



**NORDEX ENERGY B.V.
AT ROTTERDAM
FINANCIAL REPORT 2018**

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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 2018 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 2017 in 2019. The net result for the financial year 2017 amounts to Euro € -16.711.606. In accordance with management's proposal, this amount is added to the accumulated losses.

Activities

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

RESULTS

Comparison of results

The profit and loss accounts for the years 2018 and 2017 can be summarised as follows:

	2018	2017
	€	€
x 1,000		
Other operating expenses	13	23
Total of sum of expenses	<u>13</u>	<u>23</u>
Total of operating result	<u>-13</u>	<u>-23</u>
Financial income and expenses	-1.193	-600
Total of result before tax	<u>-1.206</u>	<u>-623</u>
Income tax expense	-	-
	<u>-1.206</u>	<u>-623</u>
Result from participations in group companies	-120	-16.089
Total of result after tax	<u><u>-1.326</u></u>	<u><u>-16.712</u></u>

Analysis of result

		2018
	€	€
x 1,000		
Increase in result		
Decrease in other operating expenses	10	
Higher result from participations in group companies	15.969	
		<u>15.979</u>
Decrease in result		
Decrease in financial income and expenses	593	
		<u>593</u>
Improvement of the total of net result		<u><u>15.386</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 2018.

Financial structure

x 1,000	31-12-2018		31-12-2017	
	€	%	€	%
Assets				
Financial assets	35.703	100,0	35.823	100,0
Equity and liabilities				
Equity	5.195	14,6	6.520	18,2
Long-term liabilities	29.895	83,7	28.851	80,5
Current liabilities	613	1,7	452	1,3
	<u>35.703</u>	<u>100,0</u>	<u>35.823</u>	<u>100,0</u>

Analysis of the financial position

x 1,000	31-12-2018	31-12-2017
	€	€
Available on short term		
Current liabilities	-613	-452
Liquidity balance = working capital	-613	-452
Established for the long term		
Financial assets	35.703	35.823
Financed with on the long term available assets	35.090	35.371
Financing		
Equity	5.195	6.520
Long-term liabilities	29.895	28.851
	<u>35.090</u>	<u>35.371</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".

	2018
	€
Calculation taxable amount	
Total of result before tax	-1.205.653
Result from participations in group companies	-120.044
Total of result before tax	<u>-1.325.697</u>
Participation exemption	120.044
Taxable amount	<u><u>-1.205.653</u></u>

Over the year 2018 no corporate income tax is due.

Loss compensation

Year	Available for compensa- tion at the be- ginning of the financial year €	Compensa- tion during the year 2018 €	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
2018			1.205.653	2027
	<u>6.335.781</u>	<u>-</u>	<u>7.541.434</u>	

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 2018.

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 extending to the right.

M.M. Veldhuis AA MFSME

FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31 DECEMBER 2018
(After proposal distribution of result)

		31-12-2018		31-12-2017	
		€	€	€	€
ASSETS					
FIXED ASSETS					
Financial assets	1				
Participating interests in group companies	2		35.702.788		35.822.832
Total assets			35.702.788		35.822.832
EQUITY AND LIABILITIES					
EQUITY					
Issued and paid up capital	3				
Share premium	4	25.000		25.000	
Accumulated losses	5	127.558.796		127.558.796	
	6		-122.389.041		-121.063.344
			5.194.755		6.520.452
LONG-TERM LIABILITIES					
Other long-term liabilities	7		29.895.462		28.851.255
CURRENT LIABILITIES					
Other accounts payable and accrued expenses	8		612.571		451.125
Total liabilities			35.702.788		35.822.832

PROFIT AND LOSS ACCOUNT FOR THE YEAR 2018

		2018		2017	
		€	€	€	€
Other operating expenses	9		12.637		23.035
Total of operating result			<u>-12.637</u>		<u>-23.035</u>
Interest charges and similar expenses	10		-1.193.016		-599.844
Total of result before tax			<u>-1.205.653</u>		<u>-622.879</u>
Income tax expense			-		-
			<u>-1.205.653</u>		<u>-622.879</u>
Result from participations in group companies	11		-120.044		-16.088.727
Total of result after tax			<u><u>-1.325.697</u></u>		<u><u>-16.711.606</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 Chamber of Commerce under number 24339956.

GENERAL NOTES

The most important activities of the entity

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.

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

	Participating interests in group companies
	€
Balance as at 1 January 2018	
Book value	35.822.832
Balance as at 1 January 2018	<u>35.822.832</u>
Movements	
Disposals	-120.044
Balance movements	<u>-120.044</u>
Balance as at	
31 December 2018	
Book value	35.702.788
Balance as at	
31 December 2018	<u>35.702.788</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>31-12-2018</u>	<u>31-12-2017</u>
	€	€
2 Participating interests in group companies		
Nordex UK Ltd.	780.371	900.415
Nordex USA Inc.	11.069.424	11.069.424
Nordex France S.A.S.	6.307.000	6.307.000
Nordex Energy Iberica S.A.	2.973.000	2.973.000
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
	<u>35.702.788</u>	<u>35.822.832</u>

The total net asset value of the participating interests amounts to Euro 109.8 million as at 31 December 2018.

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 2018:

- Nordex UK Ltd.: Euro 25,009,144 (2016, 2017 & 2018);
(impairment Euro 25,789,515 in 2016, reversal of impairment Euro 900,415 in 2017 and impairment of Euro 120,044 in 2018.)
- 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).

EQUITY AND LIABILITIES

3 Equity

	Issued and paid up capi- tal	Share premium	Accumulated losses	Total
	€	€	€	€
Balance as at 1 January 2018	25.000	127.558.796	-121.063.344	6.520.452
Appropriation of result	-	-	-1.325.697	-1.325.697
Balance as at 31 December 2018	<u>25.000</u>	<u>127.558.796</u>	<u>-122.389.041</u>	<u>5.194.755</u>

4 Issued and paid up capital

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 2018 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>2018</u>	<u>2017</u>
	€	€
6 Accumulated losses		
Balance as at 1 January	-121.063.344	-104.351.738
Appropriation of result	-1.325.697	-16.711.606
Balance as at 31 December	<u>-122.389.041</u>	<u>-121.063.344</u>

LONG-TERM LIABILITIES

The accounts payable to Nordex S.E. as at 31 December 2018 are specified as follows:

	<u>Nordex S.E.</u>
	€
Balance as at 1 January 2018	28.851.255
Cash pooling and expenses in 2018	1.044.207
Balance as at 31 December 2018	<u>29.895.462</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>31-12-2018</u>	<u>31-12-2017</u>
	€	€
8 Other accounts payable and accrued expenses		
Interest cash pooling	607.050	442.470
Auditor's and tax adviser's fee	2.001	8.655
Administration and other overhead fees	3.520	-
	<u>612.571</u>	<u>451.125</u>

OFF-BALANCE SHEET COMMITMENTS

Disclosure of 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

2018

Number

Average number of employees

-

2017

Number

Average number of employees

-

9 Other operating expenses

Accommodation expenses

2018	2017
€	€

General expenses

-	1.953
12.637	21.082
<u>12.637</u>	<u>23.035</u>

<u>12.637</u>	<u>23.035</u>
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General expenses

Auditor's, (tax)adviser's and consultancy fees

6.632	20.982
6.005	100
<u>12.637</u>	<u>21.082</u>

Administration and other overhead fees charged by Nordex S.E.

<u>12.637</u>	<u>21.082</u>
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10 Interest charges and similar expenses

Interest loan and current-(clearing)account Nordex S.E.

1.192.537	599.359
479	485
<u>1.193.016</u>	<u>599.844</u>

Interest banks and bank charges

<u>1.193.016</u>	<u>599.844</u>
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Interest loan and current-(clearing)account Nordex S.E. refers to the accounts payable to the shareholder.

11 Result from participations in group companies

Impairment participation Nordex UK Ltd.

2018	2017
€	€

Impairment participation Nordex USA Inc.

-120.044	900.415
-	-18.722.656
-	1.737.343
-	-3.829
<u>-120.044</u>	<u>-16.088.727</u>

Impairment participation Nordex Energy Iberica S.A.

<u>-120.044</u>	<u>-16.088.727</u>
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Impairment participation NordexEnergy Uruguay S.A.

<u>-120.044</u>	<u>-16.088.727</u>
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Numansdorp, 24 February 2020
Nordex Energy B.V.

Mr. J.L. Blanco Diéguez
Director

Mr. C.P. Burkhard
Director