

K/S Svindbæk WTG 8-9

**Gyngemose Parkvej 50
2860 Søborg**

CVR no. 39 37 01 74

Annual report for 2019

(2nd Financial year)

Adopted at the annual general
meeting on 13 March 2020

Jan Paulsen
chairman

Table of contents

	Page
Statements	
Statement by management on the annual report	1
Independent auditor's report	2
Management's review	
Company details	5
Management's review	6
Financial statements	
Accounting policies	7
Income statement 1 January - 31 December	11
Balance sheet 31 December	12
Statement of changes in equity	14
Notes to the annual report	15

Statement by management on the annual report

The executive board has today discussed and approved the annual report of K/S Svindbæk WTG 8-9 for the financial year 1 January - 31 December 2019.

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

In my 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.

In my opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company at the general meeting.

Søborg, 13 March 2020

Director

Knud Erik Andersen

Independent auditor's report

To the shareholder of K/S Svindbæk WTG 8-9

Opinion

We have audited the financial statements of K/S Svindbæk WTG 8-9 for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The financial statements are prepared under 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 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 the 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.

Independent auditor's report

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 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 these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.
- 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.

Independent auditor's report

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 financial 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 Financial Statements Act.

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

Copenhagen, 13 March 2020

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Martin Eiler
State Authorised Public Accountant
MNE no. mne32271

Company details

The company

K/S Svindbæk WTG 8-9
Gyngemose Parkvej 50
2860 Søborg

CVR no.: 39 37 01 74

Reporting period: 1 January - 31 December 2019

Incorporated: 27. February 2018

Domicile: Gladsaxe

Director

Knud Erik Andersen

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 Copenhagen

Management's review

Business review

The Company's objective is to develop, operate and/or sell all kinds of renewable energy and related activities.

The company operates a wind farm, comprising of 2 turbines, located at mid Jutland.

Financial review

The company's income statement for the year ended 31 December 2019 shows a profit of DKK 21.538, and the balance sheet at 31 December 2019 shows negative equity of DKK 169.848.

The resultat for the period is in accordance with expectation.

The turbines have been in fully operation in the main part of 2019, which also have affected the profit for the financial year. An increasing profit for the next year are therefore expected.

Capital losses / financing

The company's assets and liabilities have been assessed with continued operations in mind. The management is aware, that the company has capital losses. The company expects the company to restore its own capital base through its own operations.

The Company's ability to continue to pay its creditors as they mature depends on continued funding from affiliates and support from the capital owners. The company's capital owners have confirmed to the company to continue financial support and to support ongoing operations and further development with the necessary capital and liquidity and, if necessary, to resign to other creditors - as a minimum to the approval by the general meeting of the annual report for the financial year 2020.

Based on this, management considers the company's capital resources to be adequate.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of K/S Svindbæk WTG 8-9 for 2019 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 enterprises of reporting class C.

The accounting policies applied are consistent with those of last year.

The annual report for 2019 is presented in DKK.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Revenue

Revenue from sales of electricity are recognized in the income statement when the risk transition to the buyer has taken place, provided that the income can be made up reliably. Revenue is measured net of VAT and discounts/rebates granted. Public grants are recognized when it is likely that the grants will be received. Grant for electricity production are recognized under revenue as the corresponding revenue of electricity is recognized.

Accounting policies

Direct costs

Direct costs include expenses incurred to generate the period's revenue. The item includes direct and indirect expenses relating to rent, service, technical management, insurance and electricity cost to grid connection.

Other external expenses

Other external expenses include expenses incurred in the period for company management and administration, including expenses relating to auditing fee, legal assistance, administrative service fee etc.

Depreciation

Depreciation comprise the year's depreciation of plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions etc.

Tax on profit/loss for the year

The company is not an independent tax subject. Taxation is done with the limited partners.

Balance sheet

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, wages and interests during the period until the end of the construction project. Estimated costs for dismantling and restoration are added to the asset and depreciated together with the relevant asset.

Accounting policies

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Wind turbines	25	years
---------------	----	-------

Impairment tests are conducted of property, plant and equipment when there are indications of impairment. Impairment tests are conducted in respect of individual assets or groups of assets. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount.

Investments

Investments are measured using the equity method, at the companies proportionate share of such enterprises' equity.

Receivables

Receivables are measured at amortised cost.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Equity

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Provisions

Provisions comprise expected expenses relating to dismantling and restoration of wind turbines etc. Provisions are recognised when, as a result of a past event, the company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

The value of provisions related to dismantling and restoration of production plant is recognized in property, plant and equipment and are depreciated together with the relevant assets.

Accounting policies

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates 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 recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Foreign exchange adjustments of balances with separate entities which are considered part of the investment in the subsidiary are taken directly to equity. Correspondingly, foreign exchange gains and losses on loans and derivative financial instruments entered into to hedge net investments in such entities are taken directly to equity.

Income statement 1 January - 31 December

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
Revenue		6.229.152	1.787.387
Direct costs		-868.568	-502.910
Other external expenses	1	<u>-458.235</u>	<u>-86.399</u>
Gross profit		4.902.349	1.198.078
Depreciations		<u>-1.788.113</u>	<u>-1.402.698</u>
Ordinary operating profit		3.114.236	-204.620
Financial costs	2	<u>-3.092.698</u>	<u>-276</u>
Profit/loss for the year		<u>21.538</u>	<u>-204.896</u>
Retained earnings		<u>21.538</u>	<u>-204.896</u>
		<u>21.538</u>	<u>-204.896</u>

Balance sheet 31 December

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
Assets			
Plant and machinery	3	42.012.638	45.618.429
Tangible assets		<u>42.012.638</u>	<u>45.618.429</u>
Receivables in Parent companies	4	28.739.097	0
Other investments	4	126.080	0
Fixed asset investments		<u>28.865.177</u>	<u>0</u>
Total non-current assets		<u>70.877.815</u>	<u>45.618.429</u>
Trade receivables		689.193	352.353
Other receivables		65.055	187.834
Prepayments	5	1.907.071	1.929.098
Receivables		<u>2.661.319</u>	<u>2.469.285</u>
Total current assets		<u>2.661.319</u>	<u>2.469.285</u>
Total assets		<u><u>73.539.134</u></u>	<u><u>48.087.714</u></u>

Balance sheet 31 December

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
Equity and liabilities			
Share capital		13.510	13.510
Retained earnings		<u>-183.358</u>	<u>-204.896</u>
Equity	6	<u>-169.848</u>	<u>-191.386</u>
Other provisions	7	<u>264.533</u>	<u>264.533</u>
Total provisions		<u>264.533</u>	<u>264.533</u>
Payables to Parent companies		<u>31.717.042</u>	<u>47.730.654</u>
Total non-current liabilities	8	<u>31.717.042</u>	<u>47.730.654</u>
Banks		41.390.740	0
Trade payables		317.110	209.006
Other payables		<u>19.557</u>	<u>74.907</u>
Total current liabilities		<u>41.727.407</u>	<u>283.913</u>
Total liabilities		<u>73.444.449</u>	<u>48.014.567</u>
Total equity and liabilities		<u>73.539.134</u>	<u>48.087.714</u>
Uncertainty about the continued operation (going concern)	9		
Mortgages and collateral	10		
Related parties and ownership structure	11		

Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2019	13.510	-204.896	-191.386
Net profit/loss for the year	0	21.538	21.538
Equity at 31 December 2019	<u>13.510</u>	<u>-183.358</u>	<u>-169.848</u>

Notes to the annual report

	<u>2019</u> DKK	<u>2018</u> DKK
1 Staff costs		
Average number of employees	<u>0</u>	<u>0</u>

The Company has entered into an administrative agreement with European Energy A/S. This includes a minor share of management remuneration, since the Company's management does not receive salary or other remuneration.

2 Financial costs		
Financial expenses, group entities	2.950.521	-214.000
Other financial costs	142.134	276
Exchange adjustments costs	43	0
Interest expenses recognised as part of cost of assets	<u>0</u>	<u>214.000</u>
	<u>3.092.698</u>	<u>276</u>

3 Tangible assets	<u>Plant and machinery</u>
Cost at 1 January 2019	47.021.127
Adjustment of cost	-2.139.000
Additions for the year	<u>321.322</u>
Cost at 31 December 2019	<u>45.203.449</u>
Impairment losses and depreciation at 1 January 2019	1.402.698
Depreciation for the year	<u>1.788.113</u>
Impairment losses and depreciation at 31 December 2019	<u>3.190.811</u>
Carrying amount at 31 December 2019	<u>42.012.638</u>
Interest expenses recognised as part of cost of assets	<u>214.000</u>

Notes to the annual report

4 Fixed asset investments

	Receivables in Parent companies	Other investments
Cost at 1 January 2019	28.739.097	126.080
Cost at 31 December 2019	28.739.097	126.080
Carrying amount at 31 December 2019	28.739.097	126.080

Receivables in Parent companies is payable within 5 years.

5 Prepayments

Prepayments comprise rent of land until 2047 and service cost.

6 Equity

No changes have been made to the company's Share capital since the foundation of the company.

7 Other provisions

	2019 DKK	2018 DKK
Provision for the year	264.533	264.533
Balance at 31 December 2019	264.533	264.533

In the report there are recognized provisions for future costs for dismantling and restoration of the wind turbines. Based on management's expectations for the maturity of the liability, these are recognized as non-current liabilities.

Notes to the annual report

8 Long term debt

	Debt at 1 January 2019	Debt at 31 December 2019	Instalment next year	Debt outstanding after 5 years
Payables to Parent companies	47.730.654	31.717.042	0	0
	47.730.654	31.717.042	0	0

9 Uncertainty about the continued operation (going concern)

The Company's ability to continue to pay its creditors as they mature depends on continued funding from affiliates and support from the capital owners. The company's capital owners have confirmed to the company to continue financial support and to support ongoing operations and further development with the necessary capital and liquidity and, if necessary, to resign to other creditors - as a minimum to the approval by the general meeting of the annual report for the financial year 2020.

10 Mortgages and collateral

The company has granted the credit institution a mortgage in the wind turbines for a nominal value of DKK 59.130.000.

The book value of the asset is DKK 42.012.638 as per 31 December 2019.

11 Related parties and ownership structure

Ownership structure

According to the company's register of shareholders, the following shareholder holds at least 5% of the votes or at least 5% of the business capital:

Svindbæk Holding ApS, Gyngemose Parkvej 50, 2860 Søborg

Consolidated financial statements

The company is reflected in the group report for the parent company European Energy A/S Gyngemose Parkvej 50, 2860 Søborg