Financial Report 2020

innogy Finance B.V.

's-Hertogenbosch, the Netherlands

# Report from Supervisory Board

## Report from the Supervisory Board

The Supervisory Board was installed on 5 June 2020 and comprises the following members:

- Mrs. S. Weitz
- Mrs. A. Peters
- Mr. S.W. Hloch

The composition of the members did not change during the reporting period.

In March 2020, innogy SE transferred five bonds (face value of EUR 1.5 billion) to innogy Finance B.V. innogy Finance B.V. received the market value as compensation and issued new loans (value of EUR 1.8 billion) with the same maturity. In light of the upcoming transactions the Board of Directors decided to early repay one of these bonds (nominal value of EUR 750.0 million) and settle the corresponding loan.

Following the completion of the acquisition of innogy, in 2020 E.ON harmonized the group funding structure by approaching the debt capital markets with one of the largest liability management transaction ever done in the European capital markets. In that transaction, innogy Finance B.V. approached the investors and they agreed to a change of issuer and a change of guarantor and also a harmonization of the final terms. E.ON International Finance B.V. being, besides E.ON SE, the largest issuer of the group, participated in that transaction and became the new issuer for the majority of the former innogy debt instruments. For all these instruments E.ON SE became the new guarantor and also the terms and conditions were harmonized with existing E.ON terms.

The financial statements 2020 have been audited and were given an unqualified report by the independent auditor of PricewaterhouseCoopers Accountants N.V. The independent auditor's report is included in this report.

The Income Statement for the year 2020 discloses a Net result of EUR 2.0 million. The Supervisory Board approves the proposal made by the Board of Management to add this amount to the "Retained earnings". The Supervisory Board recommends that the General Meeting of Shareholders adopts the financial statements for the year 2020. The Supervisory Board takes this opportunity to express its appreciation for the performance of the management during the past year.

's-Hertogenbosch, The Netherlands, 20 April 2021

Mrs. S. Weitz    Mrs. A. Peters    Mr. S.W. Hloch

# Directors' report

## Directors' report

### Introduction

innogy Finance B.V. (hereafter named 'the Company') acts to facilitate the financing of the innogy Group. The external funding is inter alia carried out via innogy Finance B.V. guaranteed by innogy SE, and the funds are then lent from innogy Finance B.V. to the innogy Group companies. innogy Finance B.V. is a wholly owned (indirect) subsidiary of E.ON SE and has no subsidiaries of its own.

### Main developments during 2020

In January 2020 one bond with an interest rate of 1.875% and a face value of EUR 750 million matured. The corresponding loan with an interest rate of 2.1987% matured on the same date.

In March 2020, innogy SE transferred five bonds (face value of EUR 1.5 billion) to innogy Finance B.V. innogy Finance B.V. received the market value as compensation. Consequently the Company issued new loans (value of EUR 1.8 billion) with the same maturity. The bonds have an interest rate between 3.50% - 3.85% and the loans have an interest rate between 0.82% and 1.87%. The transferred loans and bonds have a negative net margin based on the terms and conditions of the takeover from innogy SE. The lower interest rate on the loans is covered by a premium on the transferred bonds.

In light of the above transaction, the Board of Directors decided to early repay one of the bonds acquired in March 2020. This bond and corresponding loan with a nominal value of EUR 750.0 million and EUR 765.9 million respectively have been repaid in June 2020 at market value (respectively market value of EUR 769.3 million and EUR 769.8 million), resulting in a profit of EUR 0.5 million.

On 2 June 2020 the merger squeeze-out was entered in the Commercial Register and therefore innogy has been included within the E.ON group. innogy SE is merged with E.ON Verwaltungs SE which thereafter has been renamed to innogy SE.

In July 2020, a partial redemption has been performed on the USD bond of an amount of USD 32.6 million. Consequently an amount of USD 35.4 million has been repaid by innogy SE on the loan.

On 13 August 2020 innogy Finance B.V. and innogy SE, started a liability management (Project Spectre) in collaboration with E.ON SE and E.ON International Finance B.V. in order to transfer the capital market debt to respective E.ON companies to streamline the E.ON group funding structure. Therefore, innogy Finance B.V. invited bondholders to an exchange offer process for one bond and to a consent solicitation process for 17 other bonds. During the exchange offer bondholders were offered to substitute the EUR 468.0 million bond (hereafter "2037 Notes") by new 2037 notes (the New 2037 Notes) issued by E.ON SE as substitute issuer and debtor, with an exchange ratio of one 2037 Note for one New 2037 Note.
The consent solicitation required bondholders to consent to certain proposed amendments. In votes without meeting conducted in accordance with the German Act on Debt Securities the bondholders were asked to consent to, inter alia, a replacement of innogy Finance B.V. as issuer by E.ON International Finance B.V. and the substitution of innogy SE as guarantor by E.ON SE.
The exchange offer resulted in an exchange rate of 98.7% meaning that 98.7% of the bondholders accepted the exchange whereas a note of EUR 5.9 million remains in the Company.
The outcome of the consent solicitation was that all 17 bonds could be fully transferred to E.ON International Finance B.V. with a new guarantee by E.ON SE. At the same time, E.ON International Finance B.V. also became the new lender of any corresponding intra-group long term loan that was originally granted by innogy Finance B.V. on-lending the proceeds of such bond. These transfers took place in 3 waves on 16 September (Exchange Offer), 4 and 25 November 2020 (Consent Solicitation).

The entire project has been initiated to support the integration of innogy into the E.ON group. As E.ON International Finance B.V. will take over the handling and the remaining risks of the bonds and loans no compensation was paid for the margin of the loans.

The ability of the Company to fulfill its short-term obligations is expressed in the current ratio. The year-end current ratio of 2020 of 15.303 increased significantly when compared to last year (2019: 1.008) due to a high in-house bank receivable compared to almost no liabilities anymore per year-end as result of the transactions. The solvency ratio (equity / total equity and liabilities) shows a result of 59.83% (2019: 0.09%). The equity is at a level of EUR 12.6 million. The payment obligations towards bondholders are backed by proceeds from the loan granted to innogy SE. Additionally, the outstanding bond is guaranteed by innogy SE. The profitability of the Company, expressed as return on shareholder's equity (net income/ equity), is 15.61%, which is significantly lower than last year (2019: 29.97%).

**Research and development**
In view of the activities of the Company, research and development is not applicable and as such no such expenses were incurred in 2020 and 2019.

**Corporate responsibility**
In the past the Company issued one green bond in 2017 to finance/refinance eligible capex spendings under innogy's Green Bond Framework. As the Company became part of E.ON Group since September 2019, the financing of capex spending will be done via E.ON for the time being.

**Risk management and use of financial instruments**
innogy Finance B.V. manages the risks of the Company with the procedures and systems used within the E.ON Group. The risk management system meets the requirements of Company management. The risk appetite of the Company is very limited. This is also embedded in the structure of the Company, in which external financing is applied only for internal financing purposes with very limited risks. Reference is made to the disclosures below on the separate risks.

Both an external and internal legal counsel continuously monitor the compliance to relevant regulations and the internal legal counsel informs the Board of Directors in case of any changes or other relevant information. During the Board meetings, which take place three times a year, an update on compliance is discussed by the internal legal counsel and documented in the minutes of the meetings.

As from 1 January 2020 the tax ruling on interest spread and minimum level of equity is not extended. The Company however still acts accordingly and uses the agreed pricing methods also for new instruments. As part of the applicable tax ruling and/or the external transfer pricing study (as of 2020), a fixed spread is set to determine applicable interest rates. Next to that, and in accordance with the substance requirements in The Netherlands, the Company is required to keep a minimal level of equity.

The Company has designed and implemented control measures in order to mitigate risks. These control measures are both automated and manual. Amongst others the control measures are monitoring, reviewing, 4-eye principles and authorization matrices. To ascertain the existence and correct execution of control measures, different types of control monitoring are executed. Most important example of these is the assessments on the controls performed by E.ON SE once a year.

*Currency risk*
The Company's currency exposure mainly relates to positions and transactions in British Pounds. However, as the bonds issued in foreign currencies have been one-on-one used to finance the loans to group companies in the same currency a natural hedge has been obtained and therefore currency risk is eliminated. The remaining instrument is denominated in Euro.

*Interest rate risk*
The Company's exposure to interest rate risk on interest-bearing receivables and interest-bearing non-current and current liabilities is limited as the bonds and loans issued all have corresponding tenors and fixed interest rates. The interest on the outstanding bond is higher than the interest rate on the loan, this has been compensated by a premium by innogy SE.

*Credit risk*
The loan to group companies has been granted to innogy SE, being a 100% group company. Repayment of the bond is guaranteed by innogy SE.

*Liquidity risk*
The liquidity risk is limited, because the proceeds of the bond outstanding are mirrored with the loan outstanding to innogy SE.

As a consequence of the outbreak of the COVID-19 pandemic in 2020 and considering that having a full comprehensive analysis of the current situation and its potential effects is not reasonably feasible, innogy Finance B.V., along with the E.ON Group, is continuously analyzing the situation and its evolution as well as the regulatory measures implemented.

The outstanding public debt issued by innogy Finance B.V. is guaranteed by innogy SE which is part of the EON Group. E.ON SE has solid credit ratings of BBB and Baa2 that have been assessed by S&P and Moody`s. Moreover, the liquidity of the E.ON Group as published in its 2021 financial statements is good and adequate to face upcoming maturities and E.ON management has also recently reaffirmed its strong BBB / Baa2 rating target. Furthermore after the transactions performed in 2020, the equity level of innogy Finance B.V. is higher than the nominal value of the bond. Based on the above the Company does not identify significant additional credit and liquidity risk resulting from COVID-19 and therefore the valuation of the financial instruments is correctly stated on the balance sheet per 31 December 2020.

From an operational perspective, the Company has adopted the necessary measures to guarantee the continuity of its activities and business in the current scenario. Based on our internal analysis, the Company at the date of issuance of this report has no reason to believe, that the impact of COVID-19 would have a material adverse effect on its financial condition or liquidity and the Company does continue its operations as a going concern.

**Code of Conduct**
As part of E.ON SE the Board of Directors voluntarily follows the Code of Conduct of E.ON SE. The principles of the Code of Conduct define the way we do business, which is characterized by integrity and compliance with the law. The full text of the Code of Conduct can be found on www.eon.com

**Board and Supervisory Board**
In 2020 there were changes in the composition of the Board of Directors. Mr. Jacobs was appointed as director of the Company and replaced Mr. Dullens who left the position per end 2019. Mr. Stollenga and Ms. Weitz have resigned from the Board. Mr. van Dam has been appointed as director of the Company. In December 2020 Mr. Heischkamp has resigned from the Board.

On 5 June 2020 the Supervisory Board of innogy Finance B.V. has been installed. Ms. Weitz, Ms. Peters and Mr. Hloch are appointed as members of the Supervisory Board.

The Company's Board of Management and Supervisory Board have been appointed based on qualifications and availability, irrespective of gender. In order to create more balance, the Company will actively seek for female candidates and invite them to apply for the Board of Management in case a position will become vacant in the future.

**Subsequent events**
In 2021, the board identified one of the last bondholders of EUR 5.0 million (bond outstanding EUR 5.9 million) and agreed on 8 April 2021 to repurchase, cancel and write down this part of the remaining bond with value date 15 April 2021. In the context of the bond buy back the loan outstanding of EUR 7.7 million has been paid back by innogy SE to innogy Finance B.V. on 15 April 2021.

No other significant events, which could have a material impact, occurred between year-end 2020 and the date on which the Board of Directors approved and authorized these financial statements for issue.

**Financial outlook**
The future outlook of innogy Finance B.V. is that the business will be continued as it is now with one listed note with a nominal value of EUR 0.9 million outstanding. For the remaining EUR 0.9 million the Company is still trying to identify the bondholder(s).

's-Hertogenbosch, The Netherlands, 20 April 2021

Board of Directors,

J. van Dam D. Jacobs

# Responsibility Statement

## Responsibility Statement

The Managing Directors of the Company hereby declare that to the best of their knowledge and in accordance with the applicable reporting principles for the financial reporting, the financial statements for the period ending 31 December 2020 give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company, and that the Directors' report referred to above gives a true and fair view concerning the position as per the balance sheet date, the development and performance of the business during the financial year of the Company together with a description of the principal risks that it faces.

's-Hertogenbosch, The Netherlands, 20 April 2021

Board of Directors,

J. van Dam

D. Jacobs

# Financial statements

# Balance sheet as at 31 December 2020
**(before appropriation of profit)**

| *Assets* | Ref. | 31 December 2020 | | 31 December 2019 | |
|---|---|---|---|---|---|
| | | EUR'000 | EUR'000 | EUR'000 | EUR'000 |
| **Non-current assets** | | | | | |
| Financial assets | 5.1 | | 7.711 | | 10.923.291 |
| | | | | | |
| **Current assets** | | | | | |
| Receivables | 5.2 | 29 | | 1.017.060 | |
| Cash and cash equivalents | 5.3 | 13.285 | | 7.515 | |
| | | | 13.314 | | 1.024.575 |
| | | | 21.025 | | 11.947.866 |

| *Equity and liabilities* | Ref. | 31 December 2020 | | 31 December 2019 | |
|---|---|---|---|---|---|
| | | EUR'000 | EUR'000 | EUR'000 | EUR'000 |
| **Shareholder's equity** | 5.4 | | | | |
| Share capital | | 2.000 | | 2.000 | |
| Retained earnings | | 8.615 | | 5.435 | |
| Profit for the financial year | | 1.964 | | 3.180 | |
| | | | 12.579 | | 10.615 |
| | | | | | |
| **Non-current liabilities** | 5.5 | | 7.576 | | 10.921.201 |
| | | | | | |
| **Current liabilities** | | | | | |
| Derivatives | | - | | 4 | |
| Other Liabilities | 5.6 | 870 | | 1.016.046 | |
| | | | 870 | | 1.016.050 |
| | | | 21.025 | | 11.947.866 |

# Income statement for the year ended 31 December 2020

| | Ref. | Jan - Dec 2020 | | Jan - Dec 2019 | |
|---|---|---|---|---|---|
| | | EUR'000 | EUR'000 | EUR'000 | EUR'000 |
| Interest and similar income | 6.1 | 402.643 | | 470.163 | |
| Interest and similar expenses | 6.2 | (393.894) | | (456.553) | |
| **Total financial result** | | | 8.749 | | 13.610 |
| General and administrative expenses | 6.3 | | (6.128) | | (9.369) |
| **Operating income** | | | 2.621 | | 4.241 |
| Income tax expense | 6.4 | | (657) | | (1.061) |
| **Net result after taxation** | | | 1.964 | | 3.180 |
| total direct movements in equity | | | - | | - |
| **Total result** | | | 1.964 | | 3.180 |

# Cash flow statement for the year ended 31 December 2020

| | Ref. | Jan - Dec 2020 | Jan - Dec 2019 |
|---|---|---|---|
| | | EUR'000 | EUR'000 |
| **Cash flows from operating activities** | | | |
| Cash generated from operations: | | | |
| Interest received | | 672.645 | 524.213 |
| Interest paid | | (658.517) | (510.614) |
| Expenses paid | | (376) | (185) |
| Income tax paid | | (778) | (846) |
| Guarantee fee paid | | (14.233) | (8.986) |
| Net cash generated from operating activities | | (1.259) | 3.582 |
| **Cash flows from investing activities** | | | |
| Issuance of long-term loans | 5.1 | (1.763.112) | - |
| Repayment of long-term loans | 5.1 | 2.223.464 | 1.000.000 |
| Net cash generated from investing activities | | 460.353 | 1.000.000 |
| **Cash flows from financing activities** | | | |
| Issuance of long-term bonds | 5.5 | 1.749.644 | - |
| Received interest part of exchange | | 13.990 | - |
| Repayment of long-term bonds | 5.5 | (2.217.065) | (1.000.000) |
| Dividends paid | | - | (3.000) |
| Net cash used in financing activities | | (453.432) | (1.003.000) |
| **Net cash flows** | | 5.661 | 582 |
| Exchange and translation differences on cash and cash equivalents | | 109 | 13 |
| **Net increase in cash and cash equivalents** | | 5.770 | 595 |
| **Cash and cash equivalents** | | | |
| Opening balance | | 7.515 | 6.920 |
| Closing balance | | 13.285 | 7.515 |
| **Net increase in cash and cash equivalents** | | 5.770 | 595 |

# Notes to the financial statements

## 1 General

### 1.1 Activities

The activities of innogy Finance B.V. are to facilitate the financing of companies within the E.ON SE Group.

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 company.

### 1.2 Group structure

innogy Finance B.V. (hereafter named 'the Company'), incorporated on 14 February 2001, is a private limited liability company. Since July 2016 the direct parent company is innogy International Participations N.V. in 's-Hertogenbosch, the Netherlands. The financial statements of innogy Finance B.V. are included in the consolidated financial statements of the ultimate parent company E.ON SE, having its legal seat in Essen, Germany. These statements are available via www.eon.com.

innogy Finance B.V. is seated at Willemsplein 4, 's-Hertogenbosch, the Netherlands, and registered in the Trade register Brabant no. 34 15 11 16. The home member state is the Netherlands.

### 1.3 Audit committee

In 2020 innogy Finance B.V. installed its own Supervisory Board, which also acts as a qualified audit committee under Dutch law.

### 1.4 Accounting policies

The financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

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 Company.

### 1.5 Comparison previous year

The valuation principles and method of determining the result are the same as those used in the previous year.

### 1.6 Notes to the cash flow statement

The cash flow statement has been prepared using the direct method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. When dividends are paid they will be included in the cash flow from financing activities.

Transactions not resulting in inflow or outflow of cash, such as entering into a financial leasing agreement, are not recognised in the cash flow statement.

### 1.7 Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates and management's judgment in the process of applying the accounting policies. If necessary, for the purposes of providing the view required under Section 362(1), Book 2, of the Netherlands Civil Code, the nature of these estimates and judgments, including the related assumptions, are disclosed in the relevant notes to the financial statements.

### 1.8 Related parties

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the Company are considered to be a related party. In addition, statutory directors, other key management of the Company or the ultimate parent company and close relatives are regarded as related parties.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

# 2 Accounting policies for the balance sheet

## 2.1 General

In general, assets and liabilities are generally valued at historical cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. The balance sheet and income statement include references to the notes. The financial statements are expressed in EUR'000.

## 2.2 Foreign currencies

*Transactions, receivables and payables*

Transactions denominated in foreign currencies during the reporting period are recognized in the financial statements at the exchange rate ruling at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. Exchange differences resulting from settlement and translation are charged or credited to the income statement.

The average GBP exchange rate used for profit and loss statement and the cash flow statement per 31 December 2020 is 0.8897 (31 December 2019: 0.8759) and average USD exchange rate per 31 December 2020 is 1.142.

*Functional currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates (the functional currency). The financial statements are presented in euro, which is the functional and presentation currency of innogy Finance B.V.

## 2.3 Financial instruments

Derivatives are initially recognised in the balance sheet at fair value, the subsequent valuation of derivative financial instruments depends on whether or not the instrument is quoted in an open market. If the underlying object of the derivative financial instrument is listed on an open market, it is valued at fair value. If the object is not quoted in an open market, it will be stated at cost or current value, if lower.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and/or option pricing models, making allowance for entity-specific inputs.

The Company uses as derivatives Foreign Exchange contracts for hedging its foreign exchange risk. The Foreign Exchange contracts are valued at market value. The contracts were entered into in order to eliminate the risk stemming from exchange rate differences of interest accruals.

## 2.4 Financial assets

*Loans to group companies*

Loans to group companies included in financial assets are initially recognized at fair value less transaction cost (if material), and subsequently measured at amortized cost. If loans are issued at a discount or premium, the discount or premium is recognised through profit or loss over the maturities of the loans using the effective interest method. Impairment losses are deducted from amortized cost and expensed in the income statement.

Until 2019 the interest rate charged on loans to group companies has been set in conformity with the tax ruling obtained from the local tax authorities. For loans issued after 2019, the interest rate charged to group companies has been set in conformity with an external transfer pricing study.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognized in the income statement.

The amount of an impairment loss incurred on financial assets stated at amortized cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in the income statement.

## 2.5 Receivables

Receivables are initially recognized at fair value and subsequently measured at amortized cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. When a receivable is not collectible, it is written off against the allowance account for receivables.

## 2.6 Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and deposits with a maturity of less than twelve months. Cash and cash equivalents are stated at nominal value.

## 2.7 Non-current liabilities

Bonds included in non-current liabilities are initially recognized at fair value, net of transaction costs incurred. Bonds are subsequently measured at amortized cost, being the amount received taking into account premiums or discounts and minus transaction costs. Deferred premiums and discounts on bonds are amortized over the term of the bonds using the effective interest method.

## 2.8 Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortized cost, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

### 2.9 Deferred tax liabilities

Deferred tax liabilities are recognised at non-discounted value for temporary differences between the tax bases and the carrying amounts of assets and liabilities. Deferred tax liabilities are calculated using the tax rates that are expected to apply to the period when the liability will be settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the balance sheet date. The effects of changes in income tax rates are recognised directly in profit or loss, unless the effects relate to items recognised directly in equity.

# 3 Accounting policies for the income statement

## 3.1 General

Results on transactions are recognized in the year in which they are realized; losses are accrued as soon as they are foreseeable.

## 3.2 Foreign currencies

Exchange rate differences resulting from settlement and translation are charged or credited to the income statement.

## 3.3 Interest income and expense

Income from financing activities is determined as interest income received from intercompany financing activities. Interest paid and received is recognized on a pro rata basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognizing interest paid, allowance is made for the transaction costs on loans received as part of the calculation of effective interest. When recognising interest income or expense, allowance is made for the premium or discount on financial instruments issued as part of the calculation of effective interest.

## 3.4 General and administrative expenses

The guarantee fee that is due by innogy Benelux Holding B.V. and innogy International Participations N.V. is received by the Company as part of their interest payments and accounted for and paid to innogy SE as an operating expense by the Company. General and administrative expenses including guarantee fees are recognised when incurred.

## 3.5 Taxation

Income tax is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date, and applying the appropriate tax rates to the result before tax disclosed in the financial statements, taking into account non-taxable income and non-deductible expenses.

Until 2019 the interest rate charged on loans to group companies has been set in conformity with the tax ruling obtained from the local tax authorities. The ruling was applicable until 2019 and not prolonged. For loans issued after 2019, the interest rate charged to group companies has been set in conformity with an external transfer pricing study.

# 4 Financial instruments and risk management

## 4.1 Market risk

*Currency risk*

The Company's currency exposure mainly relates to positions and future transactions in British Pounds and US Dollar. However, as the bonds issued in foreign currencies have been one-on-one used to finance the loans to group companies a natural hedge has been obtained and therefore currency risk is eliminated.

*Price risk*

The Company's price risk is limited as the bonds issued by the Company have been one-on-one used to finance the loans to group companies. As a result, a natural hedge has been obtained.

## 4.2 Interest rate risk

The Company's exposure to interest rate risk on interest-bearing receivables and interest-bearing non-current and current liabilities is limited as the bonds and loans issued all have fixed interest rates. The spread on the remaining loan is negative however the nominal value of the loan is higher than the bond and further compensated with a premium on the bond.

## 4.3 Credit risk

The loan to group companies has been granted to innogy SE, being a 100% group company of the E.ON group. Repayment of the bond is guaranteed by innogy SE.

## 4.4 Liquidity risk

The liquidity risk is limited, because the proceeds of the bond outstanding are mirrored with the loan outstanding to innogy SE. Furthermore the equity level of innogy Finance B.V. is higher than the nominal value of the bond.

As a consequence of the outbreak of the COVID-19 pandemic in 2020 and considering that having a full comprehensive analysis of the current situation and its potential effects is not reasonably feasible, innogy Finance B.V., along with the E.ON Group, is continuously analyzing the situation and its evolution as well as the regulatory measures implemented.

The outstanding public debt issued by innogy Finance B.V. is guaranteed by innogy SE which is part of the EON Group. E.ON SE has solid credit ratings of BBB and Baa2 that have been assessed by S&P and Moody`s. Moreover, the liquidity of the E.ON Group as published in its 2021 financial statements is good and adequate to face upcoming maturities and E.ON management has also recently reaffirmed its strong BBB / Baa2 rating target. Furthermore after the transactions performed in 2020, the equity level of innogy Finance B.V. is higher than the nominal value of the bond. Based on the above the Company does not identify significant additional credit and liquidity risk resulting from COVID-19 and therefore the valuation of the financial instruments is correctly stated on the balance sheet per 31 December 2020.

From an operational perspective, the Company has adopted the necessary measures to guarantee the continuity of its activities and business in the current scenario. Based on our internal analysis, the Company at the date of issuance of this report has no reason to believe, that the impact of COVID-19 would have a material adverse effect on its financial condition or liquidity and the Company does continue its operations as a going concern.

# 5 Notes to the balance sheet

## 5.1 Financial assets

Financial assets concern loans to group companies and are specified as follows:

| | | 2020 | | 2019 | |
|---|---|---|---|---|---|
| | | EUR'000 | EUR'000 | EUR'000 | EUR'000 |
| **Balance as at 1 January** | | | | | |
| Book value | | | 11.673.207 | | 12.450.247 |
| **Movements financial year** | | | | | |
| New loans issued | | 1.763.112 | | - | |
| Redemption | | (13.105.702) | | (1.000.000) | |
| Amortization of discount and premiums | | (70.305) | | (901) | |
| Exchange rate differences | | (252.601) | | 222.869 | |
| Short-term part of loans transferred to receivables | | - | | (748.924) | |
| | | | (11.665.496) | | (1.526.956) |
| **Balance as at 31 December** | | | | | |
| **Book value** | non current | | 7.711 | | 10.923.291 |
| | current (see note 5.2) | | - | | 749.916 |
| | total | | 7.711 | | 11.673.207 |

| | | 2020 | | 2019 | |
|---|---|---|---|---|---|
| | | EUR'000 | EUR'000 | EUR'000 | EUR'000 |
| **Balance as at 1 January** | | | | | |
| Book value | | | 11.673.207 | | 12.450.247 |
| **Movements financial year** | | | | | |
| New loans issued | | 1.763.112 | | - | |
| Loans transferred | | (11.559.666) | | - | |
| Redemption | | (1.546.035) | | (1.000.000) | |
| Amortization of discount and premiums | | (70.305) | | (901) | |
| Exchange rate differences | | (252.601) | | 222.869 | |
| Short-term part of loans transferred to receivables | | - | | (748.924) | |
| | | | (11.665.496) | | (1.526.956) |
| **Balance as at 31 December** | | | | | |
| **Book value** | non current | | 7.711 | | 10.923.291 |
| | current (see note 5.2) | | - | | 749.916 |
| | total | | 7.711 | | 11.673.207 |

In January 2020, a group company repaid EUR 750 million to the Company. In March 2020, innogy SE transferred five bonds to innogy Finance B.V. innogy Finance B.V. received the market value as compensation. Consequently the Company issued new loans (value of EUR 1.8 billion) with the same maturity. The loans have an interest rate between 0.82% and 1.87%. In light of the March 2020 transaction, a group company early repaid the EUR 765 million loan and partially repaid USD 35.4 million (of the USD 55 million loan). Also innogy Finance B.V. transferred EUR 604 million (of the 612 million loan) to E.ON SE in September 2020.

In November 2020, after the E.ON acquisition of innogy SE, loans have been transferred to E.ON International Finance B.V. The total value of the transaction (EUR 10.9 billion) is not settled in cash but in a package combined with the corresponding bonds. In light of these transactions only a remaining balance of EUR 7.7 million is still applicable per 31 December 2020 being one loan lent to innogy SE. The loan is maturing in October 2037.

*Interest*

The interest rate is fixed:

| Loan | Amount ('000) | Interest rate |
|---|---|---|
| EUR | 7.711 | 1.63000% |

*Provision*

Based on our risk assessment for any expected credit losses, taken into account also COVID-19, no risk provision for expected credit loss was deemed necessary due to limited credit risk.

## 5.2 Receivables

| | 31 December 2020 | 31 December 2019 |
|---|---|---|
| | EUR'000 | EUR'000 |
| Short-term part of group loans | - | 749.916 |
| Interest receivable from group companies | 22 | 267.144 |
| Other receivables | 7 | - |
| | 29 | 1.017.060 |

The fair value of the receivables is in line with their carrying amount. All receivables are due within one year.

## 5.3 Cash and cash equivalents

The cash and cash equivalents are at the free disposal of the Company.

The fair value of the cash and cash equivalents is in line with their carrying amount. Current account group companies refers to the current account position with innogy International Participation N.V., which can be reclaimed directly.

| | 31 December 2020 | 31 December 2019 |
|---|---|---|
| | EUR'000 | EUR'000 |
| Current account group companies | 13.284 | 7.514 |
| Cash | 1 | 1 |
| | 13.285 | 7.515 |

## 5.4 Shareholder's equity

The movements in Equity are specified as follows:

*Share capital*

The issued share capital as of 31 December 2020 amounts to EUR 2.0 million of which 20,000 ordinary shares of EUR 100 each have been fully paid up.

*Retained earnings*

The movement in other reserves is explained by the profit appropriation of the undistributed result of 2019 (EUR 3.2 million).

*Proposed for the financial year*

The Company will not advise the shareholder to pay a final dividend and add the profit for the financial year to the retained earnings.

## 5.5 Non-current liabilities

This item relates to the issued bonds and is specified as follows:

| | | 2020 | 2019 |
|---|---|---|---|
| | | EUR'000 | EUR'000 |
| **Balance as at 1 January** | | | |
| Book value | | 11.671.117 | 12.448.035 |
| **Movements financial year** | | | |
| Bonds transferred | | (9.581.946) | - |
| Redemption | | (1.528.021) | (1.000.000) |
| Amortization of discount and premiums | | (300.896) | (779) |
| Exchange rate differences | | (252.678) | 222.869 |
| Short-term part of bonds transferred to current liabilities | | - | (748.924) |
| | | (11.663.541) | (1.526.834) |
| **Balance as at 31 December** | | | |
| Book value | non current | 7.576 | 10.921.201 |
| | current (see note 5.6) | - | 749.916 |
| | total | **7.576** | **11.671.117** |

In January 2020, innogy Finance B.V. repaid EUR 750 million to the bondholders. In March 2020, innogy SE transferred five bonds (value of EUR 1.7 billion) to innogy Finance B.V. The bonds have an interest rate between 3.50% - 3.85%. In light of the March 2020 transaction, innogy Finance B.V. early repaid the EUR 750 million bond and partially repaid USD 32.6 million (of the USD 50 million bond). Furthermore innogy Finance B.V. transferred EUR 462 million (of the 468 million bond) to E.ON SE in September 2020.

In November 2020, after the E.ON acquisition of innogy SE, bonds have been transferred to E.ON International Finance B.V. The transactions are not settled in cash but in a package with the corresponding loans (EUR 10.9 billion). The amortization of discounts and premiums of EUR 301 million is mainly related to the premium related to the March 2020 bonds of EUR 235 million. The other part relates to the older financial instruments.

In light of these transactions only a remaining balance of EUR 7.6 million (nominal EUR 5.9 million) is still applicable per 31 December 2020 relating to one bond. The bond is maturing in October 2037.

| | Bonds |
|---|---|
| | EUR '000 |
| Duration <1 year | - |
| Duration >1 year <5 years | - |
| Duration >5 years | 7.576 |
| | **7.576** |

*Interest*

The interest rates are fixed, ranging from:

| Bond | Amount ('000) | Interest rate |
|---|---|---|
| EUR | 7.576 | 3.5000% |

## 5.6 Other liabilities

| | 31 December 2020 | | 31 December 2019 | |
|---|---|---|---|---|
| | Total | Term > 1 year | Total | Term > 1 year |
| | EUR'000 | EUR'000 | EUR'000 | EUR'000 |
| Short-term part of bonds | - | - | 749.916 | - |
| Interest payable | 39 | - | 256.395 | - |
| Guarantee Fee (innogy SE) | - | - | 8.508 | - |
| Corporate income tax | 774 | - | 1.079 | - |
| Accrued liabilities | 35 | - | 30 | - |
| Payroll accruals | 16 | - | - | - |
| Accounts payable | 6 | - | - | - |
| Deferred tax liability | - | - | 118 | 99 |
| | 870 | - | 1.016.046 | 99 |

The fair value of the liabilities is in line with their carrying amount.

innogy Finance B.V. is part of the fiscal unity innogy International Participations N.V. as of 1 January 2015. The current tax expense is settled with the fiscal unity parent within one year.

### *Deferred tax liability*

| | 2020 | 2019 |
|---|---|---|
| | EUR '000 | EUR '000 |
| Balance as at 1 January | 118 | 136 |
| Movements | (118) | (18) |
| Balance as at 31 December | - | 118 |

The deferred tax liability was caused by a penalty payment in 2007 for early termination of a loan. Due to the transfer of the loans to E.ON International Finance B.V. the deferred tax liability has also been transferred.

## 5.7 Financial instruments

### *Financial instruments valued at amortized cost*

The table below shows financial instruments whose market value differs from amortized cost.

| | 31 December 2020 | | 31 December 2019 | |
|---|---|---|---|---|
| | Market value | Book value | Market value | Book value |
| | EUR'000 | EUR'000 | EUR'000 | EUR'000 |
| *Financial assets* | | | | |
| Loans to group companies | 9.027 | 7.711 | 14.106.016 | 11.673.207 |
| *Financial liabilities* | | | | |
| Bonds issued | 8.054 | 7.576 | 13.719.020 | 11.671.117 |

The market value of bonds and loans is based on a discounted cash flow model. In this model the base rates and credit spreads applied are fixed, amounting to -0.07 and 0.62 respectively. The market values are not equal due to the different nominals and interest rates

The market value of loans to group companies and bonds issued is higher than the book value because they carry interest at a rate that is higher than the market rate.

### 5.8 Derivatives

The derivatives comprise the fair value of financial contracts with innogy SE to cover the risk of foreign exchange rates related to interest balances in GBP and the guarantee fee payable in GBP.

# 6 Notes to the income statement

## 6.1 Interest and similar income

| | Jan - Dec 2020 | Jan - Dec 2019 |
|---|---|---|
| | EUR'000 | EUR'000 |
| Interest income on loans group companies | 405.523 | 470.810 |
| Release deferred premiums and discounts | (69.563) | (901) |
| Income on transferred loans | 66.266 | - |
| Interest on deposit/ bank | 220 | 252 |
| Income derivatives | 197 | 2 |
| | 402.643 | 470.163 |

The income on transferred loans is mainly related to the result of the exchange offer, EUR 61 million. Note that this income is offset by the release of premiums and discounts.

## 6.2 Interest and similar expenses

| | Jan - Dec 2020 | Jan - Dec 2019 |
|---|---|---|
| | EUR'000 | EUR'000 |
| Interest expenses on bonds issued | 402.161 | 457.302 |
| Release deferred premiums and discounts | (300.664) | (779) |
| Expenses on transferred bonds | 292.397 | - |
| Expenses derivatives | - | 30 |
| | 393.894 | 456.553 |

The expenses on the transferred bonds mainly relates to the results of the exchange offer, EUR 191 million, and the result of the November 2020 transactions of EUR 96 million. Note that these expenses are offset by the release of premiums and discounts.

## 6.3 General and administrative expenses

| | Jan - Dec 2020 | Jan - Dec 2019 |
|---|---|---|
| | EUR'000 | EUR'000 |
| Payroll expense | 189 | - |
| Guarantee Fee | 5.725 | 9.176 |
| Audit fees | 78 | 62 |
| Management and administrative expenses | 130 | 126 |
| Other | 6 | 4 |
| | 6.128 | 9.368 |

In 2019 and 2020 the remuneration of the Board of Directors was nil. In 2020 two new employees have been hired by the Company. The FTE in 2020 is 2 (2019: zero).

PricewaterhouseCoopers Accountants N.V. is the independent auditor of the financial statements of the Company. The composition of the fees paid to the auditor is as follows:

| | Jan - Dec 2020 | Jan - Dec 2019 |
|---|---|---|
| | EUR'000 | EUR'000 |
| Audit of the Financial Statements | 78 | 28 |
| Other assurance services | - | 34 |
| Total audit fees | 78 | 62 |

The fees listed above relate to the procedures applied to the Company by accounting firms and auditors as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties - Wta') as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups. The fees for audit of the financial statements relate to the audit of the 2020 financial statements, regardless of whether the work was performed during the financial year.

## 6.4 Income tax expense

| | Jan - Dec 2020 | Jan - Dec 2019 |
|---|---|---|
| | EUR'000 | EUR'000 |
| Current tax: | | |
| Current income tax | 775 | 1.079 |
| Deferred tax: | | |
| Net movement in deferred taxes | (118) | (18) |
| Income tax expense | 657 | 1.061 |
| Income before tax | 2.621 | 4.242 |
| Effective tax rate | 25,1% | 25,0% |
| Income after tax | 1.964 | 3.181 |

The statutory tax rate is 25% for the year 2020 (2019: 25%).

# 7 Supplementary information

## 7.1 Employees

innogy Finance B.V. had two employees inside the Netherlands in 2020 (2019: zero) and zero outside the Netherlands.

## 7.2 Commitments and contingencies

*Fiscal Unity*

innogy Finance B.V. is part of the fiscal unity innogy International Participations N.V. for corporate income tax effective 1 January 2015. The Company and its fellow group members are jointly and severally liable for all corporate income tax liabilities of the fiscal unity. As from 1 July 2020 E.ON entities became part of the same tax group. The corporation tax charge is settled through the intercompany current accounts.

## 7.3 Subsequent events

In 2021, the board identified one of the last bondholders of EUR 5.0 million and agreed on 8 April 2021 to repurchase, cancel and write down this part of the remaining bond with value date 15 April 2021. In the context of the bond buy back the loan outstanding of EUR 7.7 million has been paid back by innogy SE to innogy Finance B.V. on 15 April 2021.

No other significant events, which could have a material impact, occurred between year-end 2020 and the date on which the Board of Directors approved and authorized these financial statements for issue.

's-Hertogenbosch, The Netherlands, 20 April 2021

Board of directors,

J. van Dam

D. Jacobs

Supervisory Board,

Mrs. S. Weitz

Mrs. A. Peters

Mr. S.W. Hloch

# Other information

## Other information

### Articles of association governing profit appropriation

According to article 27 of the Articles of Association the profit for the year is at the free disposal of the General Meeting of Shareholders.

### Independent Auditor's report

The independent auditor's report is included on the next page.

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# *Independent auditor's report*

To: the general meeting and the Supervisory Board of innogy Finance B.V.

## *Report on the financial statements 2020*

### *Our opinion*

In our opinion, the financial statements of innogy Finance B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2020, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

#### *What we have audited*

We have audited the accompanying financial statements 2020 of innogy Finance B.V., 's-Hertogenbosch.

The financial statements comprise:

- the balance sheet as at 31 December 2020;
- the income statement for the year then ended;
- the cash flow statement for the year then ended; and
- the notes, comprising the accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

### *The basis for our opinion*

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*U5HFQJDVFZWN-667872566-29*

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*T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, www.pwc.nl*

## Independence

We are independent of innogy Finance B.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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# Our audit approach

## Overview and context

The Company's main activity is the financing of group companies, through bond offerings on the international capital markets. The repayment of the bonds to the investors is guaranteed by innogy SE as disclosed in note 4.3 to the financial statements. The Company has derivative financial instruments in place to mitigate interest rate risk and currency risk. We paid specific attention to the areas of focus driven by the operations of the Company, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of directors made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In paragraph 1.7 of the financial statements the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the valuation of the loans issued, we considered these matters as key audit matters as set out in the section 'Key audit matters' of this report. Furthermore, we identified the existence of the loans issued as key audit matter because the importance of existence for users of the financial statements.

As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud.

Due to COVID-19 measures we were not able to perform our audit procedures on location but virtually through electronic way of working. This way of working changed the way of interaction with the client and to a degree also changed the process of gathering information. To overcome this we, when planning our audit, have taken this into account as part of our risk assessment and we have planned and executed additional audit procedures where considered necessary. We therefore believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

We ensured that the audit team included the appropriate skills and competences, which are needed for the audit of a finance company. We therefore included specialists in the area of tax in our team.

## Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out below.

These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Based on our professional judgement, we determined the materiality for the financial statements as a whole at €82,490,000 (2019: €119,450,000). As a basis for our judgement, we used 1% of average total assets. We used total assets as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the stakeholders. On this basis, we believe that total assets is an important metric for the financial performance of the Company. Averaging the total assets is appropriate as it reflects a more conservative nature of our audit due to the transferring of bonds/loans to other entities, while still taking into consideration that the interest expense/income is recognised over nearly the entire period. Inherent to the nature of the Company's business, the amounts in the balance sheet are large in proportion to the income statement line items general and administrative expenses and income tax expenses. Based on qualitative considerations we performed audit procedures on those income statement line items, applying a benchmark of 10% of the total of those expenses.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them misstatements identified during our audit above €4,124,000 (2019: €5,972,500) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context.

Due to the nature of the Company, key audit matters do not change significantly year over year.

| *Key audit matter* | *How our audit addressed the matter* |
|---|---|
| ***Valuation of the loans to group companies***<br>*Note 5.1*<br>We considered the valuation of the loans to group companies, as disclosed in note 5.1 to the financial statements for a total amount of €7,711,000, to be a key audit matter. This is because the board of directors has to identify objective evidence of impairment, which is very important and judgemental, and because of the possible material effect an impairment may have on the financial statements.<br>The board of directors monitors the need for changes in the methods, significant assumptions or the data used in making the accounting estimate by monitoring key performance indicators that may indicate unexpected or inconsistent performance.<br><br>The board of directors did not identify any objective evidence that a loan is impaired. As stated in Notes 4.4 and 5.1 to the financial statements, the board of directors of the Company has assessed that the impact of Covid-19 has been limited on the Company, due to the sector in which the group operates (energy). | We performed the following procedures to test the board of directors' assessment of possible loss events to support the valuation of the loans to innogy SE group companies:<br>• We evaluated the financial position of the counterparties of loans to group companies and their ability to repay the notional and interest to the Company, by assessing observable data from rating agencies, developments in credit spreads, current financial data (such as recent financial information and cash flows) and other publicly available data and by discussing and obtaining information from the group auditor.<br>• We have assessed the board of directors' position on the impact of COVID-19 on the financial position of the counterparties of the loans to group companies as part of our procedures.<br><br>We found the board of directors' assessment to be sufficiently rigorous. Our procedures as set out above did not indicate material differences. |
| ***Existence of the loans to group companies***<br>*Note 5.1*<br>We considered the existence of the loans to group companies, as disclosed in note 5.1 to the financial statements for a total amount of €7,711,000, to be a key audit matter. Significant auditor's attention is necessary because of the size of the loan portfolio and the importance of existence for users of the financial statements. | We performed the following procedures to support the existence of the loans to innogy SE group companies:<br>• We confirmed the existence of the loans with the counterparties through the reconciliation with the intercompany matching reports from innogy SE.<br>• We compared interest receipts with bank statements.<br><br>Based on the procedures as set out above, we found no material differences. |

## *Report on the other information included in the annual report*

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the directors' report;
- the responsibility statement; and
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

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Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

## *Report on other legal and regulatory requirements*

### *Our appointment*

We were appointed as auditors of innogy Finance B.V. following the passing of a resolution by the shareholders at the annual meeting held in 2002. Our appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of 19 years.

### *No prohibited non-audit services*

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

### *Services rendered*

The services, in addition to the audit, that we have provided to the Company, for the period to which our statutory audit relates, are disclosed in note 6.3 to the financial statements.

## *Responsibilities for the financial statements and the audit*

### *Responsibilities of the board of directors and the supervisory board for the financial statements*

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the Company's financial reporting process.

## *Our responsibilities for the audit of the financial statements*

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. 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 but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be 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.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 20 April 2021
PricewaterhouseCoopers Accountants N.V.

V.S. van der Reijden RA

## *Appendix to our auditor's report on the financial statements 2020 of innogy Finance B.V.*

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

### *The auditor's responsibilities for the audit of the financial statements*

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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 intentional override of internal control.
- Obtaining 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.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/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 and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the supervisory board 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. In this respect, we also issue an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.