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# ***LM Wind Power International Technology II ApS***

Jupitervej 6, DK-6000 Kolding

## **Annual Report for 1 January - 31 December 2020**

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CVR No 38 55 96 72

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
21/4 2021

Peder Toft Nielsen  
Chairman of the General  
Meeting

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# **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of LM Wind Power International Technology II ApS for the financial year 1 January - 31 December 2020.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Kolding, 21 April 2021

## **Executive Board**

Hanif Mashal  
Executive Officer

## **Board of Directors**

Olivier Gaston René Fontan  
Chairman

Hanif Mashal

Ksenia Valtycheva

# Independent Auditor's Report

To the shareholder of LM Wind Power International Technology II ApS.

## Opinion

We have audited the financial statements of LM Wind Power International Technology II ApS for the financial year 1 January – 31 December 2020 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 financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

## Basis for opinion

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

# Independent Auditor's Report

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.
- 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 Management's Review

Management is responsible for Management's Review.

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

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

# Independent Auditor's Report

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.

Kolding, 21 April 2021

**KPMG**

Statsautoriseret Revisionspartnerselskab

*CVR No 25 57 81 98*

Nikolaj Møller Hansen

State Authorised Public Accountant

mne33220

## **Company Information**

### **The Company**

LM Wind Power International Technology II ApS  
Jupitervej 6  
DK-6000 Kolding

CVR No: 38 55 96 72

Financial period: 1 January - 31 December

Incorporated: 7 April 2017

Municipality of reg. office: Kolding

### **Board of Directors**

Olivier Gaston René Fontan, Chairman  
Hanif Mashal  
Ksenia Valtycheva

### **Executive Board**

Hanif Mashal

### **Auditors**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Jupitervej 4, st.  
DK-6000 Kolding

## Financial Highlights

Seen over a four-year period from establishment, the development of the Company is described by the following financial highlights:

	<u>2020</u> TDKK	<u>2019</u> TDKK	<u>2018</u> TDKK	<u>2017</u> TDKK
<b>Key figures</b>				
<b>Profit/loss</b>				
Gross profit/loss	34.402	39.170	2.092	-30.491
Operating profit/loss	12.154	16.922	-20.156	-47.177
Net financials	-1	0	-1	0
Net profit/loss for the year	11.726	13.408	-15.722	-36.797
<b>Balance sheet</b>				
Balance sheet total	267.037	270.473	236.174	257.934
Equity	184.596	172.870	159.462	175.183
<b>Ratios</b>				
Return on assets	4,6%	6,3%	-8,5%	-18,3%
Solvency ratio	69,1%	63,9%	67,5%	67,9%
Return on equity	6,6%	8,1%	-9,4%	-19,0%

The ratios have been prepared in accordance with accounting policies.



# Management's Review

## Key activities

The main activity is holding and development of intellectual property rights related to production of wind turbine blades.

## Development in the year

The income statement of the Company for 2020 shows a profit of TDKK 11,726, and at 31 December 2020 the balance sheet of the Company shows equity of TDKK 184,596.

The Company's operations in 2020 went according to plan and the result almost met last year's DKK 10 - 15 million expectation. Considered the COVID-19 outbreak management finds the result satisfactory.

## Special risks - operating risks and financial risks

### *Operating risks*

The Company is not subject to any operating risks or financial risks. The Company's operating income in form of royalty depends on revenue in the LM Wind Power Group.

## Targets and expectations for the year ahead

The Company's outlook for the future may be negatively affected by the COVID-19 outbreak and the measures taken by governments in most of the world to mitigate the impacts of the outbreak.

However, even though the COVID-19 outbreak may still affect the global market for wind turbines in 2021, Management still expect a positive income in the range of 5 to 15 million DKK for 2021.

## Research and development

The Company maintains research and development activities in relation to development of wind turbine blades. All costs relating to the activity are expensed.

## External environment

Management finds that the Company activities do not have any direct material impact on the environment, but as the business of the Company is to develop intellectual property rights related to production of wind turbine blades, the Company works on lowering the impact on the environment from energy production.

## Intellectual capital resources

As the Company activities related to development of intellectual property rights for production of wind turbine blades, taking place in affiliated entities, it is essential that these affiliated entities can recruit and retain qualified personell, particularly within engineering disciplines related to development of wind turbine blades.

## **Management's Review**

### **Uncertainty relating to recognition and measurement**

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

### **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income Statement 1 January - 31 December

	<u>Note</u>	<u>2020</u> TDKK	<u>2019</u> TDKK
<b>Gross profit</b>		<b>34.402</b>	<b>39.170</b>
Amortisation and impairment of intangible assets	1	<u>-22.248</u>	<u>-22.248</u>
<b>Profit before financial income and expenses</b>		<b>12.154</b>	<b>16.922</b>
Financial expenses		<u>-1</u>	<u>0</u>
<b>Profit before tax</b>		<b>12.153</b>	<b>16.922</b>
Tax on profit for the year	2	<u>-427</u>	<u>-3.514</u>
<b>Net profit for the year</b>		<u><b>11.726</b></u>	<u><b>13.408</b></u>

## Balance Sheet 31 December

### Assets

	<u>Note</u>	<u>2020</u> TDKK	<u>2019</u> TDKK
Acquired patents		183.550	205.798
<b>Intangible assets</b>	3	<b>183.550</b>	<b>205.798</b>
<b>Fixed assets</b>		<b>183.550</b>	<b>205.798</b>
Receivables from group enterprises		83.487	62.259
Other receivables		0	2.416
<b>Receivables</b>		<b>83.487</b>	<b>64.675</b>
<b>Currents assets</b>		<b>83.487</b>	<b>64.675</b>
<b>Assets</b>		<b>267.037</b>	<b>270.473</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2020 TDKK	2019 TDKK
Share capital		50	50
Retained earnings		184.546	172.820
<b>Equity</b>		<b>184.596</b>	<b>172.870</b>
Provision for deferred tax	4	36.338	44.341
<b>Provisions</b>		<b>36.338</b>	<b>44.341</b>
Payables to group enterprises		42.788	46.190
Corporation tax		3.315	7.072
<b>Short-term debt</b>		<b>46.103</b>	<b>53.262</b>
<b>Debt</b>		<b>46.103</b>	<b>53.262</b>
<b>Liabilities and equity</b>		<b>267.037</b>	<b>270.473</b>
Profit appropriation / distribution of loss	5		
Contingent liabilities and other financial obligations	6		
Related parties	7		
Accounting Policies	8		

## Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	50	172.820	172.870
Proposed profit appropriation	0	11.726	11.726
<b>Equity at 31 December</b>	<b>50</b>	<b>184.546</b>	<b>184.596</b>

## Notes to the Financial Statements

	2020 <u>TDKK</u>	2019 <u>TDKK</u>
<b>1 Amortisation and impairment of intangible assets</b>		
Amortisation of intangible assets	22.248	22.248
	<b>22.248</b>	<b>22.248</b>
<b>2 Tax on profit for the year</b>		
Current tax for the year	3.315	7.072
Deferred tax for the year	-2.924	-3.960
Adjustment of tax concerning previous years	5.115	402
Adjustment of deferred tax concerning previous years	-5.079	0
	<b>427</b>	<b>3.514</b>
<b>3 Intangible assets</b>		Acquired pa- tents <u>TDKK</u>
Cost at 1 January		266.980
Cost at 31 December		266.980
Impairment losses and amortisation at 1 January		61.182
Amortisation for the year		22.248
Impairment losses and amortisation at 31 December		83.430
<b>Carrying amount at 31 December</b>		<b>183.550</b>
	2020 <u>TDKK</u>	2019 <u>TDKK</u>
<b>4 Provision for deferred tax</b>		
Provision for deferred tax at 1 January	44.341	48.301
Amounts recognised in the income statement for the year	-8.003	-3.960
<b>Provision for deferred tax at 31 December</b>	<b>36.338</b>	<b>44.341</b>
Deferred tax mainly relates to timing differences on the taxation of acquired patents.		

## Notes to the Financial Statements

	<u>2020</u> TDKK	<u>2019</u> TDKK
<b>5 Profit appropriation / distribution of loss</b>		
Retained earnings	<u>11.726</u>	<u>13.408</u>
	<u><b>11.726</b></u>	<u><b>13.408</b></u>

### 6 Contingent liabilities and other financial obligations

#### Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. LM Group Holding A/S is the management company of the joint taxation. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.



# Notes to the Financial Statements

## 7 Related parties

	<u>Basis</u>
<b>Ownership</b>	
LM WP Patent Holding A/S, Jupitervej 6, DK-6000 Kolding	Holds 100% of the capital

### Transactions

Royalty invoiced to group entities amounts to TDKK 123.346.

Service fee for development invoiced from group entities amounts to TDKK TDKK 88.910.

For reference to balances with group entities, refer to the balance sheet.

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the ultimate Parent Company, which is the smallest and largest group in which the Company is consolidated.

<u>Name</u>	<u>Place of registered office</u>
General Electric Company	Boston, MA 02210, USA

The Group Annual Report of General Electric Company may be obtained at the following address:  
General Electric Company, 41 Farnsworth Street , Boston, Massachusetts, 02210, USA.  
The annual accounts of the parent company are available at [www.ge.com](http://www.ge.com).

# Notes to the Financial Statements

## 8 Accounting Policies

The Annual Report of LM Wind Power International Technology II ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in TDKK.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of General Electric Company, the Company has not prepared a cash flow statement.

### 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 amortisation, impairment losses and provisions.

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.

## Income Statement

### Revenue

Revenue, which consists of revenue from license agreements, is measured at fair value of the agreed consideration exclusive of VAT and net of discounts relating to sale.

Revenue recognition occurs when delivery and transfer of risk to the buyer have taken place according to the agreements and the income may be measured reliable and is expected to be received.

# Notes to the Financial Statements

## 8 Accounting Policies (continued)

### Other external expenses

Other external expenses comprise development costs and expenses for premises, sales and distribution as well as office expenses, etc.

### Gross profit

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report. Revenue less other external expenses are recognised as gross profit.

### Amortisation and impairment losses

Amortisation and impairment losses comprise amortisation and impairment of intangible assets.

### Financial expenses

Financial expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit for the year

Tax for the year consists of current tax for the year and changes in 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 Company is jointly taxed with Danish subsidiaries of the ultimate parent company. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance Sheet

### Intangible assets

Acquired patents are measured at the lower of cost less accumulated amortisation and the recoverable amount. Acquired patents are amortised over its useful life, which is assessed at 12 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

### Impairment of fixed assets

The carrying amounts of intangible assets are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation.

If so, the asset is written down to its lower recoverable amount.

# Notes to the Financial Statements

## 8 Accounting Policies (continued)

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years.

### Debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

## Financial Highlights

### Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$