
EDF EN Denmark A/S

c/o Bruno Kold Larsen, Vestervang 9, 6. 61, DK-
8000 Aarhus C

Annual Report for 1 January - 31 December 2017

CVR No 15 50 35 72

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
15/6 2018

Michel Benoit
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of EDF EN Denmark A/S for the financial year 1 January - 31 December 2017.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company operations for 2017.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aarhus, 12 June 2018

Executive Board

Beatrice Sophie Aude Daine-Aleth
Marie Françoise Buffon
Executive Officer

Board of Directors

Denis Jean-Pierre Rouhier
Chairman

Béatrice Sophie Aude Daine-
Aleth Marie Françoise Buffon

Stephané Bernard Debruyne

Independent Auditor's Report

To the Shareholder of EDF EN Denmark A/S

Opinion

We have audited the Financial Statements of EDF EN Denmark A/S for the financial year 1 January - 31 December 2017, comprising income statement, balance sheet and notes, including accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Emphasis of Matter

Without modifying our opinion, we draw attention to note 1 to the financial statements illustrating that the valuation of the Company's equity investments are subject to major uncertainty.

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

Independent Auditor's Report

nommic decisions of users made on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the company Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on Management's Review

Management is responsible for Management's Review.

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

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Fi-

Independent Auditor's Report

nancial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

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

Aarhus, 12 June 2018

KPMG

Statsautoriseret Revisionspartnerselskab

CVR No 25 57 81 98

Michael Stenskrog

State Authorised Public Accountant

mne26819

Company Information

The Company

EDF EN Denmark A/S
c/o Bruno Kold Larsen
Vestervang 9, 6. 61
DK-8000 Aarhus C

CVR No: 15 50 35 72

Financial period: 1 January - 31 December

Municipality of reg. office: Aarhus

Board of Directors

Denis Jean-Pierre Rouhier, Chairman
Béatrice Sophie Aude Daine-Aleth Marie Françoise Buffon
Stephané Bernard Debruyne

Executive Board

Beatrice Sophie Aude Daine-Aleth Marie Françoise Buffon

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8000 Aarhus C

Management's Review

Key activities

The object of the Company is the ownership as well as the administration, management, service and project development of energy projects in Denmark and abroad. The object may also be realised through wholly or partly owned subsidiaries in Denmark and abroad.

Development in the year

The Company is merged with former subsidiary Frederikshavn Offshore Wind Demo ApS at 1 January 2017.

The income statement of the Company for 2017 shows a loss of DKK 17,240,839, and at 31 December 2017 the balance sheet of the Company shows equity of DKK 888,448.

At the end of 2017 the Company has lost more than half of its equity. The equity is expected to be restored through debt conversions and future earnings.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2017 DKK	2016 DKK
Gross profit/loss		-207,893	2,052,712
Staff expenses	3	<u>-2,068,280</u>	<u>-2,147,097</u>
Loss before financial income and expenses		-2,276,173	-94,385
Income from investments in subsidiaries	4	-15,421,056	-20,648,932
Financial income	5	1,391,365	1,210,839
Financial expenses	6	<u>-934,975</u>	<u>-981,500</u>
Loss before tax		-17,240,839	-20,513,978
Tax on profit/loss for the year		<u>0</u>	<u>-15,087</u>
Net loss for the year		<u>-17,240,839</u>	<u>-20,529,065</u>

Distribution of profit

Proposed distribution of profit

Retained earnings		<u>-17,240,839</u>	<u>-20,529,065</u>
		<u>-17,240,839</u>	<u>-20,529,065</u>

Balance Sheet 31 December

Assets

	Note	2017 DKK	2016 DKK
Investments in subsidiaries	7	0	0
Other fixed asset investments	8	144,892	144,892
Fixed assets investments		144,892	144,892
Fixed assets		144,892	144,892
Trade receivables		0	63,762
Receivables from group enterprises		74,304,668	91,066,601
Prepayments		0	3,941
Receivables		74,304,668	91,134,304
Cash at bank and in hand		434,050	492,347
Currents assets		74,738,718	91,626,651
Assets		74,883,610	91,771,543

Balance Sheet 31 December

Liabilities and equity

	Note	2017 DKK	2016 DKK
Share capital		4,700,000	4,700,000
Retained earnings		-3,811,553	13,429,286
Equity	9	888,447	18,129,286
Provisions relating to investments in group enterprises		0	524,469
Provisions		0	524,469
Trade payables		152,534	172,041
Payables to group enterprises		73,722,972	72,685,000
Other payables		119,657	260,747
Short tem debt		73,995,163	73,117,788
Debt		73,995,163	73,117,788
Liabilities and equity		74,883,610	91,771,543
Major uncertainty relating to recognition and measurement	1		
Going concern	2		
Contractual obligations, contingencies, etc.	10		
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Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	4,700,000	13,429,286	18,129,286
Net profit/loss for the year	0	-17,240,839	-17,240,839
Equity at 31 December	<u>4,700,000</u>	<u>-3,811,553</u>	<u>888,447</u>

Notes to the Financial Statements

1 Major uncertainty relating to recognition and measurement

The Company's equity investments in EDF EN Osterild ApS are subject to major uncertainty. The uncertainty is due to the non-existence of any final contractual framework for the scrap value of the Company's wind turbine and other income. Accordingly, contracts are expected to be concluded which may generate revenue supporting the carrying amount of the wind turbine.

2 Going concern

The ultimate parent company has provided a letter of support to EDF EN Denmark A/S and EDF EN Osterild ApS effective until 31 December 2018, comprising existing balances and additional liquidity requirements with a cap of DKK 15 million.

At the end of 2017 the Copmapny has lost more than half of its equity. The equity is expected to be restored though debt conversion and future earnings.

	<u>2017</u> DKK	<u>2016</u> DKK
3 Staff expenses		
Wages and salaries	503,285	1,465,832
Pensions	1,560,000	676,231
Other social security expenses	4,995	5,034
	<u>2,068,280</u>	<u>2,147,097</u>
Average number of employees	<u>1</u>	<u>1</u>
4 Income from investments in subsidiaries		
Share of profits of subsidiaries	<u>-15,421,056</u>	<u>-20,648,932</u>
	<u>-15,421,056</u>	<u>-20,648,932</u>
5 Financial income		
Interest received from group enterprises	1,297,365	1,144,999
Other financial income	94,000	65,840
	<u>1,391,365</u>	<u>1,210,839</u>

Notes to the Financial Statements

	2017 DKK	2016 DKK
6 Financial expenses		
Interest paid to group enterprises	918,853	974,776
Other financial expenses	16,122	6,724
	934,975	981,500
7 Investments in subsidiaries		
Cost at 1 January	130,000	130,000
Net effect from merger and acquisition	-50,000	0
Cost at 31 December	80,000	130,000
Revaluations at 1 January	-15,331,742	25,367,781
Net effect from merger and acquisition	1,871,229	0
Disposals for the year	0	-31,696,805
Net profit/loss for the year	-15,421,056	-9,002,718
Revaluations at 31 December	-28,881,569	-15,331,742
Equity investments with negative net asset value amortised over receivables	28,801,569	14,677,273
Equity investments with negative net asset value transferred to provisions	0	524,469
Carrying amount at 31 December	0	0

The Company is merged with former subsidiary Frederikshavn Offshore Wind Demo ApS at 1 January 2017.

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
EDF EN Osterild ApS	Denmark	DKK 80.000	100%

Notes to the Financial Statements

8 Other

	Other fixed asset investments <u>DKK</u>
Cost at 1 January	<u>144,892</u>
Cost at 31 December	<u>144,892</u>
Carrying amount at 31 December	<u>144,892</u>

9 Equity

The share capital consists of 4,700,000 shares of a nominal value of DKK 1. No shares carry any special rights.

Notes to the Financial Statements

10 Contractual obligations, contingencies, etc.

Contingent liabilities

A claim for DKK 1,7 million has been advanced against the Company regarding former staff-related matters. Management is of the opinion that the case will not have any major impact of the Company's financial position.

11 Related parties

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

EDF Energies Nouvelles S.A., France

Consolidated Financial Statements

The Company is included in the Consolidated Annual Report of the Parent Company.

<u>Name</u>	<u>Place of registered office</u>
Electricité de France S.A.	Paris, France

EDF EN Denmark A/S is part of the consolidated financial statements of Electricité de France S.A., which is the smallest group in which the company is included as a subsidiary and may be obtained at the following address:

Electricité de France S.A.
22-30, avenue de Wagram
75008 Paris
France

Notes to the Financial Statements

12 Accounting Policies

The Annual Report of EDF EN Denmark A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017 are presented in DKK.

Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Business combinations

Uniting of interests

Intragroup business combinations are accounted for under the uniting-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The uniting-of-interests method is applied at the date of acquisition, and comparative figures have not been restated.

Notes to the Financial Statements

12 Accounting Policies (continued)

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Notes to the Financial Statements

12 Accounting Policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Fixed asset investments

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Notes to the Financial Statements

12 Accounting Policies (continued)

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash-flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Liabilities other than provisions

Other liabilities are measured at amortised cost, substantially corresponding to nominal value.