
LM Wind Power US Technology ApS

Jupitervej 6, DK-6000 Kolding

Annual Report for 7 April - 31 December 2017

CVR No 38 55 97 10

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
7 /7 2018

Peder Toft Nielsen
Chairman



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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 US Technology ApS for the financial year 7 April - 31 December 2017.

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 2017 of the Company and of the results of the Company operations for 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

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

Kolding, 7 July 2018

Executive Board

Hanif Mashal
Executive Officer

Board of Directors

Duncan Gee Berry
Chairman

Hanif Mashal

Rodrigo Carneiro da Cunha
Torres

Independent Auditor's Report

To the shareholder of LM Wind Power US Technology ApS

Opinion

We have audited the financial statements of LM Wind Power US Technology ApS for the financial year 7 April – 31 December 2017 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 2017 and of the results of the Company's operations for the financial year 7 April – 31 December 2017 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.

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

Independent Auditor's Report

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 misstated.

Independent Auditor's Report

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.

Aarhus, 7 July 2018

KPMG

Statsautoriseret Revisionspartnerselskab

CVR No 25 57 81 98

Henrik O. Larsen
State Authorised Public Accountant
mne15839

Michael Stenskrog
State Authorised Public Accountant
mne26819

Company Information

The Company

LM Wind Power US Technology ApS
Jupitervej 6
DK-6000 Kolding

CVR No: 38 55 97 10
Financial period: 7 April - 31 December
Incorporated: 7 April 2017
Municipality of reg. office: Kolding

Board of Directors

Duncan Gee Berry, Chairman
Hanif Mashal
Rodrigo Carneiro da Cunha Torres

Executive Board

Hanif Mashal

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V

Financial Highlights

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

7 April - 31
December
2017

TDKK

Key figures

Profit/loss

Operating profit/loss	-23.923
Profit/loss before financial income and expenses	-23.923
Net financials	-1.041
Net profit/loss for the year	-19.471

Balance sheet

Balance sheet total	365.946
Equity	278.045

Ratios

Return on assets	-6,5%
Solvency ratio	76,0%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under 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 the period 7 April - 31 December 2017 shows a loss of TDKK 19,471, and at 31 December 2017 the balance sheet of the Company shows equity of TDKK 278,045.

Special risks - operating risks and financial risks

Operating risks

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

Targets and expectations for the year ahead

For 2018, Management expect a positive income in the range from DKK 0 to DKK 50 million.

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 does 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 personnel, particularly within engineering disciplines related to development of wind turbine blades.

Uncertainty relating to recognition and measurement

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

Management's Review

Unusual events

The financial position at 31 December 2017 of the Company and the results of the activities of the Company for the financial year for 2017 have not been affected by any unusual events.

Subsequent events

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

Income Statement 7 April - 31 December

	<u>Note</u>	<u>2017</u> TDKK
Gross profit/loss		-242
Amortisation and impairment of intangible assets	1	<u>-23.681</u>
Profit/loss before financial income and expenses		-23.923
Financial expenses		<u>-1.041</u>
Profit/loss before tax		-24.964
Tax on profit/loss for the year	2	<u>5.493</u>
Net profit/loss for the year		<u>-19.471</u>

Balance Sheet 31 December

Assets

	<u>Note</u>	<u>2017</u> TDKK
Acquired patents, trademarks and other similar rights		355.218
Intangible assets	1	355.218
Fixed assets		355.218
Receivables from group enterprises		10.728
Receivables		10.728
Currents assets		10.728
Assets		365.946

Balance Sheet 31 December

Liabilities and equity

	<u>Note</u>	<u>2017</u> TDKK
Share capital		50
Retained earnings		<u>277.995</u>
Equity		<u>278.045</u>
Provision for deferred tax	3	<u>75.891</u>
Provisions		<u>75.891</u>
Payables to group enterprises		<u>12.010</u>
Short-term debt		<u>12.010</u>
Debt		<u>12.010</u>
Liabilities and equity		<u>365.946</u>
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Deposit concerning formation of entity	50	297.466	297.516
Net profit/loss for the year	0	-19.471	-19.471
Equity at 31 December	50	277.995	278.045

Notes to the Financial Statements

1 Intangible assets

	Acquired pa- tents, trademarks and other similar rights <u>TDKK</u>
Cost at 7 April	<u>379.140</u>
Cost at 31 December	<u>379.140</u>
Amortisation for the year	<u>23.922</u>
Impairment losses and amortisation at 31 December	<u>23.922</u>
Carrying amount at 31 December	<u>355.218</u>

2017
TDKK

2 Tax on profit/loss for the year

Current tax for the year	0
Deferred tax for the year	<u>-5.493</u>
	<u>-5.493</u>

3 Provision for deferred tax

Amounts recognised in equity concerning formation of entity	81.384
Amounts recognised in the income statement for the year	<u>-5.493</u>
Provision for deferred tax at 31 December	<u>75.891</u>

4 Distribution of profit

Retained earnings	<u>-19.471</u>
	<u>-19.471</u>

Notes to the Financial Statements

5 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. AcceptFinans ApS 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.

6 Related parties

Basis

Controlling interest

GE Renewables North America, LLC, 8301 Scenic Highway, Pensacola, FL 2514-7810, USA	Holds 100% of the capital
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Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act. All transactions has been made on an arm's length basis.

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

Notes to the Financial Statements

7 Accounting Policies

The Annual Report of LM Wind Power US Technology ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

This is the Company's first accounting year.

The Financial Statements for 2017 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 depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Gross profit/loss

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/loss.

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.

Notes to the Financial Statements

7 Accounting Policies (continued)

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.

Other external expenses

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

Amortisation and impairment losses

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

Financial income and expenses

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

Tax on profit/loss 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 wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Acquired patents, trademarks and similar rights are measured at the lower of cost less accumulated amortisation and the recoverable amount. Acquired trademarks, patents and similar rights are amortised over its useful life, which is assessed at 12-15 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

7 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.

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

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$