

**NORDEX ENERGY B.V.
AT ROTTERDAM
FINANCIAL REPORT 2017**

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LONG-FORM REPORT

Auditors



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To the board of directors
Nordex Energy B.V.
Energieweg 1
3281NH NUMANSDORP

Date
24 February 2020

Reference
976103

Dear board of directors,

ACCOUNTANT'S COMPILATION REPORT

The financial statements of Nordex Energy B.V., Rotterdam, have been compiled by us using the information provided by you. The financial statements comprise the balance sheet as at 31 December 2017 and the profit and loss account for the year then ended with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

This compilation engagement has been performed by us in accordance with Dutch law, including the Dutch Standard 4410, 'Compilation engagements', which is applicable to accountants. The standard requires us to assist you in the preparation and presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. To this end we have applied our professional expertise in accounting and financial reporting.

In a compilation engagement, you are responsible for ensuring that you provide us with all relevant information and that this information is correct. Therefore, we have conducted our work, in accordance with the applicable regulations, on the assumption that you have fulfilled your responsibility. To conclude our work, we have read the financial statements as a whole to consider whether the financial statements as presented correspond with our understanding of Nordex Energy B.V. We have not performed any audit or review procedures which would enable us to express an opinion or a conclusion as to the fair presentation of the financial statements.

During this engagement we have complied with the relevant ethical requirements prescribed by the 'Verordening Gedrags- en Beroepsregels Accountants' (VGBA). You and other users of these financial statements may therefore assume that we have conducted the engagement in a professional, competent and objective manner and with due care and integrity and that we will treat all information provided to us as confidential.

For further information on the nature and scope of a compilation engagement and the VGBA we refer to www.nba.nl/uitleg-samenstellingsverklaring.

GENERAL

Objectives

The company's most important objectives are:

- developing, constructing, marketing and selling of windmill projects, wind turbines and related products, providing maintenance, service and exploitation of windmill projects, wind turbines and financing of such projects;
- acquiring and selling of subsidiaries or other interests in companies;
- borrowing from and lending to especially, though not exclusively, group companies and affiliated companies.

Incorporation

The deed of incorporation of Nordex Energy B.V., executed on 18 September 2002 by mr. R.G.M.C. ridder van Rappard, civil-law notary practising at Rotterdam, shows that Nordex Energy B.V., a private company with limited liability, was incorporated on the date referred to above. The ministerial approval was issued by the Deputy Minister of Justice on 11 September 2002, under number BV1215307.

Management

The management of the entity was led by mr. J.L. Blanco Diéguez and C.P. Burkhard.

Adoption financial statements previous year

The Annual General Meeting of Shareholders has adopted the financial statements for 2016 on February 16, 2018. The net result for the financial year 2016 amounts to Euro € -25.846.603. In accordance with management's proposal, this amount is added to the accumulated losses.

RESULTS

Comparison of results

The profit and loss accounts for the years 2017 and 2016 can be summarised as follows:

	2017	2016
	€	€
x 1,000		
Other operating expenses	23	25
Total of sum of expenses	<u>23</u>	<u>25</u>
Total of operating result	<u>-23</u>	<u>-25</u>
Financial income and expenses	-600	-785
Total of result before tax	<u>-623</u>	<u>-810</u>
Income tax expense	-	-
	<u>-623</u>	<u>-810</u>
Result from participations in group companies	-16.089	-25.037
Total of result after tax	<u><u>-16.712</u></u>	<u><u>-25.847</u></u>

Analysis of result

	2017
	€
x 1,000	
Increase in result	
Decrease in other operating expenses	2
Higher financial income and expenses	185
Higher result from participations in group companies	8.948
	<u>9.135</u>
Improvement of the total of net result	<u><u>9.135</u></u>

FINANCIAL POSITION

In order to gain an understanding of the company's financial position, we have included the following summary, which is based on the data set out in the financial statements. The following table is the abbreviated balance sheet as at 31 December 2017.

Financial structure

x 1,000	31-12-2017		31-12-2016	
	€	%	€	%
Assets				
Financial assets	35.823	100,0	51.912	100,0
Equity and liabilities				
Equity	6.520	18,2	23.232	44,8
Long-term liabilities	28.851	80,5	27.874	53,7
Current liabilities	452	1,3	806	1,5
	<u>35.823</u>	<u>100,0</u>	<u>51.912</u>	<u>100,0</u>

Analysis of the financial position

x 1,000	31-12-2017	31-12-2016
	€	€
Available on short term		
Current liabilities	-452	-806
Liquidity balance = working capital	-452	-806
Established for the long term		
Financial assets	35.823	51.912
Financed with on the long term available assets	35.371	51.106
Financing		
Equity	6.520	23.232
Long-term liabilities	28.851	27.874
	<u>35.371</u>	<u>51.106</u>

FISCAL POSITION

General

The fiscal data relate to Nordex Energy B.V. for corporate income tax purposes. Nordex Energy B.V. is subject to Dutch law "Wet op de Vennootschapsbelasting 1969".

	2017
	€
Calculation taxable amount	
Taxable amount = Total of result before tax	-622.879

Over the year 2017 no corporate income tax is due.

Loss compensation

Year	Available for compensa- tion €	Compensa- tion during the year 2017 €	Available for compensa- tion at the end of the financial year €	Deducta- ble till
2011	919.588	-	919.588	2020
2012	1.337.730	-	1.337.730	2021
2013	1.295.020	-	1.295.020	2022
2014	1.351.414	-	1.351.414	2023
2016	809.150	-	809.150	2025
2017	622.879	-	622.879	2026
	6.335.781	-	6.335.781	

Losses are carried back to the previous year and/or carried forward to the following nine years. The set-off takes place in the same order in which the losses were incurred.

No deferred taxation has been taken into account in the financial statements as a taxable profit is not already foreseeable in 2017.

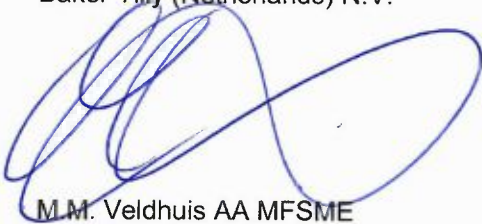
Tax assessment

The corporate income tax return 2016 has been assessed by the tax authorities.

Please do not hesitate to contact us if you require further details.

Yours sincerely,

Baker Tilly (Netherlands) N.V.

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke.

M.M. Veldhuis AA MFSME

FINANCIAL STATEMENTS 2017

BALANCE SHEET AS AT 31 DECEMBER 2017
(After distribution of result)

		31-12-2017	31-12-2016
		€	€
ASSETS			
FIXED ASSETS			
Financial assets	1		
Shares, certificates of shares and other types of participating interests in group companies	2	35.822.832	51.911.559
Total assets		<u>35.822.832</u>	<u>51.911.559</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital paid called up	3	25.000	25.000
Share premium	4	127.558.796	127.558.796
Accumulated losses	5	-121.063.344	-104.351.738
	6	<u>6.520.452</u>	<u>23.232.058</u>
LONG-TERM LIABILITIES	7	28.851.255	27.873.550
Other long-term liabilities			
CURRENT LIABILITIES			
Other accounts payable and accrued expenses	8	451.125	805.951
Total liabilities		<u>35.822.832</u>	<u>51.911.559</u>

PROFIT AND LOSS ACCOUNT FOR THE YEAR 2017

		2017	2016
		€	€
Other operating expenses	9	23.035	23.746
Total of operating result		<u>-23.035</u>	<u>-23.746</u>
Interest charges and similar expenses	10	-599.844	-785.404
Total of result before tax		<u>-622.879</u>	<u>-809.150</u>
Income tax expense		-	-
		<u>-622.879</u>	<u>-809.150</u>
Result from participations in group companies	11	-16.088.727	-25.037.453
Total of result after tax		<u><u>-16.711.606</u></u>	<u><u>-25.846.603</u></u>

NOTES TO THE FINANCIAL STATEMENTS

ENTITY INFORMATION

Registered address and registration number trade register

The actual address of Nordex Energy B.V. is Energieweg 1, 3281NH in Numansdorp, the registered place of business is Rotterdam. Nordex Energy B.V. is registered at the trade register under number 24339956.

GENERAL NOTES

The most important activities of the entity

The activities of Nordex Energy B.V. mainly consist of developing, constructing, marketing and selling of windmill projects, wind turbines and related products.

Disclosure of going concern

The accounting principles applied to the valuation of assets and liabilities and the determination of results in these financial statements are based on the assumption of continuity of the entity. Nordex S.E. will not claim its receivables towards Nordex Energy B.V. and intends to provide Nordex Energy B.V. with all the financial support it needs to continue its normal activity for at least the coming twelve months.

Disclosure of estimates

In applying the principles and policies for drawing up the financial statements, the directors of Nordex Energy B.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements.

The exemption of consolidation

The financial information relating to Nordex Energy B.V. is presented in the consolidated financial statements of Nordex S.E. which company files its consolidated statements with the Dutch chamber of commerce. Accordingly, in accordance with article 2:408 of the Dutch Civil Code, consolidation of group companies is not obliged and therefore omitted.

GENERAL ACCOUNTING PRINCIPLES

The accounting standards used to prepare the financial statements

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

Conversion of amounts denominated in foreign currency

Items included in the financial statements of Nordex Energy B.V. are valued with due regard for the currency in the economic environment in which the corporation carries out most of its activities (the functional currency). The financial statements are denominated in euros; this is both the functional currency and presentation currency of Nordex Energy B.V.

Assets and liabilities denominated in foreign currency are translated at the exchange rates prevailing at balance sheet date. Transactions in foreign currency during the financial year are recognised in the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation of accounts as of balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

ACCOUNTING PRINCIPLES

Financial assets

Unless stated otherwise, the participations in group companies are valued at historical costs, following article 2:408 of the Dutch Civil Code. Permanent reductions in value (impairments) are taken into account if necessary.

A deferred tax asset for the difference in valuation between the commercial and the fiscal value of participations in group companies has not been taken into account.

Non-current liabilities

On initial recognition long-term debts are recognised at fair value. Transaction costs which can be directly attributed to the acquisition of the long-term debts are included in the initial recognition. After initial recognition long-term debts are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price.

Income tax expense

Tax on the result is calculated based on the result before tax in the profit and loss account, taking account of the losses available for set-off from previous financial years and exempt profit components and after the addition of non-deductible costs. A deferred tax asset for refundable losses is recognised if compensation can be reasonably expected.

Share in results of participating interests

The result is the amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the earnings achieved by the participation to the extent that this can be attributed to Nordex Energy B.V.

NOTES TO THE BALANCE SHEET

FIXED ASSETS

1 Financial assets

	Shares, certificates of shares and other types of participating interests in group companies
	€
Balance as at 1 January 2017	
Book value	51.911.559
Balance as at 1 January 2017	<u>51.911.559</u>
Movements	
Disposals	-16.088.727
Balance movements	<u>-16.088.727</u>
Balance as at 31 December 2017	
Book value	<u>35.822.832</u>
Balance as at 31 December 2017	<u>35.822.832</u>

Share in
issued capital
in %

Register of participations

Nordex UK Ltd., Didsbury, United Kingdom	100,00
Nordex USA Inc., Arlington, United States of America	21,65
Nordex France S.A.S., le Plaine Saint-Denis, France	100,00
Nordex Energy Iberica S.A., Barcelona, Spain	100,00
Nordex Italia Srl, Milan, Italy	100,00
Nordex Sverige AB, Uppsala, Sweden	100,00
Nordex Polska SP z.o.o., Danzig, Poland	99,00
Nordex Enerji A.S., Istanbul, Turkey	17,10
Nordex Energy Ireland Ltd., Dublin, Ireland	100,00
Nordex Energy Romania S.R.L., Bucharest, Romania	99,98
NordexEnergy Uruguay S.A., Uruguay	100,00

	<u>31-12-2017</u>	<u>31-12-2016</u>
	€	€
2 Shares, certificates of shares and other types of participating interests in group companies		
Nordex UK Ltd.	900.415	-
Nordex USA Inc.	11.069.424	29.792.080
Nordex France S.A.S.	6.307.000	6.307.000
Nordex Energy Iberica S.A.	2.973.000	1.235.657
Nordex Italia Srl	2.610.000	2.610.000
Nordex Polska Sp.z.o.o.	3.486.795	3.486.795
Nordex Enerji A.S.	2.364.442	2.364.442
Nordex Energy Ireland Ltd.	6.100.000	6.100.000
Nordex Energy Romania S.R.L.	11.756	11.756
NordexEnergy Uruguay S.A.	-	3.829
	<u>35.822.832</u>	<u>51.911.559</u>

The total net asset value of the participating interests amounts to Euro 140.5 million as at 31 December 2017.

Based on management's forecasts the carrying amount and the recoverable amount of the subsidiaries at least equal the acquisition value of each subsidiary.

The following impairments have been made up to and including 31 December 2017:

- Nordex UK Ltd.: Euro 24,889,100 (2016 & 2017);
(impairment Euro 25,789,515 in 2016 and reversal of impairment Euro 900,415 in 2017)
- Nordex USA Inc.: Euro 63,521,944 (2011, 2014 & 2017);
- Nordex Sverige AB: Euro 25,242,814 (2014);
- NordexEnergy Uruguay S.A. Euro 3,829 (2017).

During 2017 the participation Nordex USA Inc. was fully merged with Acciona Windpower North America L.L.C., herein the Company received a 21.65% participation.

EQUITY AND LIABILITIES

3 Equity

	Share capital paid called up	Share premium	Accumulated losses	Total
	€	€	€	€
Balance as at 1 January 2017	25.000	127.558.796	-104.351.738	23.232.058
Appropriation of result	-	-	-16.711.606	-16.711.606
Balance as at 31 December 2017	<u>25.000</u>	<u>127.558.796</u>	<u>-121.063.344</u>	<u>6.520.452</u>

4 Share capital paid called up

The authorised share capital of Nordex Energy B.V. is Euro 125,000, divided into 1,250 ordinary shares with a nominal value of Euro 100 each. Of these ordinary shares 250 are issued and paid up. As at 31 December 2017 the issued and paid up shares are owned by Nordex S.E.

5 Share premium

The company has agreed with the parent company to hold the equity contribution for an amount of Euro 8,750,000 as a contribution to its permanent capital as a non-distributable reserve until such time as the Board of directors determines it prudent that (part of) the contribution should be treated otherwise. The share premium may be considered as a fiscal capital contribution.

	<u>2017</u>	<u>2016</u>
	€	€
6 Accumulated losses		
Balance as at 1 January	-104.351.738	-78.505.135
Appropriation of result	-16.711.606	-25.846.603
Balance as at 31 December	<u>-121.063.344</u>	<u>-104.351.738</u>

LONG-TERM LIABILITIES

The accounts payable to Nordex S.E. as at 31 December 2017 are specified as follows:

	<u>Nordex S.E.</u>
	€
Balance as at 1 January 2017	27.873.550
Cash pooling and expenses in 2017	977.705
Balance as at 31 December 2017	<u>28.851.255</u>

The principal amount and interest should be credited to an account to be specified by Nordex S.E. Partial withdrawals and redemptions before maturity of the loan are prohibited, except for settlements. The interest rate equals 2%. If any central bank regulations require another arm's lengths interest rate then this central bank regulated interest will prevail.

As a guarantee, Nordex Energy B.V. has assigned all current and future revenues from its business operations, unless these revenues are required to cover project and operating costs (including tax obligations).

Nordex S.E. supports Nordex Energy B.V. financially in order to enable Nordex Energy B.V. to continue its activities and to ensure continuity of Nordex Energy B.V. Nordex S.E. will not claim its receivables from Nordex Energy B.V. for at least the coming twelve months.

CURRENT LIABILITIES

	<u>31-12-2017</u>	<u>31-12-2016</u>
	€	€
8 Other accounts payable and accrued expenses		
Interest cash pooling	442.470	791.329
Auditor's and tax adviser's fee	8.655	7.500
Other payables	-	7.122
	<u>451.125</u>	<u>805.951</u>

OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments

Support of participating interests

The company supports participating interests with a negative equity financially, if necessary.

Cash pooling agreement

The company has entered into a cash pooling agreement with parent company Nordex S.E.

NOTES TO THE PROFIT AND LOSS ACCOUNT

Average number of employees
2017

Average number of employees	<u>Number</u>	-
2016		

Average number of employees	<u>Number</u>	-
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	<u>2017</u>	<u>2016</u>
	€	€
9 Other operating expenses		
Accommodation expenses	1.953	15.148
General expenses	21.082	8.598
	<u>23.035</u>	<u>23.746</u>

General expenses

Auditor's, (tax)adviser's and consultancy fees	20.982	8.598
Administration and other overhead fees charged by Nordex S.E.	100	-
	<u>21.082</u>	<u>8.598</u>

10 Interest charges and similar expenses

Interest loan and current-(clearing)account Nordex S.E.	599.359	784.912
Interest banks and bank charges	485	492
	<u>599.844</u>	<u>785.404</u>

Interest loan and current-(clearing)account Nordex S.E. refers to the accounts payable to the shareholder.

	<u>2017</u>	<u>2016</u>
	€	€
11 Result from participations in group companies		
Impairment participation Nordex UK Ltd.	900.415	-25.789.515
Impairment participation Nordex USA Inc.	-18.722.656	-
Impairment participation Nordex Energy Iberica S.A.	1.737.343	752.062
Impairment participation NordexEnergy Uruguay S.A.	-3.829	-
	<u>-16.088.727</u>	<u>-25.037.453</u>

Numansdorp, 24 February 2020
Nordex Energy B.V.

Mr. J.L. Blanco Diéguez
Director

Mr. C.P. Burkhard
Director