

WÄRTSILÄ PUREGAS SOLUTIONS A/S
C/O BDO, KOLDING ÅPARK 8A, 7., 6000 KOLDING
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2019

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 26 June 2020**

Bernd Bertram

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COMPANY DETAILS

Company	Wärtsilä Puregas Solutions A/S c/o BDO Kolding Åpark 8A, 7. 6000 Kolding CVR No.: 37 08 20 07 Established: 15 September 2015 Registered Office: Kolding Financial Year: 1 January - 31 December
Board of Directors	Antti Kuokkanen, chairman Kaj Dornhoff Justesen Bernd Bertram
Board of Executives	Bernd Bertram
Auditor	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A 9000 Aalborg

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Wärtsilä Puregas Solutions A/S for the financial year 1 January - 31 December 2019.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

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

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the Annual Report be approved at the Annual General Meeting.

Kolding, 26 June 2020

Board of Executives

Bernd Bertram

Board of Directors

Antti Kuokkanen
Chairman

Kaj Dornhoff Justesen

Bernd Bertram

THE INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Wärtsilä Puregas Solutions A/S

Conclusion

We have performed an extended review of the Financial Statements of Wärtsilä Puregas Solutions A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies. The Financial Statements are prepared under the Danish Financial Statements Act.

Based on the work performed in our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for Conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR - Danish Auditors' standard on extended review of Financial Statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Practitioner's Responsibilities for the extended review 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Financial Statements

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

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

Practitioner's responsibilities for the extended review of the Financial Statements

Our responsibility is to express a conclusion on the Financial Statements. This requires that we plan and perform procedures to obtain limited assurance in respect of our conclusion on the Financial Statements and, moreover, that we perform supplementary procedures specifically required to obtain additional assurance in respect of our conclusion.

An extended review consists of making inquiries, primarily of Management and others within the enterprise, as appropriate, and applying analytical procedures and the supplementary procedures specifically required as well as assessing the evidence obtained.

An extended review is less in scope than an audit and, consequently, we do not express an audit opinion on the Financial Statements.

Statement on the Management's Review

Management is responsible for the Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

THE INDEPENDENT AUDITOR'S REPORT

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Aalborg, 26 June 2020

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Michael Nielsson
State Authorised Public Accountant
MNE no. mne15151

MANAGEMENT'S REVIEW

Principal activities

The principal activities comprise of providing turnkey biogas upgrading solutions.

Development in activities and financial position

The company has had unsatisfactory earnings in the last couple financial years, which resulted in a negative equity and lost share capital. The Company's shareholders have issued a Letter of Support to ensure continued operations and to fulfill all obligations of the Company.

Significant events after the end of the financial year

The consequences of Covid-19, in which many governments around the world have decided to "shut down the countries", are of great importance to the world economy. Management considers the consequences of Covid-19 as a subsequent event that occurred after the balance sheet date (December 31, 2019) and therefore a non-regulatory event for the company.

It is not possible at this time to calculate the magnitude of the consequences of Covid-19.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2019 DKK	2018 DKK '000
GROSS PROFIT		1,227,579	3,342
Staff costs.....	3	-2,111,860	-3,711
Other operating expenses.....		0	-71
OPERATING LOSS		-884,281	-440
Other financial expenses.....	4	-6,626	-4
LOSS BEFORE TAX		-890,907	-444
Tax on profit/loss for the year.....	5	194,133	111
LOSS FOR THE YEAR		-696,774	-333
PROPOSED DISTRIBUTION OF DIVIDEND			
Retained earnings.....		-696,774	-333
TOTAL		-696,774	-333

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2019 DKK	2018 DKK '000
Rent deposit and other receivables.....		0	18
Fixed asset investments.....	6	0	18
FIXED ASSETS.....		0	18
Contract work in progress.....		0	15
Receivables from group enterprises.....		633,825	0
Other receivables.....		5,038	98
Joint tax contribution receivable.....		194,133	111
Receivables.....		832,996	224
Cash and cash equivalents.....		105,962	290
CURRENT ASSETS.....		938,958	514
ASSETS.....		938,958	532

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2019 DKK	2018 DKK '000
Share capital.....		500,000	500
Retained profit.....		-1,328,647	-632
EQUITY.....	7	-828,647	-132
Trade payables.....		38,643	190
Payables to group enterprises.....		1,683,910	0
Other liabilities.....		45,052	474
Current liabilities.....		1,767,605	664
LIABILITIES.....		1,767,605	664
EQUITY AND LIABILITIES.....		938,958	532
Uncertainty with respect to going concern	1		
Significant events after the end of the financial year	2		
Contingencies etc.	8		
Consolidated financial statements	9		

NOTES

			Note
Uncertainty with respect to going concern			1
The company has had unsatisfactory earnings in the last couple financial years, which resulted in a negative equity and lost share capital. The Company's shareholders have issued a Letter of Support to ensure continued operations and to fulfill all obligations of the Company.			
Significant events after the end of the financial year			2
The consequences of Covid-19, in which many governments around the world have decided to "shut down the countries", are of great importance to the world economy. Management considers the consequences of Covid-19 as a subsequent event that occurred after the balance sheet date (December 31, 2019) and therefore a non-regulatory event for the company.			
It is not possible at this time to calculate the magnitude of the consequences of Covid-19.			
	2019	2018	
	DKK	DKK '000	
Staff costs			3
Average number of employees 3 (2018: 4)			
Wages and salaries.....	1,942,401	3,523	
Pensions.....	148,757	165	
Social security costs.....	15,480	19	
Other staff costs.....	5,222	4	
	2,111,860	3,711	
Other financial expenses			4
Group enterprises.....	3,910	0	
Other interest expenses.....	2,716	4	
	6,626	4	
Tax on profit/loss for the year			5
Calculated tax on taxable income of the year.....	-194,133	-95	
Adjustment of tax in previous years.....	0	-16	
	-194,133	-111	
Fixed asset investments			6
		Rent deposit and other receivables	
Cost at 1 January 2019.....		17,700	
Disposals.....		-17,700	
Cost at 31 December 2019.....		0	
Carrying amount at 31 December 2019.....		0	

NOTES

	Note
Equity	7

	Share capital	Retained profit	Total
Equity at 1 January 2019.....	500,000	-631,873	-131,873
Proposed distribution of profit.....		-696,774	-696,774
Equity at 31 December 2019	500,000	-1,328,647	-828,647

Contingencies etc.	8
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Contingent liabilities

Lease liabilities (operating leases), DKK '000 23. (2018) DKK '000 284.

Joint liabilities

The company is jointly and severally liable together with a danish sister company and the other danish group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of WÄRTSILÄ DANMARK A/S, which serves as management company for the joint taxation.

Consolidated financial statements

The Company is included in the consolidated financial statements of Wärtsilä Oyj Abp, Finland.

ACCOUNTING POLICIES

The Annual Report of Wärtsilä Puregas Solutions A/S for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles used last year.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

INCOME STATEMENT

Net revenue

Where products with a high degree of individual adjustments are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total costs and expenses regarding the contract and the degree of completion at the balance sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the company.

When the result of contract work cannot be assessed reliably, revenue is only recognised corresponding to related costs to the extent that it is likely that they will be recovered.

ACCOUNTING POLICIES

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the enterprises' principal activities, including loss from sale of intangible and tangible fixed assets.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Fixed asset investments

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Impairment of fixed assets

The carrying amount of fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

ACCOUNTING POLICIES

Contract work in progress

Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the balance sheet date and the total anticipated revenue related to the specific piece of work in progress.

The specific piece of work in progress is recognised in the Balance Sheet as receivables or payables, depending on the net value of the selling price less progress invoicing and progress payments.

Costs relating to sales work and obtaining of contracts are recognised in the Income Statement as and when they are incurred.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Liabilities

Liabilities, which include debt to suppliers, subsidiaries and associates and other debt, are measured at amortised cost which usually corresponds to the nominal value.