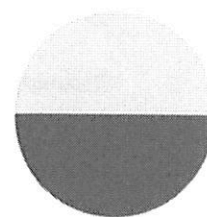


VATTENFALL



Vattenfall Vindkraft Vesterhav Syd Holding A/S

Exnersgade 2, 6700 Esbjerg

CVR no. 38 27 24 03

Annual Report 2019

Approved at the annual general meeting of shareholders on 15 June 2020

Chairman:

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Vattenfall Vindkraft Vesterhav Syd Holding A/S for the financial year 1 January - 31 December 2019.

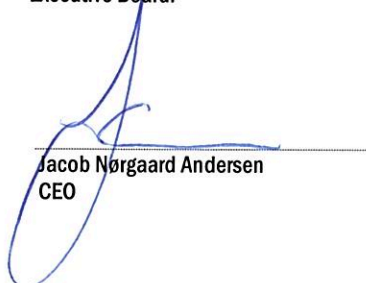
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Esbjerg, 15 June 2020
Executive Board:



Jacob Nørgaard Andersen
CEO

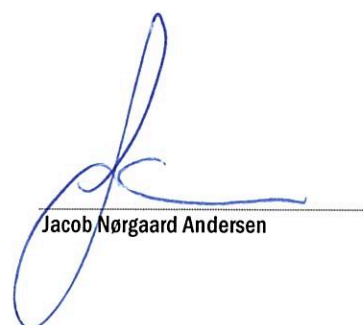
Board of Directors:




Catrin Fee Jung Draschil
Chairman



Jonas Van Mansfeld



Jacob Nørgaard Andersen



Hans Werner Woltmann

Independent auditors' report

To the shareholders of Vattenfall Vindkraft Vesterhav Syd Holding A/S

Opinion

We have audited the financial statements of Vattenfall Vindkraft Vesterhav Syd Holding A/S for the financial year 1 January – 31 December 2019, which comprise 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 at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

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

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 as to 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 additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and 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 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.

Independent auditors' report

- 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 note 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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the 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 of the Management's review.

Copenhagen,
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

15/8-20


Karsten Bøgel
State Authorised Public Accountant
mne27849

Management's review

Business review

The Company's activity is to own shares in Vattenfall Vindkraft Vesterhav Syd P/S.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Covid-19 risk

Vattenfall follows the advices from the local Governments. Most personnel is working from home as requested at the moment. For all the employees that still need to work outside their home, all necessary measures and recommendations from the authorities are followed to secure the employees as much as possible. This also applies to externals who work at Vattenfall sites.

Business-wise, Covid-19 can have an impact on the subsidiary Vattenfall Vindkraft Vesterhav Syd P/S and hereby also the shares owned by the Company, however the potential impact is difficult to quantify at the moment.

Financial statements for the year 1 January – 31 December

Income statement

Note	DKK'000	2019	2018
	Gross loss	-16	-19
4	Income from investments in group entities	-83,412	-1,018
	Financial income from group entities	6	2
	Financial expenses	-1	0
	Result before tax	-83,423	-1,035
	Tax on profit/loss for the year	331	227
	Net profit/loss for the year	-83,092	-808
	Proposed profit appropriation/distribution of loss		
	Retained earnings/accumulated loss	-83,092	-808
		-83,092	-808

Financial statements for the year 1 January – 31 December

Balance sheet

Note	DKK'000	2019	2018
	ASSETS		
	Fixed assets		
	Financial assets		
4	Investments in group entities	75,831	49,243
	Total financial assets	75,831	49,243
	Total fixed assets	75,831	49,243
	Non-fixed assets		
	Receivables		
5	Receivables from group entities	257	40
	Tax receivables	331	227
	Total receivables	588	267
	Total non-fixed assets	588	267
	TOTAL ASSETS	76,419	49,510

Financial statements for the year 1 January – 31 December

Balance sheet

Note	DKK'000	2019	2018
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	503	502
	Share premium	109,999	49,998
	Retained earnings	-34,099	-1,005
	Total equity	76,403	49,495
	Liabilities		
	Current liabilities		
	Other payable	16	15
	Total current liabilities	16	15
	Total liabilities	16	15
	TOTAL EQUITY AND LIABILITIES	76,419	49,510

- 1 Accounting policies
- 2 Recognition and measurement uncertainties
- 3 Employee costs
- 6 Contingent liabilities
- 7 Related parties

Financial statements for the year 1 January – 31 December

Statement of changes in equity

DKK'000	Share capital	Share premium	Retained earnings	Total
Equity at 1 January 2019	502	49,998	-1,005	49,495
Group contribution	1	109,999	0	110,000
Transferred from share premium account	0	-49,998	49,998	0
Profit/loss for the year	0	0	-83,092	-83,092
Equity at 31 December 2019	503	109,999	-34,099	76,403

Financial statements for the year 1 January – 31 December

Notes to the financial statements

1

Accounting policies

Vattenfall Vindkraft Vesterhav Syd Holding A/S' annual report for 2019 has been prepared in accordance with the provisions which apply to reporting class B entities under the Danish Financial Statements Act and elective choice of certain provisions applying to reporting class C entities.

The financial statement is reported after same accounting policies as last year.

In accordance with section 110 of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognized in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognized in the most recent financial statements is recognized in the income statement as financial income or financial expenses.

Income statement

Gross loss

Gross loss includes costs for other external costs.

Other external costs

Other external costs includes general administration costs.

Income from investment in group companies

The proportionate share of the profit/loss after tax of the individual subsidiaries is recognized in the income statement after full elimination of intra-group profits/losses.

Financial income and expenses

Financial income and expenses are recognized in the income statements at the amounts that concern the financial year. The items comprise interest income and expenses, realized and unrealized capital gains and losses on transactions denominated in foreign currencies as well as amortization of financial assets and liabilities.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognized in the income statement, whereas the portion that relates to transactions taken to equity is recognized in equity.

The company and its Danish group entities are jointly taxed. The Danish income tax charge is allocated between profit making and loss making Danish entities in proportion to their taxable income.

Jointly taxed entities entitled to a tax refund reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Investments in group entities

On initial recognition, equity investments in group entities are measured at cost.

Investments in group entities are measured, using the equity method, at the companies' proportionate share of such enterprises' equity plus goodwill and less intra-group profits. Investment in enterprises with negative net asset values are measured at DKK 0 (nil), and any receivables from such associates are written down by the parent company's share of the

Financial statements for the year 1 January – 31 December

Notes to the financial statements

negative net asset values. If the negative equity value exceeds the receivable, the balance is recognised under provisions to the extent the parent company has a legal or constructive obligation to cover a deficit in the enterprise.

Equity investments in subsidiaries are measured at net asset value and are subject to impairment test requirements if there is any indication of impairment.

Net revaluations of investments in subsidiaries are taken to the net revaluation reserve according to the equity method to the extent the carrying amount exceeds the costs.

Impairment of non-current assets

The carrying amount of investments in subsidiaries is tested annually for impairment.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the net present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortized cost, which is usually equivalent to the nominal value. Write-down is made of the value for anticipated bad debt losses.

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the expected taxable income for the year, adjusted for tax on the taxable income of prior years and for prepaid tax.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forward, are measured at the value at which they are expected to be utilized, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same legal tax unit. Any deferred net asset are measured at net realizable values.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities comprising trade payables, amounts owed to group entities as well as other payables are recognized at the date of borrowing at cost. In subsequent periods, financial liabilities are measured at net realizable value.

Other liabilities are measured at net realizable value.

Financial statements for the year 1 January – 31 December

Notes to the financial statements

2 Recognition and measurement uncertainties

As far as the investment in group entities is concerned, the subsidiary is affected by a decision by the Energy Board of Appeal of December 20, 2018, according to which the Danish Energy Agency has required that Vattenfall initiate a new environmental impact assessment (EIA) process for the two Vesterhav projects. As a consequence of the new EIA process, Vattenfall expects that the realization of the Vesterhav projects will be delayed by approximately 3 years and has accordingly filed requests for extension of time under the signed Concession Agreements with the Danish Energy Agency. Vattenfall does not expect that the delay will compromise the realization or the profitability of the projects.

The consequence of the new EIA process as well as a decision to change the original layout of the windfarm is that some of the work performed needs to be repeated and part of the already capitalized costs is therefore being expensed. The total effect of DKK 81,924 thousand is recognized in the income statement.

3 Employee costs

The Company has no employees in 2019 and 2018.

4 Investment in group entities

	Investment in group entities DKK'000'
Cost at 1 January 2019	50,500
Additions	110,000
Cost at 31 December 2019	160,500
Value adjustments at 1 January 2019	-1,257
Profit/loss for the year	-83,412
Value adjustments at 31 December 2019	84,669
Carrying amount at 31 December 2019	75,831

Name and domicile	Interest	Result DKK'000	Equity DKK'000
Vattenfall Vindkraft Vesterhav Syd P/S	100 %	-83,412	75,831

5 Receivables from group entities

Included in receivables from group entities is a group cash-pool receivable of DKK 257 thousand.

6 Contingent liabilities

The Company is jointly taxed with other Danish group entities and is jointly liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

Financial statements for the year 1 January – 31 December
Notes to the financial statements

7 Related parties

Vattenfall Vindkraft Vesterhav Syd Holding A/S' related parties comprise the following:

Parties exercising control

Vattenfall Vindkraft A/S, CVR.nr.: 31 59 75 44, Jupitervej 6, 6000 Kolding, Denmark, which exercises control.

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Vattenfall AB	Stockholm, Sweden	Vattenfall AB SE-169 92 Stockholm, Sweden https://corporate.vattenfall.com/investors/financial-reports/