

Jenbacher A/S

Samsøvej 31

8382 Hinnerup

CVR-nr. 10636930

Annual report for the year 2018

The annual report is presented and approved on the Annual General meeting the 18-06-2019

Norbert Hetebrüg
Chairman

Jenbacher A/S

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Jenbacher A/S

Management's statement

The Executive and Board of directors have today discussed and approved the annual report of Jenbacher A/S for the financial year 1 January - 31 December 2018.

The annual report has been prepared in accordance with the Danish Accounting Act.

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018.

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

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

Hinnerup, 18-06-2019

Executive Board

Norbert Hetebrüg
CEO

The Board of Directors

Leon Jansen Van Vuuren

Peter Strøm Larsen

Per Høgsted Dideriksen

Independent Auditor's Report

To the shareholder of Jenbacher A/S

Opinion

We have audited the financial statements of Jenbacher A/S for the financial year 1 January - 31 December 2018, comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis of opinion

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

Management's responsibility for the financial statements

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

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

Auditor's responsibility for the audit of the financial statements

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

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

We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control

Independent Auditor's Report

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view

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

Statement on the Management's Review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 18 June 2019

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25578198

Michael Stenskrog

State Authorised Public Accountant

MNE no. 26819

Jenbacher A/S

Company details

Company details	Jenbacher A/S Samsøvej 31 8382 Hinnerup
Phone	45 86 96 67 88
E-mail	jenbacher.scandinavia@ge.com
Homepage	www.innio.com
CVR-nr.	10636930
Financial year	01.01 til 31.12
Established	16 December 1987
Registered office	Favrskov
Board of Directors	Leon Jansen Van Vuuren Peter Strøm Larsen Per Høgsted Dideriksen
Executive Board	Norbert Hetebrüg, CEO
Auditor	KPMG Statsautoriseret Revisionspartnerselskab Bredskifte Allé 13 8210 Århus V CVR-nr.: 25578198

Management's Review

Main activity

The company is engaged in marketing of energy systems and providing after sales and maintenance services to customers in the regions of Denmark, Norway and Sweden. The services provided are both preventive (planned maintenance), as well as corrective (unplanned maintenance). All the services are conducted with the latest technology spare parts and from experienced field technicians.

Development in activities and financial position

The Company's loss for the financial year 1 January - 31 December 2018 amounts to -734 TDKK and the balance pr. 31 December 2018 shows a balance of 51.112 TDKK and an equity of 13.247 TDKK.

Correction of significant errors from previous year

During 2018, the Company noted that a transfer pricing true up of TDKK 8.098 related to 2017 had not been properly recognized in the 2017 financial statements. This true up is required in order to ensure compliance with the transfer pricing guidelines. The Company has therefore decided to amend the comparative figures for 2017 in the financial statements with the following affects:

	<u>Original amount</u>	<u>Restated amount</u>
	TDKK	TDKK
<i>Income statement</i>		
Gross profit:	-911	7.186
Operating profit/loss:	-7.172	926
Profit/loss before tax:	-7.332	766
Tax on profit/loss:	1.724	-57
Profit for the year:	-5.607	709
<i>Balance sheet</i>		
Receivable from group entities:	22.785	30.882
Retained earnings:	7.164	13.480
Owed joint taxation contribution:	2.345	4.126

Jenbacher A/S

Income Statement

	Note	2018 TDKK	2017 TDKK
Gross profit		7.603	7.186
Staff cost	2	<u>-8.336</u>	<u>-6.261</u>
Operating profit/loss		-733	926
Financial expenses		<u>-104</u>	<u>-160</u>
Profit/loss before tax		-837	766
Tax on profit and loss		<u>103</u>	<u>-57</u>
Profit/loss for the year		-734	709
Proposed distribution of profit/loss			
Retained earnings		<u>-734</u>	<u>709</u>
Distribution of profit/loss		-734	709

Balance Sheet as of 31 December

	Note	2018 TDKK	2017 TDKK
Assets			
Deposit		<u>172</u>	<u>172</u>
Financial assets		<u>172</u>	<u>172</u>
Non-current assets			
		<u>172</u>	<u>172</u>
Services in progress	3	7.691	3.734
Trade receivables		7.954	7.045
Receivable from group companies		27.816	30.882
Deferred tax assets		1.776	2.509
Other short-term receivables		<u>1.002</u>	<u>1.136</u>
Receivables		<u>46.239</u>	<u>45.307</u>
Cash and cash equivalents		<u>4.701</u>	<u>0</u>
Current assets		<u>50.940</u>	<u>45.307</u>
Total assets		<u>51.112</u>	<u>45.479</u>

Balance Sheet as of 31 December

	Note	2018 TDKK	2017 TDKK
Equity and liabilities			
Share capital		500	500
Retained earnings		12.747	13.480
Equity		13.247	13.980
Other provisions		3.058	4.420
Provisions		3.058	4.420
Prepayments from customers		5.929	0
Trade payables		3.686	1.062
Payables to group companies		7.208	3.250
Tax payables		4	0
Owed joint taxation contribution		0	4.126
Other payables		5.531	3.513
Services in progress	3	12.450	15.127
Current liabilities other than provisions		34.808	27.079
Liabilities other than provisions		34.808	27.079
Equity and liabilities		51.112	45.479
Contingent liabilities	4		
Related parties	5		

Statement of changes in Equity

	Contributed capital	Retained earnings	Total
Equity 1 January 2018	500	13.481	13.981
Distribution of profit for the year		-734	-734
Equity 31 December 2018	<u>500</u>	<u>12.747</u>	<u>13.247</u>

The contributed capital consist of 1 share of nom TDKK 500.

The contributed capital has remained unchanged for the last 5 years.

Notes

1. Accounting policies

Accounting Class

The annual report of Jenbacher A/S for 2018 has been prepared in accordance with the provisions applying to reporting class B under the Danish Financial Statements Act with option of specific provisions for reporting class C.

Correction of significant errors from previous year

During 2018, the Company noted that a true up of TDKK 8.098 related to 2017 had not been properly recognized in the 2017 financial statements. This true up is required in order to ensure compliance with the transfer pricing guidelines. The Company has therefore decided to amend the comparative figures for 2017 in the financial statements with the following affects:

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Retained earnings:	7.164	13.480
Owed joint taxation contribution:	2.345	4.126

Certain reclassifications

The Company has reclassified certain figures compared to last year's financial statements. Reclassifications have no impact on profit/loss for the year and has solely been reclassified to follow requirements set forth in the Danish Financial Statement's Act.

Foreign currency translation

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

Income Statement

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the company has chosen to only presenting gross profit.

Revenue

Revenue from the sale of motors and spare parts is recognized in the income statement provided that delivery and transfer of risk to the buyer have taken place. The revenue is recognized ex. VAT, taxes and discounts in connection with the sale.

Notes

Revenue from service contracts is recognised in the income statement during the term of the service contract.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale.

Other external costs

Other external costs comprise costs for distribution and sales costs, administrative expenses, costs of premises, bad debts, operating leases, etc.

Staff costs

Staff cost includes salary, pensions and cost to social security. In staff cost received compensation from authorities is deducted.

Financial expenses

Financial expenses are recognized at the amounts that relate to the financial year. Financial expenses consist of interest expenses regarding bank debt as well as gains and losses on receivables and payables and transactions denominated in foreign currencies.

Tax on profit/loss

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity. The tax recognised in the income statement is classified as tax on ordinary activities and tax on extraordinary items, respectively.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Due to the change in ownership, the Company has stepped out of the compulsory joint taxation during the year.

Balance Sheet

Financial assets

Deposits are initially measured at amortised cost, usually corresponding to nominal value.

Services in progress

Services in progress consists of accrual of revenue related to service contracts. Service contracts are typically composed as customers pay a fixed amount for operating hours, while the performance of the work carried out by major renovations and ongoing servicing. Customer payments for work not yet performed are included in prepayments from customers.

Receivables

Receivables are initially measured at amortised cost, usually corresponding to nominal value. Write-down is made to meet anticipated losses.

Notes

Other provisions

Provisions comprise anticipated costs related to provisions to finalizing projects, service contracts, warranties, etc. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost, which usually corresponds to nominal value.

Corporate tax and deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Notes

	2018	2017
2. Staff cost		
Salaries	7.643	5.071
Pensions	657	1.131
Other staff cost	36	59
	<u>8.336</u>	<u>6.261</u>
Average number of employees	<u>11</u>	<u>9</u>
3. Services in progress		
Selling price of work performed	167.118	152.530
Progress billings	-171.877	-163.923
Net value of contract work	<u>-4.759</u>	<u>-11.393</u>
Services in progress (assets)	7.691	3.734
Services in progress (liabilities)	-12.450	-15.127
	<u>-4.759</u>	<u>-11.393</u>

4. Contingent liabilities

The Company's lease liabilities total TDKK 1.834. The office rental liabilities due in the coming three years are equal to TDKK 577 (2017: TDKK 951). The office rental period expires in May 2020 with a notice period of 6 months. The rest of the lease liabilities amounts to TDKK 1.257 (2017: TDKK 856) and relates to car leasing with a fixed leasing period of 4 years.

Jenbacher A/S was in the national Danish joint taxation with the Danish GE group until GE's Distributed Power Business including Jenbacher A/S was acquired in October 2018.

As a result, the company is jointly and severally liable for withholding tax and joint taxation with the other companies in the Danish joint taxation up till October 2018.

5. Related parties

Shareholder: Innio Jenbacher GmbH & Co. OG, A-6200 Jenbach, Austria

Ultimate parent: Al Alpine AT BidCo GmbH, registered in Austria prepares consolidated financial statements for the smallest and largest group, in which Jenbacher A/S is a subsidiary. The financial statements of the parent companies can be obtained at the following adress:

Innio Jenbacher GmbH & Co
Schottenring 19
1010 Wenen
Austria