP
El Salvador	416,284	8,180,783	8,597,067	-2,302	-	-112,547	1,780	-338,998	3	5,767,385	SMDPUP, PUP
Estonia	-	-	-	1,714	-	-461	2,500	1,253	2	14,806,664	SMDPUP
Finland	1,025,329,215	26,519,126	1,051,848,341	3,159,538	259,431	-686,107	2,500	6,470,439	183	142,674,016	SMDPUP,PUP
France	965,152,557	5,659,097	970,811,654	6,401,076	2,682,776	-1,566,634	5,140,000	59,356,863	689	357,477,950	SMDPUP,PUP
Germany	1,136,980,259	227,933,628	1,364,913,887	64,706,089	30,898,556	-22,956,950	85,552,155	434,938,818	2,134	750,143,733	MP, SMDPUP, PUP,RD
Georgia	819,925	2,283	822,208	501,162	-	-227,842	24,634	5,793,111	2	317,448	SMDPUP,PUP
United Kingdom	869,522,228	123,693,703	993,215,931	26,659,377	4,124,000	-4,680,977	42,884,296	115,701,480	1,538	541,299,162	MP, SMDPUP, PUP,RD
Greece	197,583,532	5,663,125	203,246,657	5,116,555	-	-335,966	6,813,000	-1,869,967	232	98,929,336	SMDPUP,PUP
Guatemala	1,652,498	50,525	1,703,023	229,571	41,861	-318,664	602	-585,477	10	1,488,919	SMDPUP,PUP
Honduras	1,164,353	-29,110	1,135,243	-198,509	113,973	732,023	-	-996,159	7	1,109,178	SMDPUP,PUP
Hungary	2,097,681	38,953	2,136,634	91,047	80,900	-7,757	16,978	570,764	-	760,424	SMDPUP,PUP
India	129,139,284	436,427,931	565,567,215	-104,302,605	3,416,246	26,286,108	38,416,871	-65,018,911	2,622	311,413,944	MP, SMDPUP, PUP,RD
Indonesia	-	-	-	-31,246	-	-	5,286,043	-535,569	-	3,124,261	Other
Ireland	156,478,076	3,004,249	159,482,325	4,643,800	183,086	-580,475	2,000,000	8,309,473	89	15,665,326	SMDPUP,PUP
Italy	272,329,158	234,924,258	507,253,416	6,565,918	3,136,541	-3,291,004	32,703,750	82,118,708	952	297,049,853	MP, SMDPUP, PUP
Jamaica	1,795,021	32,606	1,827,627	476,221	-	-134,685	-	397,266	3	432,018	SMDPUP,PUP
Japan	350,908,019	301,765	351,209,784	55,290,178	65,507	-3,280,271	2,677,041	43,342,884	120	62,517,838	SMDPUP,PUP

Activities: SMDPUP: Sales, Marketing or Distribution Provision of Services to Unrelated Parties PUP: Provision of Services to Unrelated Parties MP: Manufacturing or Production RD: Research and Development AMSS: Administrative, Management or Support Services PP: Purchasing or Procurement HSO: Holding Shares or Other Equity Instruments HMIP: Holding or Managing Intellectual Property IGF: Internal Group Finance I:Insurance

Jurisdiction	Non-related party revenue	Related party revenue	Total revenue	Profit (loss) before tax	Corporate income tax paid	Corporate income tax accrued	Stated capital	Accumulated earnings	Employees	Tangible assets	Activity
El Salvador	416,284	8,180,783	8,597,067	-2,302	-	-112,547	1,780	-338,998	3	5,767,385	SMDPUP, PUP
Estonia	-	-	-	1,714	-	-461	2,500	1,253	2	14,806,664	SMDPUP
Finland	1,025,329,215	26,519,126	1,051,848,341	3,159,538	259,431	-686,107	2,500	6,470,439	183	142,674,016	SMDPUP,PUP
France	965,152,557	5,659,097	970,811,654	6,401,076	2,682,776	-1,566,634	5,140,000	59,356,863	689	357,477,950	SMDPUP,PUP
Germany	1,136,980,259	227,933,628	1,364,913,887	64,706,089	30,898,556	-22,956,950	85,552,155	434,938,818	2,134	750,143,733	MP, SMDPUP, PUP,RD
Georgia	819,925	2,283	822,208	501,162	-	-227,842	24,634	5,793,111	2	317,448	SMDPUP,PUP
United Kingdom	869,522,228	123,693,703	993,215,931	26,659,377	4,124,000	-4,680,977	42,884,296	115,701,480	1,538	541,299,162	MP, SMDPUP, PUP,RD
Greece	197,583,532	5,663,125	203,246,657	5,116,555	-	-335,966	6,813,000	-1,869,967	232	98,929,336	SMDPUP,PUP
Guatemala	1,652,498	50,525	1,703,023	229,571	41,861	-318,664	602	-585,477	10	1,488,919	SMDPUP,PUP
Honduras	1,164,353	-29,110	1,135,243	-198,509	113,973	732,023	-	-996,159	7	1,109,178	SMDPUP,PUP
Hungary	2,097,681	38,953	2,136,634	91,047	80,900	-7,757	16,978	570,764	-	760,424	SMDPUP,PUP
India	129,139,284	436,427,931	565,567,215	-104,302,605	3,416,246	26,286,108	38,416,871	-65,018,911	2,622	311,413,944	MP, SMDPUP, PUP,RD
Indonesia	-	-	-	-31,246	-	-	5,286,043	-535,569	-	3,124,261	Other
Ireland	156,478,076	3,004,249	159,482,325	4,643,800	183,086	-580,475	2,000,000	8,309,473	89	15,665,326	SMDPUP,PUP
Italy	272,329,158	234,924,258	507,253,416	6,565,918	3,136,541	-3,291,004	32,703,750	82,118,708	952	297,049,853	MP, SMDPUP, PUP
Jamaica	1,795,021	32,606	1,827,627	476,221	-	-134,685	-	397,266	3	432,018	SMDPUP,PUP
Japan	350,908,019	301,765	351,209,784	55,290,178	65,507	-3,280,271	2,677,041	43,342,884	120	62,517,838	SMDPUP,PUP
Portugal	61,756,891	500,872	62,257,763	3,915,149	649,477	-236,086	6,000,501	10,832,668	751	75,255,765	SMDPUP,PUP
Romania	30,112,661	1,573,499	31,686,160	14,128,155	718,486	-2,360,862	3,081,524	10,309,557	262	18,632,418	SMDPUP,PUP
Russian Federation	1,472,134	8,134,845	9,606,979	-125,145,408	2,046,679	-1,775,769	26,106,639	-32,760,305	13	24,748,612	MP, SMDPUP,PUP
Saudi Arabia	5,349,526	4,828,875	10,178,401	-2,144,039	41,353	-107,151	21,732	-2,362,563	33	8,490,408	SMDPUP,PUP
Senegal	2,321,535	4,949,238	7,270,773	777,916	2,681,756	-19,611	1,524	-8,212,858	15	13,256,219	PUP
Serbia	5,126,643	834,730	5,961,373	1,226,512	10,319	-216,215	97,037	2,286,655	6	3,938,959	SMDPUP,PUP
Singapore	-	-	-	-1,158,398	309,696	-9,220	8,954,570	-5,853,190	24	5,560,269	SMDPUP,PUP,RD
Slovakia	195,441	-	195,441	-23,309	-	4,895	5,000	-18,446	-	66,190	SMDPUP,PUP
South Africa	23,429,877	8,792,680	32,222,557	1,045,301	-2,014,282	-20,263	59	66,036,956	136	26,318,427	SMDPUP,PUP
Spain	213,960,268	640,384,589	854,344,857	18,591,369	6,951,052	-3,756,169	46,316,215	109,537,703	1,714	556,800,029	MP, SMDPUP,PUP,PP, HSO
Sri Lanka	2,835,796	2,282,950	5,118,746	226,691	2,602	-54,406	9,806	46,313	-	4,827,881	SMDPUP,PUP
Sweden	479,024,996	25,747,453	504,772,449	6,698,907	1,453,288	-421,883	118,786	44,358,518	495	57,418,956	SMDPUP,PUP
Switzerland	429,871	11,945	441,816	-70,304	34,578	14,799	92,293	2,514,791	-	33,915	SMDPUP,PUP
Taiwan, Province of China	100,554,652	1,266,065	101,820,717	-14,455,488	131,976	-219,782	158,979	-18,973,344	159	184,573,355	SMDPUP,PUP
Thailand	7,434,395	7,024,060	14,458,455	453,673	882,849	-90,735	264,194	17,853,526	26	6,247,645	SMDPUP,PUP
Turkey	82,740,442	147,794,732	230,535,174	3,851,069	1,011,031	-5,148,336	4,400,337	916,404	191	111,290,111	SMDPUP,PUP,PP
Ukraine	28,517,037	153,069	28,670,106	3,014,255	1,085,795	-462,684	61,099	41,970,138	44	15,652,953	SMDPUP,PUP
Uruguay	21,703,183	592,324	22,295,507	8,162,464	-9,323	-2,089,622	22,083	-2,978,555	58	8,788,226	SMDPUP,PUP
United States	2,969,361,062	566,465,863	3,535,826,925	55,409,343	13,782,609	-18,532,309	1,959,080,379	681,477,541	3,192	1,706,188,507	MP, SMDPUP,PUP,PP,HSO
Vietnam	58,012,678	4,352,287	62,364,965	-7,306,034	-	1,457,775	208,685	-29,281,744	120	21,948,004	SMDPUP,PUP
Iceland	-	-	-	-	-	-	-	-	-	-	HSO
Tanzania, United Republic of	-	-	-	-	-	-	-	-	-	-	Other
TOTAL	14,486,068,601	10,810,160,755	25,296,229,356	-1,696,504,085	144,432,145	398,237,581	3,837,100,719	6,641,159,559	28,437	12,306,243,387	

Activities: SMDPUP: Sales, Marketing or Distribution Provision of Services to Unrelated Parties PUP: Provision of Services to Unrelated Parties MP: Manufacturing or Production RD: Research and Development AMSS: Administrative, Management or Support Services PP: Purchasing or Procurement HSO: Holding Shares or Other Equity Instruments HMIP: Holding or Managing Intellectual Property IGF: Internal Group Finance I:Insurance

Appendix

GRI 207 Tax Standard

In 2019, the Global Reporting Initiative launched the 207 Tax Standards. This initiative emerged due to the need for organisations to explain their tax contributions for sustainable development, and in response to the demands of stakeholders relating to tax transparency.

The Standard is part of the GRI Sustainability Reporting Standards and can be used by organisations of any size to report their impact on the economy, the environment, and society. Although the Standard is voluntary, we use it to guide our approach to reporting our tax contribution, because we believe this provides greater clarity about the organisation and our total tax footprint. Therefore, while we do not follow GRI 207, we use it as a best practice reference to reflect all our tax aspects.

This standard covers the following subjects:
- Approach to tax (GRI 207-1)
- Tax governance, control and risk management (GRI 207-2)
- Stakeholder engagement and management of concerns related to tax (GRI 207-3)
- Country-by-country reporting (GRI 207-4)

Throughout this report, explanations are used in relation to our total tax footprint in the regions where we operate and the composition of this footprint. At the same time, we demonstrate the key principles that guide our tax policy and how we ensure those principles are undertaken.

GRI 207: Tax

Disclosure	Description	Does this report contain this information?
GRI 207-1 Approach to tax	a. A description of the approach to tax, including: i. whether the organization has a tax strategy and, if so, a link to this strategy if publicly available; ii. the governance body or executive-level position within the organization that formally reviews and approves the tax strategy, and the frequency of this review; iii. the approach to regulatory compliance; iv. how the approach to tax is linked to the business and sustainable development strategies of the organization.	Yes **The Vestas Group's tax policy** **Annual report 2023**
GRI 207-2 Tax governance, control, and risk management	a. A description of the tax governance and control framework, including: i. the governance body or executive-level position within the organization accountable for compliance with the tax strategy; ii. how the approach to tax is embedded within the organization; iii. the approach to tax risks, including how risks are identified, managed, and monitored; iv. how compliance with the tax governance and control framework is evaluated.	Yes
	b. A description of the mechanisms for reporting concerns about unethical or unlawful behavior and the organization's integrity in relation to tax.	Yes, See the page **Code of Conduct**
	c. A description of the assurance process for disclosures on tax and, if applicable, a reference to the assurance report, statement, or opinion.	Yes
GRI 207-3 Stakeholder engagement and management of concerns related to tax	a. A description of the approach to stakeholder engagement and management of stakeholder concerns related to tax, including: i. The approach to engagement with tax authorities; ii. The approach to public policy advocacy on tax; iii. The processes for collecting and considering the views and concerns of stakeholders, including external stakeholders.	Yes
GRI 207-4 Country-by-country reporting	a. All tax jurisdictions where the entities included in the organization's audited consolidated financial statements, or in the financial information filed on public record, are resident for tax purposes.	Yes, See the Consolidated Statements for further information.
	b. For each tax jurisdiction reported in Disclosure 207-4-a: i. Names of the resident entities; ii. Primary activities of the organization; iii. Number of employees, and the basis of calculation of this number; iv. Revenues from third-party sales; v. Revenues from intra-group transactions with other tax jurisdictions; vi. Profit/loss before tax; vii. Tangible assets other than cash and cash equivalents; viii. Corporate income tax paid on a cash basis; ix. Corporate income tax accrued on profit/loss; x. Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax.	Partially, we explained all the differences in the main countries that we included in the main countries analysis.
	c. The time period covered by the information reported in Disclosure 207-4	

Disclaimer

This document has been prepared internally by Vestas. The data in the document has been processed by Vestas and amounts have been rounded. As a result, the rounded amounts may sometimes differ from the rounded totals.

This report has not been reviewed by the Group's external advisors. The currency used in this report is euros.

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Our Sustainability Report
Mandatory annual statutory sustainability reporting in accordance with the Danish Financial Statements Act on 99a and the EU Sustainable Finance Taxonomy can be found in our Sustainability Report 2023.

Our Annual Report
A return to profitability. For the year 2023, Vestas achieved revenue of EUR 15,382m (outlook: EUR 14.5-15.5bn), with an EBIT margin before special items of 1.5 percent (outlook: 0-2 percent), and total investments of EUR 823m (outlook: approx. EUR 0.8bn). The value of the combined order backlog across Power Solutions and Service increased to EUR 60.1bn.

Vestas Group Tax Policy
The purpose of the Vestas Group Tax Policy is to define global management of taxes including governance, structuring, and risk management.

The policy applies to all decisions that directly or indirectly affect reporting and/or payment of taxes notwithstanding the nature of the tax as long as it fall or could fall under the liability of any Vestas Group Company.

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