Annual Report 2023

RWE Finance Europe B.V.

Geertruidenberg

RWE Finance Europe B.V.

Amerweg 1
4931 NC Geertruidenberg

Chamber of Commerce files no. 91298571

Contents

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

REPORT OF THE BOARD OF DIRECTORS

About RWE Finance Europe B.V.

RWE Finance Europe B.V. ("further the company"), having its legal seat in Geertruidenberg, The Netherlands, is a holding and financing company. The company is a limited liability company incorporated under the laws of the Netherlands. The main objective of the company is to obtain funds from issued loans and bonds, to perform the function of holding company for RWE group companies and to finance these companies. Next to that, any and all related industrial, financial and commercial activities related to the before mentioned objectives RWE Finance Europe B.V., headquartered at Amerweg 1, Geertruidenberg, the Netherlands, is registered in the Trade register Brabant no. 865609640. The company was incorporated on September 6, 2023. The ultimate parent company is RWE AG based in Essen, Germany.

Main developments during the year

The company was incorporated in 2023.

Financial overview

(in 1,000 EURO)

<u>Balance sheet</u>
The balance sheet as per December 31, 2023 mainly presents a receivable on the shareholder for the share capital and additional share premium.

<u>Income statement</u>
Net result 2023 amounted to 4 EURO loss resulting from general expenses for the company.

Effective tax rate on this result comes to 19%. This is equal to the statutory tax rate.

No expenses for Research and Development were incurred during the financial year.

As per 31 December 2023 no employees are employed by the company. The company has three directors. All three receive their remuneration from other companies within the RWE Group albeit that this remuneration is not specifically for their role as director of RWE Finance Europe B.V.

Energy & Climate

It is RWE's overall growing green strategy to be carbon neutral in 2040. The company contributes to this goal by financing RWE companies for the development, construction and operation of onshore and offshore wind and solar farms as well as generation flexible assets.

Risk Management

RWE Finance Europe B.V., as part of the RWE Group, can rely on the risk management systems and processes of RWE AG. The company started the implementation of local systems and processes in this area, covering the major risks and uncertainties described below.

Fraud and compliance

Integrity and Compliance are pillars of our business activities and decisions. We believe our priority topics Compliance and Ethics translate into preventing corruption and bribery while being guided by our values when working with counterparties.

All our business activities and decisions meet pre-established Compliance requirements. There is a zero tolerance policy at RWE - violations of the rules and principles set out in the RWE Code of Conduct are not tolerated. Controlling of fraud risks is part of the operational risk management system.

We have dedicated Compliance staff for the Netherlands to ensure implementation of RWE Compliance rules and policies. In 2023, neither cases of material fraud nor violations of the RWE Code of Conduct were reported to the RWE Renewables ("RES") Compliance Officer relating to the company.

The Management Board attends training sessions to learn about specific behaviours and measures, in particular to avoid corruption and the appearance thereof. A mandatory compliance training is conducted once a year on a web-based platform with variable points of focus. The 2023 training was focused on dealing with business partners. In addition to being available in English and German, the training was also available in Dutch. The latter ensures us that people not only do the training, but also understand it better.

The RWE Group supports its employees in notifying their superiors and/or the Compliance department of potential breaches of our Code of Conduct and other non-compliant behaviour. In addition, all employees have access to a web-based whistle-blower system. With the option of remaining anonymous, whistle-blowers can use this system to report incidents, e. g. violations of our Code of Conduct, white-collar offences and actions that harm the company. Furthermore, our staff members as well as external third parties can get in touch with an independent external contact via phone or e-mail. We treat the reports received confidentially and, if so desired, anonymously. During 2023 no issues related to the company have been reported via the internal web-based whistle-blower system and/or the independent external contact.

All managers are obliged to report on the implementation of the RWE Code of Conduct within their sphere of responsibility once a year ("Compliance Executive Reporting"). This measure shall create transparency in respect of the adherence to the RWE Code of Conduct and to provide an overview of Compliance awareness at the company. The feedback rate of the Compliance Executive Reporting serves as an indicator of attention to Compliance. In 2023 a feedback rate of 100 % was achieved.

The reference to the RWE Code of Conduct is a binding element of contracts the company signs with suppliers and service providers. We expect them to uphold the rules and principles contained in the RWE Code of Conduct and, in particular, to declare their support and enactment of the principles established in the Global Compact Initiative of the United Nations in the areas of human rights, labour standards, environmental protection, and the fight against corruption (www.unglobalcompact.org). We re-examine our business relations with external parties whenever we get knowledge that they have violated these principles and take any appropriate measures that we deem necessary. When choosing consultants and agents, we focus especially on their qualifications and integrity.

Significant risks and uncertainties

Strategic risks

The strategic risks that the company is exposed to are not materially different from the risks and instruments RWE AG is exposed to. As a financial holding entity, the Company leverages on the monitoring and management of the local operating companies performed by RWE AG as the parent company of the Company.

Operational risks

The operations of the company are limited to managing its financing of RWE subsidiaries. Operational risks such as significant changes in the organizational structure, fraud and bribery cases, if any, will typically occur at the level of RWE AG's operating units and will only impact the Company indirectly. These operational risks are managed at RWE AG level for the Company.

Risk of non-compliance with laws and regulations

The risk of non-compliance with legal, regulatory and political environments is considered limited given that the Company's activities are limited to managing its financing of RWE subsidiaries. The only potential exposures are legal transactions that involve external (non-RWE AG) parties and tax compliance risk. These risks are sufficiently mitigated by involving the legal, compliance and tax department and, where deemed necessary, external legal advisors.

Financial reporting risk

RWE AG and its subsidiaries have implemented a financial reporting framework which includes various controls and other safety measures to mitigate the financial reporting risk. In order to reduce this financial reporting risk, management applies RWE AG accounting guidance and working practices, involves the RWE AG accounting principles department and involves valuation experts where deemed necessary.

Financial risks

The Company faces several financial risks, which are discussed in more detail below.

Foreign currency risks

The company is currently not exposed to any foreign currency risks.

Interest rate risk and cash flow risk

The Company has interest rate risk regarding the current interest-bearing liabilities. With respect to liabilities with variable interest agreements, the Company has risks regarding future cash flows. No financial derivatives for interest rate risk are contracted with regard to the receivables and liabilities.

Credit risk

In the field of finance, the company primarily has credit relationship with RWE AG. RWE AG, based on the current rating, can obtain funding from external parties.

Liquidity risk
Within the RWE AG group all companies can make use of the cash pool arrangements with RWE AG reducing any liquidity risk to nil.

Business outlook 2024

The Company plans to develop its activities as a financing company, which entails issuing bonds and optimizing the finance positions of RWE group companies. With a positive equity of 10 million EURO and access to the cash pool of RWE AG the company has sufficient funds to meet its liabilities for the next 12 months.

Geertruidenberg, 12 April 2024

The Board of Directors of RWE Finance Europe B.V.

Mr. S. Tulp
Managing director

Mr. I. Piëtte
Managing director

Mr. J. Silvanus
Managing director

Financial Statements

Balance Sheet as at December 31, 2023 Assets

(before proposed appropriation of the result)

Assets		31-dec-23
In 1,000 EURO	Note[1]	
Current assets		
Receivable from shareholder	(4.1)	10,000
Deferred tax assets	(4.4)	1
		10,001
Total assets		**10,001**

Balance Sheet as at December 31, 2023, Equity and Liabilities

(before proposed appropriation of the result)

Equity and liabilities		31-dec-23
In 1,000 EURO	Note[1]	
Equity		
Share capital		-
Share premium reserve		10,000
Result for the year		(4)
		9,996
Current liabilities		
Liabilities to other RWE Companies	(4.2)	5
		5
Total equity and liabilities		**10,001**

[1] notes are integral part of this report

Total comprehensive income statement for the period 6 September 2023 until 31 December 2023

In 1,000 EURO note[1]		September 6 – December 31, 2023
Other operating expenses	(4.3)	(5)
Total operating expenses		*(5)*
Operating result		**(5)**
Net financial result	**(4.3)**	**-**
Result before tax		**(5)**
Taxes on result	(4.4)	1
Total net loss for the period		**(4)**
Other comprehensive income		**-**
Total comprehensive loss		**(4)**

[1] notes are an integral part of the report

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Cash Flow statement 6 September 2023 until 31 December 2023

In 1,000 EURO	Note[1]	2023
Net result		(4)
Adjusted for:		
- Income tax charged to the income statement	(4.4)	(1)
Changes in working capital		5
Cash flows (used in)/generated from operating activities of operations		**-**
Cash flows used in investing activities of operations		**-**
Cash flows generated from financing activities		**-**
Net cash flows		**-**
Cash and cash equivalents at date of incorporation		-
Cash and cash equivalents at end of the year		**-**

[1] notes are an integral part of the report

Due to cash pool positions with RWE AG, no other net cash flows on external banks remained during the year. RWE AG provides funds for deficits on the external bank account and excess funds are transferred to the bank account of RWE AG.

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Statement of changes in equity

Statement of changes in equity in 1,000 EURO	Number of shares	Called-up share capital	Share premium reserve	Retained Earnings	Unappro-priated result for the year	Total
Incorporation	1	-	-	-	-	-
Contribution	-	-	10,000	-	-	10,000
Total transactions with shareholders in capacity of shareholder	**-**	**-**	**10,000**	**-**	**-**	**10,000**
Result after tax	-	-	-	-	(4)	(4)
Total comprehensive income	**-**	**-**	**-**	**-**	**(4)**	**(4)**
Balance at 31 Dec 2023	**1**	**-**	**10,000**	**-**	**(4)**	**9,996**

Notes to the financial statement

1. General notes and principles

RWE Finance Europe B.V. is a wholly owned subsidiary of RWE AG and was founded on September 6, 2023. Its office address is at Geertruidenberg, Amerweg 1, 4931 NC, the Netherlands. The shareholder is also the ultimate parent company, located in Essen, Germany.

The main objective of the company is to obtain funds from issued loans and bonds, to perform the function of holding company for RWE group companies and to finance these companies. Next to that, any and all related industrial, financial and commercial activities related to the before mentioned objectives.

Due to the incorporation as per September 6, 2023 the financial statements do not contain comparative figures and the income statement is only for the period of 6 September 2023 until 31 December 2023. The financial statements for the period ended 31 December 2023 were authorized for issue by the Board of directors as per 12 April, 2024 and will be submitted for adoption to the General Meeting of Shareholders.

Entities which can control the Company are considered a related party. In addition, statutory directors, other key management of RWE Finance Europe B.V. and close relatives are regarded as related parties.

Basis of preparation

The financial statements 2023 of RWE Finance Europe B.V. have been prepared in accordance with IFRSs as issued by the IASB, including interpretations ('IFRICS') issued by the IFRS Interpretations Committee, as endorsed by the European Union ('EU') and Book 2, Title 9 of the Dutch Civil code.

Items included in the financial statements of the Company are valued with due regard for the currency in the economic environment in which the Company carries out most of its activities (the functional currency). The financial statements are denominated in EURO; this is both the functional currency and presentation currency of the Company as its operating income is obtained in EURO and all expenses are paid in EURO.

Unless indicated otherwise, all amounts are stated in thousands of EURO. Due to calculation procedures, rounding differences may occur.

Going concern assumption

The annual accounts are based on the going concern assumption of the Company. In 2023 the company was incorporated with a share capital of EURO 100.00. Before year end an additional contribution of EURO 9,999,900.00 was declared but not yet paid-up.

2. Accounting policies applied to the valuation of assets and liabilities

The financial statements have been prepared under the historical cost convention. The income statement is structured according to the nature of expense method.

The balance sheet, profit and loss account, cash flow statement and statement of changes in equity include references to the notes.

The financial statements have been prepared in EURO, which is the functional and presentation currency of RWE Finance Europe B.V.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange valid on the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation of monetary assets and liabilities are recognised on the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate valid on the date the transactions were initially recognised.

Financial assets

At recognition, financial assets are recognised at fair value. Subsequently, they are stated at amortised cost. In the valuation of financial fixed assets, any impairment as at balance sheet date, has been taken into account.

Current and deferred tax assets and liabilities

The company is individually subject to income tax in the Netherlands. The tax expense for the period comprises current and deferred tax. 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.

Income tax expenses are recognised in profit or loss except to the extent that they relate to items recognised directly in other comprehensive income. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.
Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are recognised at nominal value for temporary differences between the tax bases and the carrying amount of assets and liabilities and for unused tax losses carried forward. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax items are calculated using the tax rates that are expected to apply to the period when the asset will be realized, or the liability will be settled, based on tax rates that have been enacted or substantially enacted as at the balance sheet date. The effects of changes in income tax rates are recognised directly in the income statement, unless the effects relate to items recognised directly in equity.

Deferred tax assets are recognised for deductible temporary difference and unused tax losses carried forward, to the extent that it is probable that taxable profit will be available in the foreseeable future against which these deductible temporary differences and unused tax losses carried forward can be realized.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset and they all relate to the same taxable entity and the same taxation authority.

Financial Loans and Receivables

Risk provision for financial assets is determined on the basis of expected credit losses. These are determined on the basis of the probability of default, loss given default and the exposure at default. We determine the probability of default and loss given default using historical data and forward-looking information. The exposure at default date for financial assets is the gross carrying amount on the balance-sheet date. The expected credit loss for financial assets determined on this basis corresponds to the difference between the contractually agreed payments and the payments expected by the Company discounted by the original effective interest rate. The assignment to one of the levels described below influences the level of the expected losses and the effective interest income recognised.

- Stage 1 – Expected 12-month credit losses: At initial recognition, financial assets are generally assigned to this stage – with the exception of those that have been purchased or originated credit impaired, which are thus considered separately. The level of impairment results from the cash flows expected for the entire term of the financial instrument, multiplied by the probability of a default within 12 months from the reporting date. The effective interest rate used for measurement is determined on the basis of the carrying amount before impairment (gross).
- Stage 2 – Lifetime expected credit losses (gross): If the credit risk has risen significantly between initial recognition and the reporting date, the financial instrument is assigned to this stage. Unlike Stage 1, default events expected beyond the 12-month period from the reporting date are also considered in calculating the impairment. The effective interest rate used for measurement is still determined on the basis of the carrying amount before impairment (gross).
- Stage 3 – Lifetime expected credit losses (net): If in addition to the criteria for Stage 2 there is an objective indication of an impairment, the financial asset is assigned to Stage 3. The impairment is calculated analogously to Stage 2. In this case, however, the effective interest rate used for measurement is applied to the carrying amount after impairment (net).

If required, risk provisions are formed for debt instruments measured at amortised cost.

For debt instruments for which there has been no significant rise in credit risk since initial recognition, a risk provision is recognized in the amount of the expected 12-month credit losses (Stage 1). In addition, a financial instrument is assigned to Stage 1 of the impairment model if the absolute credit risk is low on the balance-sheet date. The credit risk is classified as low if the debtor's internal or external rating is investment-grade. For trade accounts receivable, the risk provision corresponds to the lifetime expected credit losses (Stage 2).

To determine whether a financial instrument is assigned to Stage 2 of the impairment model, it must be determined whether the credit risk has increased significantly since initial recognition. To make this assessment, we consider quantitative and qualitative information supported by our experience and assumptions regarding future developments. In so doing, special importance is accorded to the sector in which the company's debtors are active. Our experience is based on studies and data from financial analysts and government authorities, amongst others.

Special attention is paid to the following developments:

- significant deterioration of the internal or external rating of the financial instrument,
- unfavorable changes in risk indicators, e. g. credit spreads or debtor-related credit default swaps,
- negative development of the debtor's regulatory, technological or economic environment,
- danger of an unfavorable development of business resulting in a significant reduction in operating income.

Independent thereof, a significant rise in credit risk and thus an assignment of the financial instrument to Stage 2 are assumed if the contractually agreed payments are more than 30 days overdue and there is no information that contradicts the assumption of a payment default.

We draw conclusions about the potential default of a counterparty from information from internal credit risk management. If internal or external information indicates that the counterparty cannot fulfil its obligations, the associated receivables are classified as unrecoverable and assigned to Stage 3 of the impairment model. Examples of such information are:

- The debtor of the receivable has apparent financial difficulties.
- The debtor has already committed a breach of contract by missing or delaying payments.
- Concessions already had to be made to the debtor.
- An insolvency or another restructuring procedure is impending.
- The market for the financial asset is no longer active.
- A sale is only possible at a high discount, which reflects the debtor's reduced creditworthiness

A payment default and an associated assignment of the financial asset to Stage 3 is also assumed if the contractually agreed payments are more than 90 days overdue and there is no information disproving the assumption of a payment default. Based on our experience, we generally assume that this assumption does not apply to trade accounts receivable.

A financial asset is depreciated if there are indications that the counterparty is in serious financial difficulty and the situation is unlikely to improve. We may also take legal recourse and other measures in order to enforce the contractually agreed payments in the event of an impairment.

For trade accounts receivable, the expected credit loss is determined by applying the simplified approach taking account of the entire lifetime of the financial instruments.

Other current receivables and other assets

At recognition, other current receivables and other assets are recognised at fair value. Subsequently, they are stated at amortised cost minus an allowance for expected credit losses.

Cash at hand and in bank

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Financial liabilities

Upon initial recognition, these are stated at fair value including transaction costs and carried at amortised cost in the periods thereafter.

Other current liabilities

Liabilities are initially recognised at fair value, net of transaction costs incurred, and subsequently stated at amortised costs.

Contingent liabilities

Contingent liabilities are possible obligations to third parties or existing obligations which will probably not lead to an outflow of economic benefits or the amount of which cannot be measured reliably.

Capital management

The company's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure should provide flexibility by facilitating financing and adequate liquidity.

In order to maintain or adjust the capital structure, the company has several instruments at its disposal and may among others adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, borrow new loans or sell assets to reduce debt. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt (borrowings minus cash and cash equivalent).

One objective of the financial policy is to maintain a stable credit position of the company in order to enable a stable credit rating for RWE AG. Apart from the available cash resources, the cash flow from continuing operations is the main source of finance for the Group. The surplus cash is deposited and deficits are funded via RWE AG.

Equity consists of 0.1 EURO non-paid up share capital and unpaid share premium of 9,999.9 EURO. Result for the year has been deducted from equity as per 31 December 2023.

Capital management in 1,000 EURO	**31 Dec 2023**
Equity	9,996
Non-current interest bearing liabilities	-
Cash and cash equivalents	-
	9,996

3. Accounting policies for the income statement

General

The result is the difference between the income on loans and investments and the costs and other charges during the year. Income is recognized in the year in which it is realised. Losses are taken in the year in which they are foreseeable.

Exchange rate differences arising upon the settlement or conversion of monetary items are recognized in income statement in the period that they arise.

Other operating expenses

Expenses are recognized based on the historical cost convention and are allocated to the period in which services and goods are received and used.

Financial result

Financial result includes interest income and expenses as well as exchange rate losses and gains. Interest paid and received is recognized on a time-weighted basis, taking into account the effective interest rate of the assets and liabilities concerned.

Tax income / (expense)

The tax income / (expense) for the period comprises of current and deferred tax.
The tax income / (expense) 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 the losses available for set-off from previous financial years, non-taxable income and non-deductible expenses.
Interest and penalties related to income taxes are accounted for under interest income/expenses and other expenses respectively.

Management estimates and judgements

Preparation of financial statements pursuant to IFRS requires assumptions and estimates to be made, which have an impact on the recognized value of the assets and liabilities carried on the balance sheet, on income and expenses and on the disclosure of contingent liabilities.

- The rules governing valuation allowances for financial assets under IFRS 9 stipulate that the expected credit losses must be determined. The valuation allowance is based on information from within and outside the company and RWE Group. See note 4.10 for further information on credit risk and expected credit loss allowances.

All assumptions and estimates are based on the circumstances and forecasts prevailing on the balance-sheet date. Actual amounts may deviate from the estimated amounts if the overall conditions develop differently than expected. In such cases, the assumptions, and, if necessary, the carrying amounts of the affected assets and liabilities are adjusted.

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NEW ACCOUNTING REGULATIONS

The IASB issued amendments to standards, which were not yet mandatory in the EU in fiscal 2023. These amendments to standards, which are not expected to have any material effects on the company's financial statements, are listed below:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (2020), Presentation of Financial Statements: Classification of Liabilities as Current or Non-current – Deferral of Effective Date (2020) and Presentation of Financial Statements: Non-current Liabilities with Covenants (2022)
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (2022)
- Amendments to IAS 7 Statement of Cash Flows (2023) and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (2023)
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (2023)

The company has not applied new standards or interpretations that have been issued but are not yet effective.

4. Notes to the balance sheet and income statement

(In 1,000 EURO)

4.1 Receivable on shareholder

The receivable on the shareholder RWE AG exists fully of the non-paid up share capital and share premium. The shareholder has paid the full amount in March 2024.

4.2 Liability to other RWE Companies

This accrual contains the notarial expenses for incorporation, paid on-behalf-of the company by RWE Renewables International Participations B.V., a Dutch holding company for the majority of the RWE Renewables group companies. In 2024 RWE Renewables International Participations B.V. will recharge these expenses to the company.

4.3 Income statement

Other operating costs contain the cost related to incorporation and registration of the Company (2023: 5 EURO). On the In-House Bank agreement with RWE AG insignificant interest expense has been calculated.

Basis for the interest calculation for the In-House Bank with RWE AG is the monthly €STR+8,5 bps average (or a comparable reference basis for other currencies) of the respective month plus 50 basis points for debit balances and minus 10 basis points for credit balances. In the event that €STR monthly average is a negative interest, the basis for debit balances is set at 0.00% plus 50 basis points, where for credit balances a 0.00% is applied.

4.4 Corporate Income Tax

The corporate income tax charge consists of a deferred tax income of 1 EURO related to the tax loss carry forward of the company in the amount of 5 EURO. In 2024, the Company will receive interest on the amount currently receivable from RWE AG against which the tax loss can be offset. Therefore, the deferred tax asset of 1 EURO can be recognized in full and will be realised within twelve months.

The effective tax rate for 2023 is 19% (after correction for the rounding difference), which is equal to the nominal tax rate of the first income tax bracket (up to 200 EURO, the tax rate is 19%).

RWE Finance Europe B.V. is part of the RWE Group. The RWE Group falls within the scope of the OECD Model Rules (BEPS Pillar 2). The BEPS Pillar 2 legislation was enacted in Germany, the jurisdiction in which the parent company RWE AG is registered, as well as in the Netherlands and will come into force on 1 January 2024. As the aforementioned legislation was not applicable as of the balance sheet date, the Group does not have any current tax risk associated with it for 2023. The amount of the current receivable from RWE AG will become interest bearing as of 2024, so the company expects a tax profit in the coming years and as the minimum tax rate applied of 19% is higher than the minimum tax rate required under BEPS Pillar 2 (15%), we do not expect any domestic top up tax for the company under this rule.

The Group applies the exemption for the recognition and disclosure of information on deferred tax assets and liabilities related to second-pillar income taxes.

4.5 Related party disclosure

Related parties 2023 **In 1,000 EURO**	Receivables	Liabilities	Income	Expenses
RWE AG	10,000	-	-	-
Other RWE Companies	-	5	-	5
Total	**10,000**	**5**	**-**	**5**

All transactions with related parties were completed at arm's length conditions; i.e. the conditions of these transactions did not differ from those with other enterprises.

4.6 Cash flow statement

The cash flow statement classifies cash flows according to operating, investing and financing activities. Cash and cash equivalents in the cash flow statement correspond to the amount stated on the balance sheet. Due to the limited activities in the first year of the company only operating cash flows have been presented.

4.7 Employees

As per December 31, 2023 the company employed no employees.

4.8 Board remuneration

The company has three directors, all three receive their remuneration from other companies within the RWE Group albeit that this remuneration is not specifically for their role as director of RWE Finance Europe B.V.

4.9 Independent auditor's fees

The independent auditor's fees are disclosed in the consolidated financial statements of RWE AG. Based on Art. 2:382a lid 3 of the Dutch Civil Code (Title 9 BW2) independent auditor's fees do not have to be disclosed if the financial statements are incorporated in another consolidated financial statement of a company that reports based on European law and regulations.

4.10 Financial instruments

Financial instruments are divided into non-derivative and derivative. Non-derivative financial assets essentially include other non-current financial assets, accounts receivable, marketable securities and cash and cash equivalents. At recognition all financial instruments are recognised at fair value. Subsequently, they are recognised either at amortised cost or at fair value, depending on their classification.
Financial instruments are recognised in the following categories:

- Debt instruments measured at amortised cost: the contractual cash flows solely consist of interest and principal on the outstanding capital: there is an intention to hold the financial instrument until maturity.
- Debt instruments measured at fair value through other comprehensive income: the contractual cash flows solely consist of interest and principal on the outstanding capital: there is an intention to hold and sell the financial instrument.
- Equity instruments measured at fair value through other comprehensive income: the option to recognise changes in fair value directly in equity is exercised.
- Financial assets measured at fair value through profit or loss: the contractual cash flows of a debt instrument do not solely consist of interest and principal on the outstanding capital or the option to recognise changes in the fair value of equity instruments in other comprehensive income is not exercised.

On the liabilities side, non-derivative financial instruments principally include liabilities measured initially at fair value including transaction costs and subsequently at amortised cost.

Financial instruments recognised at fair value are measured based on the published exchange price, insofar as the financial instruments are traded on an active market. The fair value of non-quoted debt and equity instruments is generally determined on the basis of discounted expected payment flows, taking into consideration macro-economic developments and corporate business plan data. Current market interest rates corresponding to the remaining maturity are used for discounting.
Measurement of the fair value of a group of financial assets and financial liabilities is conducted on the basis of the net risk exposure per business partner.

The following overview presents the classifications of financial instruments measured at fair value in the fair value hierarchy prescribed by IFRS 13. The individual levels of the fair value hierarchy are defined as follows:

- Level 1: Measurement using (unadjusted) prices of identical financial instruments formed on active markets,
- Level 2: Measurement on the basis of input parameters which are not the prices from Level 1, but which can be observed for the financial instrument either directly (i.e. as price) or indirectly (i.e. derived from prices),

- Level 3: Measurement using factors which cannot be observed on the basis of market data.

Financial assets and liabilities can be broken down into the measurement categories with the following carrying amounts according to IFRS 9 in the year under review:

Book values by valuation category **In 1,000 EURO**	**2023**
Debt instruments measured at amortised costs	10,000

The carrying amounts of financial assets and liabilities within the scope of IFRS 7 basically correspond to their fair values.

On these financial assets and liabilities no results have been realized in the year under review.

Hedge accounting

The company does not apply hedge accounting.

Price risk

Due to its activity as a holding and financing company, no price risks have been identified.

Interest rate risk and cash flow risk

The company has interest rate risk regarding the current interest-bearing receivables and liabilities. With respect to assets and liabilities with variable interest agreements, the company has risks regarding future cash flows. No financial derivatives for interest rate risk are contracted with regard to the receivables and liabilities.
The interest rate on the cash pool position is variable and bears an interest percentage in a range of 0.00% (floor-rate) to the €str-rate+ 8.5 bps (or comparable for other currencies) plus 0.5 for liabilities and -0.1% for receivables. Average €str-rate+ 8.5 bps for 2023 was 3.986% for the relevant period of operations for the Company. Given the small balance on the In-House Bank account, sensitivity analysis will not result in a significant amount at risk.

Credit risk

Based on the current financial position of RWE Group companies and the use of a cash pool system within the RWE Group it is assumed that there is limited to no credit risk on the receivable from the shareholder. RWE AG, based on the current rating, can obtain funding from external parties. Therefore, no impairments were recognised for financial assets within the scope of IFRS 7 during 2023.

RWE

The following table presents the gross carrying amounts of the financial instruments under the scope of the impairment model:

Gross carrying amount of financial assets as of 31 Dec 2023 in 1,000 EURO	Stage 1 – 12-month Expected credit loss	Stage 2 – lifetime expected credit loss	Stage 3 – lifetime expected credit loss	Trade accounts receivable	Total
Class 1-5: low risk	10,000	-	-	-	10,000
Class 6-9: medium risk	-	-	-	-	-
Class 10: high risk	-	-	-	-	-
Class 11: doubtful	-	-	-	-	-
Class 12: loss	-	-	-	-	-
Total	10,000	-	-	-	10,000

Liquidity risk

As a rule, RWE Group companies centrally refinance with RWE AG. To illustrate the company's liquidity position over the coming years, the table below shows the contractual cash flows on undiscounted basis of present financial obligations.

Financial liabilities falling within the scope of IFRS 7 are expected to result in the following (undiscounted) payments in the coming years, redemption and interest payments taken together:

In 1,000 EURO	Carrying amount	< 1 year	1-5 years	>5 years	Total 31 Dec 2023
Liabilities to other RWE Companies, non-interest bearing	5	5	-	-	5
Total	**5**	**5**	**-**	**-**	**5**

4.11 Proposed appropriation of the result for the year 2023

In accordance with the company's Articles of Association, the net result for the year is at the disposal of the Annual General Meeting of Shareholders. The Board proposes to deduct the loss for the year to the Accumulated Losses and Distributable Result in Other reserves.

4.12 Events after balance sheet date

No subsequent events to report.

Geertruidenberg, 12 April 2024

The Board of Directors of RWE Finance Europe B.V.

Mr. S. Tulp
Managing director

Mr. I. Piëtte
Managing director

Mr. J. Silvanus
Managing director

Other information

(In 1,000 EURO)

Appropriation of results according to the Articles of Association

Article 21

1. The general meeting is authorized to allocate the profit which has been determined by adoption of the financial statements and to determine distributions.
2. Distributions can only be made to the extent that equity exceeds the reserves that must be maintained under the law or the articles of association.
3. A decision that serves to a (interim) payment has no consequences as long as the board of directors has not granted approval. The board of directors refuses approval only if he knows or should reasonably foresee that the company will not be able to continue to pay her payable debts after the distribution.
4. If, after a distribution, the company cannot continue to pay its due and payable debts, the members of the Board of Directors who, at the time of distribution, knew or should reasonably have foreseen, are jointly and severally liable to the company for the deficit arising from the payment, with statutory interest added from the day of payment. Article 2:248 paragraph 5 of the Dutch Civil Code is of corresponding application. Not liable is the board member who proves that he is not to blame for the fact that the company made the distribution and that he has not been negligent in taking measures to avert the consequences. The person who received the distribution, when he knew, or should reasonably have foreseen, that the company would not be able to continue to pay its due debts after the distribution, is obliged to compensate the deficit that has arisen as a result of the distribution, each for no more than the amount or value of the benefit received by him, with interest at the statutory rate from the day of payment. If the members of the Executive Board have paid the claim under the first sentence, the compensation referred to in the fourth sentence shall be paid to the members of the Executive Board in proportion to the portion paid by each of them. The debtor shall not be entitled to set off a debt under the first or fourth sentence of this paragraph. For the purposes of this paragraph, the person who has (partly) determined the policy shall be deemed to be equivalent to a member of the board as if he were a member of the board. The provisions of this paragraph do not apply to distributions in the form of shares in the capital of the company or to transfers to shares not fully paid up.
5. The shareholder's claim to payment lapses over a period of five years.

Independent auditor's report

To: the general meeting of RWE Finance Europe B.V.

Report on the audit of the financial statements for the period 6 September 2023 to 31 December 2023

Our opinion

In our opinion, the financial statements of RWE Finance Europe B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2023, and of its result and its cash flows for the period 6 September 2023 to 31 December 2023 in accordance with International Financial Reporting Standards as adopted in the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements for the period 6 September 2023 to 31 December 2023 of RWE Finance Europe B.V., Geertruidenberg.

The financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the following statements for the period 6 September 2023 to 31 December 2023: the total comprehensive income statement and the statements of changes in equity and cash flows; and
- the notes to the financial statements, including material accounting policy information and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of 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.

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Independence

We are independent of RWE Finance Europe B.V. in accordance with the 'Wet toezicht accountants-organisaties' (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).

Information in support of our opinion

We designed our audit procedures with respect to fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the internal control system. We note that management has not formalised its fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system and in particular the fraud risk assessment. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the board of directors whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	Our audit work and observations
Fraud risk 1 Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.	We evaluated the design of the internal control measures that are intended to mitigate the risk of management override of controls. We performed our audit procedures primarily substantive based. These procedures include, among others, inspection of the entries to source documentation. We also performed specific audit procedures related to important estimates of management. We specifically paid attention to the inherent risk of potential bias of management in estimates. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of the internal controls.

Identified fraud risks	Our audit work and observations
That is why, in all our audits, we pay attention to the risk of management override of controls in: • the appropriateness of journal entries and other adjustments made in the preparation of the financial statements; • significant transactions, if any, outside the normal course of business for the entity; • estimates. If management were to manipulate results this would occur through estimates which are not computed by RWE Germany. Most likely this would occur within the valuation of the receivable.	

We incorporated an element of unpredictability in our audit. [We reviewed lawyer's letters and correspondence with regulators]. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations.

Audit approach going concern

The board of directors prepared the financial statements on the assumption that the entity is a going concern and that it will continue all its operations for at least twelve months from the date of preparation of the financial statements. Our procedures to evaluate the board of directors' going-concern assessment included, amongst others:

- considering whether the board of directors identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going-concern risks);
- considering whether the board of directors' going-concern assessment includes all relevant information of which we are aware as a result of our audit and inquiring with the board of directors regarding the board of directors' most important assumptions underlying its going-concern assessment;
- performing inquiries of the board of directors as to its knowledge of going-concern risks beyond the period of the board of directors' assessment.

Our procedures did not result in outcomes contrary to the board of directors' assumptions and judgements used in the application of the going-concern assumption.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

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; and
- contains all the information regarding the directors' report and the other 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 the 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 procedures 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.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors

The board of directors is responsible for:
- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and 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.

In preparing 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 frameworks 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 in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

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, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error.

They 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.

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.

Utrecht, 12 April 2024
PricewaterhouseCoopers Accountants N.V.

Original has been signed by K. Hofstede RA

Appendix to our auditor's report on the financial statements for the period 6 September 2023 to 31 December 2023 of RWE Finance Europe 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 board of directors 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.

Colophon

This annual report was made by RWE Finance Europe B.V.

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