

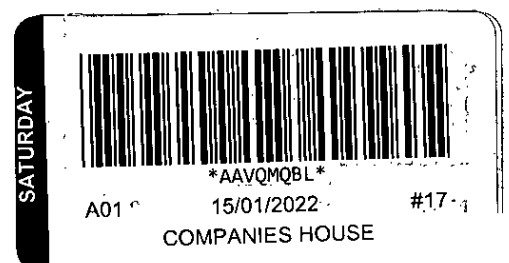
"Parent accounts in respect of APR Energy
Holdings Limited No. 07105073"

APR Energy Limited

Company number 07062201

Consolidated and Company Financial Statements

For the Year Ended 31 December 2019



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APR Energy Limited
31 December 2019

Company Information

Directors

Bing Chen
David Sokol

Registered Office

C/O TMF Group 8th floor
20 Farringdon Street
London
United Kingdom
EC4A 4AB

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Country of Incorporation

England, United Kingdom

Company number

07062201

APR Energy Limited

31 December 2019

Strategic Report

The directors present their strategic report of APR Energy Limited (the "Company") and its subsidiaries (together "APR Energy" or the "Group") for the year ended 31 December 2019.

APR Energy Limited is a private company, limited by shares, incorporated in England, United Kingdom ("UK") under the Companies Act 2006.

Principal Activities

APR Energy provides rapidly deployable, large-scale power and fast-track mobile power to under-served markets and industries. APR Energy's mobile, turnkey power plants help run cities, countries and industries around the world in both developed and developing markets.

This market is underpinned by a global supply/demand gap that will continue to grow into the foreseeable future. While the overall market for electricity is large, broad and diverse, APR Energy's focus is on serving sovereign utilities, private utilities and power-intensive industries, all having urgent needs extending from the short term into the long term. APR Energy's target opportunities typically range from 50MW to 500MW in size.

APR Energy's business model focuses on creating unique values through:

- Delivering large-scale power projects anywhere in the world in less time than the typical 2-5 years required to plan, finance, construct and commission a permanent power plant.
- Offering customised turnkey solutions that include flexible plant design, fast-track installation of generating equipment and balance of plant, plant operation, around-the-clock service and maintenance, and decommissioning when a project ends.

Business Environment

While the demand for power in the macro sense is quite robust and inelastic, the demand for APR Energy's services in the short term can be volatile, particularly as countries delay addressing their power needs. Factors such as election cycles, economic downturns, fuel price variability, reliance on renewable energy and political instability have all impacted customer decision making. APR Energy is also seeing some customers moving to larger, longer-term projects, which often take longer to convert from opportunity to contract. Such factors can make forecasting difficult, at least in the shorter term. Over time, pent up demand forces customers to make their investment decisions, causing lumpiness for APR Energy's commercial pipeline.

APR Energy has broadened its addressable market by offering customers a greater choice of technology. With flexible and diverse solutions that include mobile gas turbines, APR Energy's market opportunity has expanded beyond traditional temporary and rental power markets to bridge customers to longer-term solutions. As seen from APR Energy's projects in Puerto Rico, Australia and the US Virgin Islands, many large utilities prefer to work with the power-dense, fuel-flexible and emissions friendly technology with which they are most familiar, and such projects can feasibly operate on a long-term basis.

Business Strategy

APR Energy's vision is to be the leading provider of mobile, fast-track power. That vision is supported by the following strategies:

- Driving sustained growth while completing the transition from a rental power provider to a power generation company.
- Generating customer value that leads to continued and expanded business opportunities by providing customised, turnkey solutions that are flexible to their needs through a broad range of innovative technologies and offerings.
- Delivering operational excellence, and thereby improving margins and maximising returns, through speed of execution, technology leadership, scalable global systems and best-in-class operations.

UK Corporate Governance Code and s172 reporting

The Directors of the Group, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act.

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole.

As part of their induction, the directors are briefed on their duties and they can access professional advice on these, either through the Company or, if they deem it necessary, from an independent advisor. In a Group such as ours, the directors fulfil their duties through our governance framework that delegates day-to-day decision-making to employees of the Group.

The following summarizes how our directors fulfil their duties:

Risk Management

The Group routinely provides critical power services to our customers, often in challenging regulatory and political environments. It is important that we identify, mitigate and manage the risks where possible. Our directors play a key role in the various stages of the risk management process.

Business Relationships

We grow our business through winning new contracts, extensions of current contracts and development of new lines of service. We are heavily focused on maintaining excellent long-term relationships with key suppliers.

Employees

While we are a global business, our people remain at the core of what we do. Our business success and growth are heavily dependent on the talent and expertise our people provide. We strive to create a consistent culture with common values of the highest standards.

Health and Safety and Environment

The Group is committed to achieving occupational health and safety and environmental excellence and ensuring that all business activities are conducted in a manner that avoids adverse impact to employees, our customers, the environment and the communities in which we do business. At the Group, HSE is a shared responsibility and everyone is held accountable. All employees are expected to immediately report injuries, events, concerns and threats. We

APR Energy Limited

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partner with our employees, suppliers, contractors and customers to create mutual value and achieve HSE excellence.

Business Review

Throughout 2018 and 2019, APR Energy continued to develop and strengthen its management team. In 2019, APR Energy delivered power plants in Equatorial Guinea and Mexico. In 2018, APR Energy delivered power plants at record speed in the Dominican Republic and solidified its leading position in emergency response situations with its new plants in Puerto Rico, Dominican Republic, Australia, Bangladesh, US Virgin Islands and Mexico. APR Energy continues to support changing power needs due to increased dependency on renewables and is well situated with its turbine technology to assist in grid stabilisation requirements of its customers. APR Energy also continues to enhance its fuel relationships with several of the large worldwide fuel providers.

Acquisition and Financing Activities

In February 2020, the Group was acquired (the "Acquisition") by Seaspan Corp, through the acquisition of the Group's holding company, Apple Bidco Limited, for \$750.0 million, minus the amount of the Group's net debt and certain selling expenses, in an all share transaction. In conjunction with the Acquisition, a new holding company called Atlas Corp ("Atlas") was formed which will become the parent company of the Group and Seaspan Corp.

As part of the Acquisition, the Group also entered into a new credit facility (the "Refinancing") with a group of financial institutions. In connection with the Refinancing, the Group paid off its revolving credit facility and vendor financing.

The new credit facility is comprised of a revolving loan and letter of credit facility not to exceed \$50.0 million and a term loan facility in the amount of \$135.0 million. The new credit facility matures three years after the closing of the loan and bears interest a rate of LIBOR plus 350 points. When the Group submits a borrowing request, the Group can elect to index that borrowing to 1-month, 2-month, 3-month, or 6-month LIBOR. The term loan amortizes at a rate of 10% per annum until maturity. The credit facility also contains certain financial covenants and is guaranteed by Atlas.

The Refinancing also includes funding from Atlas in the form of \$100.0 million in loans and \$100.0 million in equity. Subsequent to the acquisition, the \$100.0 million in equity from Atlas was replaced by institutional debt. The \$100.0 million in loans from Atlas was also reduced to \$45.0 million, with the remaining \$55.0 million converted to equity.

Financial Review

The financial results are shown in the consolidated statement of comprehensive income on page 14.

Overall, the business experienced revenue decrease of 48% to \$321.4 million in 2019 from \$619.7 million in 2018. This is primarily due to 2018 revenue including asset sales totalling \$170.5 million (which is mostly related to Australia's SA Power Networks ("SAPN") contract) and \$114.3 million of fuel revenue related to the Puerto Rico contracts. In 2019, asset sales totalled \$37.0 million and fuel revenue totalled \$13.2 million, as the Puerto Rico contracts ended by early 2019. Revenues from power generation decreased by 19% to \$271.2 million in 2019 from \$334.9 million in 2018, primarily due to the decommissioning of projects in Puerto Rico during late 2018 and early 2019 and the Group entering into an operations and maintenance ("O&M") contract with SAPN after the asset sale, while 2018 revenue included both a lease and O&M.

The cost of sales decreased due to the plant costs, including \$164.0 million in 2018 for the sale of SAPN mentioned above, a reduction of \$94.0 million in fuel costs, and a decrease in depreciation expense of \$26.6 million (2019: \$103.7 million; 2018: \$130.3 million).

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In 2019, the Group recognised \$32.4 million related to legal settlement proceeds received in cash net of related legal expenses. In 2018, the Group collected \$8.3 million from its customer in Argentina which was previously reserved.

The Board anticipates that revenue, profit and utilisation will improve, and remains of the view that the correct strategy is in place to achieve growth through winning new contracts.

Key Performance Indicators ("KPIs")

The Board monitors the Group's performance in a number of ways including key performance indicators. The key financial performance indicators together with the comparative information include revenue, operating profit/loss and profit/loss. This information is used by the Board because it demonstrates the Group's underlying operating profitability.

	2019	2018
Capacity at year end (MW)	1,477	1,629
Average contract asset utilisation	76%	77%
Revenue	\$ 321.4	\$ 619.7
Operating profit/(loss)	\$ 58.5	\$ (15.8)
Loss	\$ (34.1)	\$ (134.3)

ROCE Calculation

	2019	2018
Operating Profit/(Loss)	\$ 58.5	\$ (15.8)
Net Assets	262.9	297.0
Borrowings	314.0	397.5
Deferred tax asset	(13.5)	(24.6)
Income tax receivable	(3.3)	(1.6)
Income tax payable	85.3	58.4
Deferred tax liabilities	1.7	0.6
Net Operating Assets	\$ 647.1	\$ 727.3

ROCE (%)	9%	-2%
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The consolidated statement of financial position on page 15 of the consolidated financial statements shows that the Group's financial position at 31 December 2019 and 2018 reflected net assets of \$262.9 million and \$297.0 million, respectively. The decrease in net assets was due to comprehensive loss of (\$34.1) million.

Risk Management

The directors regularly consider the effect of risk on the Group's business, and together with the senior management team, work to limit any adverse financial exposure. The principal risks to which the Group is exposed are strategic risk, market risk, operational risk and financial risk.

Strategic Risk

Risks that affect the long-term performance of the Group as a whole include: failure to deliver the growth plan; failure to maintain a high equipment utilisation rate; and asset concentration. The senior management team oversee controls and initiatives to mitigate these risks, which includes a commercial

pipeline process that tracks new contract opportunities from opportunity identification through to final contract signature.

Operational Risk

This risk category includes a diverse range of risks, including employee, contractor and asset security, operating in difficult regions of the world, recruitment and retention of key staff, environment, and health and safety. The Group manages this risk by maintaining a comprehensive global property insurance program, robust health and safety policies, advanced security protocols all of which are designed based on the Company's knowledge and understanding of the local environment where its operations reside. The Group also maintains a comprehensive compliance program that includes a broad anti-corruption policy, extensive training, and monitoring on a continual basis.

Financial Risk

Financial risk includes market, credit, and liquidity risk. These risks are disclosed in Note 3.

Approved by the board of directors and signed on its behalf by



Bing Chen
Director

Directors' Report

The directors present their report and audited consolidated financial statements of APR Energy Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2019.

A review of the business is included in the Strategic Report on pages 3 to 7.

Dividend

There were no dividend payments in 2019 or 2018.

Directors

The directors of the Company who held office during the year and to the date of the report were:

Bing Chen (appointed 28 February 2020)
Ryan Courson (appointed 28 February 2020, resigned 6 April 2020)
Charles Ferry (appointed 28 February 2020, resigned 6 April 2020)
David Sokol (appointed 28 February 2020)
John Campion (resigned 28 February 2020)
Guy Bentinck (resigned 1 August 2019)
Kazi Hasan (resigned 28 February 2020)
Quinn McLean (resigned 28 February 2020)
Wendy Teramoto (appointed 1 August 2019, resigned 28 February 2020)
Stephen Wallace (resigned 28 February 2020)
Pieter Alexander Wernink (resigned 28 February 2020)

Financial Risk Management

Refer to Note 3 for the financial risk management of the Group.

Employees

APR Energy's employees are at the heart of its operations. The Group and its staff apply the following values:

- **Speed:** We deliver fast and on time services that meet or exceed our customers' expectations.
- **Global:** We operate anywhere, at any time, to support our customers.
- **Teamwork:** We work as a "team of teams," to ensure everyone is coordinating, communicating and working toward a common goal.
- **Trust:** We are always honest, dependable, transparent and ethical.
- **Performance:** We expect our employees to meet the highest standards of integrity and quality.
- **Determination:** We provide unwavering service until our commitment is met and the task is completed correctly. Our reputation is our most valued asset.
- **Responsibility:** We value the well-being of the communities and the environment in which we work, and the safety of our employees is our highest priority.
- **Value:** We strive to be a reliable power partner to our customers. We deliver flexible solutions tailored to fit our customer's needs and objectives.

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Significant Events after the Statement of Financial Position Date

Refer to Note 29 of the consolidated financial statements for a list of significant events that occurred after the consolidated statement of financial position date.

Significant Investments

Refer to Note 2 for a list of subsidiary undertakings of the Group as of year-end.

Political Contributions

The Group did not make any political contributions during the year.

Registered Office

The registered office of the Group is shown on page 2, titled Company Information.

Ultimate Parent and Holding Company

As of 31 December 2019, the Group has two ultimate parent companies as a shareholder agreement exists between the parties allowing them to jointly control the Group. The Group's ultimate parent companies are listed below:

- Fairfax Financial Holdings Limited, a Canadian company, registered at the following address: 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada, M5J 2N7.
- Albright Capital Management, LLC, a United States company, registered at the following address: 601 13th St NW #1000, Washington, DC, United States, 20005.

The Group's holding company is Apple Bidco Limited, a United Kingdom Limited Company, registered at the following address: c/o TMF Group 8th Floor, 20 Farringdon Street, London, United Kingdom, EC4A 4AB.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the consolidated financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the Group financial statements and international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting estimates that are reasonable and prudent; and

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- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Directors' Indemnities

The Company has maintained qualifying third-party indemnity insurance on behalf of its directors and officers during the period and this will continue to be maintained beyond the date of approval of the financial statements.

Approved by the board of directors and signed on its behalf by:



Bing Chen
Director
12 February 2021

Independent auditors' report to the members of APR Energy Limited

Report on the audit of the financial statements

Opinion

In our opinion, APR Energy Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2019 and of the group's loss and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Consolidated and Company Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 December 2019; the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Cash Flows, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of APR Energy Limited (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are responsible for assessing the group's and 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 unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 auditors' 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 (UK) will always detect a material misstatement when it exists. Misstatements can 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 users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of APR Energy Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Nigel Reynolds (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
15 February 2021

APR Energy Limited
Consolidated Statement of Comprehensive Income
Year ended 31 December 2019
(\$ in millions)

	Note	2019	2018
Power revenues	4	\$ 284.4	\$ 449.2
Revenue from asset sales	4	37.0	170.5
Total revenue		321.4	619.7
Cost of sales		(249.8)	(552.8)
Gross profit		71.6	66.9
Doubtful accounts expense	14	(14.7)	(23.4)
Impairment charge	12	(4.4)	(20.2)
Selling, general and administrative expenses		(22.5)	(26.6)
Foreign exchange loss		(3.7)	(7.3)
Other income, net	10	32.4	1.4
Loss on disposal		(0.2)	(6.6)
Operating profit/(loss)	6	58.5	(15.8)
Finance income		1.2	-
Finance costs	9	(42.1)	(49.2)
Income/(loss) before taxation		17.6	(65.0)
Income tax expense	11	(51.7)	(69.3)
Loss for the year		(34.1)	(134.3)
Total comprehensive loss for the year		\$ (34.1)	\$ (134.3)

The Group has no items of other comprehensive income or expenses other than the income/(loss) for the financial year, and accordingly, no separate statements of other comprehensive income/(loss) have been presented.

APR Energy Limited
Consolidated Statement of Financial Position
As at 31 December 2019
(\$ in millions)

	Note	2019	2018
Assets			
Noncurrent assets			
Property, plant and equipment	12	\$ 613.5	\$ 719.1
Deferred tax asset	11	13.5	24.6
Restricted cash	22	13.9	-
Total noncurrent assets		<u>640.9</u>	<u>743.7</u>
Current assets			
Inventories	13	55.6	56.9
Prepaid and other assets	15	7.2	2.6
Income tax receivable		3.3	1.6
Trade receivables	14	55.6	87.2
Deposits	22	3.4	3.1
Cash and cash equivalents	22	37.6	34.5
Total current assets		<u>162.7</u>	<u>185.9</u>
Total assets		<u>\$ 803.6</u>	<u>\$ 929.6</u>
Liabilities			
Noncurrent liabilities			
Deferred tax liabilities	11	\$ 1.7	\$ 0.6
Decommissioning provisions	17	31.8	32.0
Other payables	16	6.2	27.5
Borrowings	21	258.1	29.3
Total noncurrent liabilities		<u>297.8</u>	<u>89.4</u>
Current liabilities			
Income tax payable	11	85.3	58.4
Contract liabilities	18	13.1	7.4
Decommissioning provisions	17	13.0	19.8
Borrowings	21	55.9	368.2
Trade and other payables	16	75.6	89.4
Total current liabilities		<u>242.9</u>	<u>543.2</u>
Total liabilities		<u>540.7</u>	<u>632.6</u>
Equity			
Share capital	19	27.9	27.9
Share premium	19	884.6	884.6
Other reserves	20	770.0	770.0
Equity reserves		10.6	10.6
Accumulated losses		<u>(1,430.2)</u>	<u>(1,396.1)</u>
Total equity		<u>262.9</u>	<u>297.0</u>
Total liabilities and equity		<u>\$ 803.6</u>	<u>\$ 929.6</u>

These financial statements of the Group (registered company number 07062201) on pages 14 to 61, were approved by the Board of Directors on 12 February 2021.

Signed on behalf of the Board of Directors by



Bing Chen, Director

APR Energy Limited
Consolidated Statement of Changes in Equity
Year Ended 31 December 2019
(\$ in millions)

	Share Capital	Share Premium	Other Reserves	Equity Reserves	Accumulated Losses	Total Equity
Balances at 1 January 2018	\$ 27.9	\$ 884.6	\$ 770.0	\$ 10.6	\$ (1,261.8)	\$ 431.3
Loss for the year	-	-	-	-	(134.3)	(134.3)
Total comprehensive loss for the year	-	-	-	-	(134.3)	(134.3)
Balances at 31 December 2018	27.9	884.6	770.0	10.6	(1,396.1)	297.0
Loss for the year	-	-	-	-	(34.1)	(34.1)
Total comprehensive loss for the year	-	-	-	-	(34.1)	(34.1)
Balances at 31 December 2019	\$ 27.9	\$ 884.6	\$ 770.0	\$ 10.6	\$ (1,430.2)	\$ 262.9

The accompanying notes on pages 18 to 61 are an integral part of these consolidated financial statements.

APR Energy Limited
Consolidated Statement of Cash Flows
Year Ended 31 December 2019

(\$ in millions)

	Note	2019	2018
Cash flows from operating activities			
Profit/(loss) for the year before taxation		\$ 17.6	\$ (65.0)
Adjustments for			
Depreciation and amortisation	12	103.7	130.3
Impairment charge	12	4.4	20.2
Cost of asset sales	12	31.9	172.3
Loss on sale of property, plant and equipment		0.2	6.6
Doubtful accounts expense	14	14.7	23.4
Inventory obsolescence	6	0.9	5.2
Change in ARO estimate		(6.3)	1.2
(Gain)/loss on foreign exchange		(2.2)	7.3
Finance income		(1.2)	-
Gain on derivative instruments	22	-	(0.4)
Finance costs	9	42.1	46.4
Loss on extinguishment of debt	21	-	3.2
Movements in working capital:			
Decrease/(increase) in trade and other receivables		14.6	(55.8)
(Increase)/decrease in inventories		(2.6)	5.1
Decrease in other current and noncurrent assets		(2.2)	11.1
Decrease in trade and other payables		(52.0)	(51.7)
Settlement of decommissioning provisions	17	(6.3)	(12.1)
Increase in other liabilities		24.2	54.0
		<u>181.5</u>	<u>301.3</u>
Interest paid		(28.0)	(32.6)
Interest received		1.2	-
Income taxes paid		(17.1)	(7.6)
Net cash generated from operating activities		<u>137.6</u>	<u>261.1</u>
Cash flows from investing activities			
Purchases of property, plant and equipment	12	(9.6)	(18.0)
Cost of mobilisation activities		(11.2)	(63.3)
Proceeds from sale or disposal of property, plant and equipment		0.4	0.2
Decrease in deposits		(0.3)	2.4
Net cash used in investing activities		<u>(20.7)</u>	<u>(78.7)</u>
Cash flows from financing activities			
Cash from borrowings	21	13.0	27.0
Repayment of borrowings	21	(96.8)	(198.2)
Repayment of capital lease obligations	26	(1.4)	-
Debt issuance costs		(8.8)	(2.2)
Proceeds from settlement of derivative instrument	22	-	0.7
Change in restricted cash		(13.9)	-
Net cash used in financing activities		<u>(107.9)</u>	<u>(172.7)</u>
Net increase in cash		9.0	9.7
Cash			
Beginning of the year		34.5	32.5
Foreign exchange loss on cash		(5.9)	(7.7)
End of the year		<u>\$ 37.6</u>	<u>\$ 34.5</u>
Supplemental disclosure:			
Lease obligations incurred		\$ 7.3	\$ -
Debt issuance costs financed with borrowings		\$ 6.5	\$ -
Debt issuance costs included in accruals		\$ 11.5	\$ -
Mobilisation costs included in accruals		\$ 1.8	\$ 2.3

The accompanying notes on pages 18 to 61 are an integral part of these consolidated financial statements

APR Energy Limited
Notes to the Consolidated Financial Statements
Year Ended 31 December 2019

(\$ in millions)

1. General Information

APR Energy Limited (the "Company" and together with its subsidiaries, "APR Energy" or the "Group") is a private company, limited by shares, incorporated in England, United Kingdom ("UK") under the Companies Act 2006.

These consolidated financial statements are presented in US dollars because that is the currency of the primary economic environment in which the Group operates.

2. Summary of Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of APR Energy Limited and its subsidiaries.

Basis of Preparation

The consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006

Historical Cost Convention

The consolidated financial statements have been prepared on a historical cost basis. The preparation of the consolidated financial statements in conformity with international accounting standards in conformity with the requirements of the Companies Act 2006 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed further in this note. Actual results could vary from these estimates.

Going Concern

As of 31 December 2019, the Group had a syndicated credit facility of \$285.4 million which had a maturity date of 15 February 2021. As part of the acquisition and refinancing disclosed in Note 29, the Group entered into a new credit facility in February 2020. The new credit facility is comprised of a revolving loan and letter of credit facility not to exceed \$50.0 million and a term loan facility in the amount of \$135.0 million. The new credit facility matures three years after the closing of the loan. The credit facility also contains certain financial covenants and is guaranteed by Atlas. The Group also has a term loan agreement with Atlas for \$45.0 million which matures in February 2026. In March 2020, the Group entered into another credit facility consisting of a \$100.0 million term loan facility which matures six years after the closing date and is also guaranteed by Atlas.

The ability of the Group to operate as a going concern is dependent upon the continued availability of future cash flows and the availability of the monies drawn under its new debt facilities, which in turn is dependent on the Group not breaching its debt covenants.

APR Energy Limited
Notes to the Consolidated Financial Statements
Year Ended 31 December 2019

(\$ in millions)

The Group also notes that a novel strain of coronavirus, COVID-19, was identified in China in late 2019 and has spread globally. The World Health Organization declared COVID-19 a global pandemic, and it has caused, and is likely to continue to cause, economic, market and other disruptions worldwide. To date, the Group has not experienced any material negative impact to its financial performance as a result of COVID-19. However, given the unprecedented uncertainty of the pandemic, the Group is unable to forecast the full impact on its business.

The Group considered all risk when assessing going concern and did not identify any key risks warranting disclosure. As a result, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in existence for the foreseeable future. Thus, they continue to adopt the going concern basis in the preparation of the financial statements.

Changes in Accounting Policy and Disclosures

IFRS 16 *Leases* (from International Financial Reporting Standards, "IFRS") and IFRIC 23 *Uncertainty over Income Tax Positions* (from the International Financial Reporting Interpretations Committee, "IFRIC") are effective for the first time for the financial year beginning on or after 1 January 2019. The impact of these new standards is described in more detail in Note 28.

New Standards and Interpretations not yet adopted by the Group

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2020 and have not been applied in preparing these financial statements. None of these standards are expected to have a significant effect on the consolidated financial statements of the Group.

Principles of Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its authority to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Subsidiaries are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated in consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

The Group's subsidiaries at 31 December 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

APR Energy Limited
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Year Ended 31 December 2019

(\$ in millions)

Name	Principal activity	Country of operation	Country of registration	Registered address
APR Energy Holdings Limited	Holding company	UK	England and Wales	C/O TMF Group 8th Floor, 20 Farringdon Street, London, United Kingdom, EC4A 4AB
APR International LLC	Holding company	United States	United States	1200 South Pine Island Road, Suite 250, Plantation, FL 32224
APR Energy LLC	Supply of temporary power	United States	United States	1200 South Pine Island Road, Suite 250, Plantation, FL 32224
APR Energy SRL	Supply of temporary power	Argentina	Argentina	AV. Leandro N. Alem 1002 Piso 4, Buenos Aires, C101AAS Argentina
APR Energy II LLC	Holding company	United States	United States	1200 South Pine Island Road, Suite 250, Plantation, FL 32224
Falconbridge Services LLC	Service company	United States	United States	1200 South Pine Island Road, Suite 250, Plantation, FL 32224
APR Energy Spain SLU	Dormant (entity does not carry out any business activity)	Spain	Spain	Calle Principe de Vergara 131, Primera Planta, Madrid 28002, Spain
Power Rental Op Co LLC	Supply of temporary power	Iraq, Bangladesh, USVI	United States	1200 South Pine Island Road, Suite 250, Plantation, FL 32224
Power Rental Op Co Australia LLC	Supply of temporary power	Australia	United States	1209 Orange Street, Wilmington, DE, 19801
Power Rental Asset Co LLC	Holding company	United States	United States	1200 South Pine Island Road, Suite 250, Plantation, FL 32224
Power Rental Asset Co Two LLC	Supply of temporary power	United States	United States	1209 Orange Street, Wilmington, DE, 19801
APR Energy FZE	Service company	United Arab Emirates	United Arab Emirates	Showroom No. S3B5SR07, Jebel Ali, PO Box 261423, Dubai, United Arab Emirates
APR Energy Uruguay SA	Supply of temporary power	Uruguay	Uruguay	Mones Roses 6937, Montevideo, 11500 Uruguay
APR Energy Australia Pty Ltd	Dormant	Australia	Australia	Level 16, 201 Elizabeth Street Sydney New South Wales 2000, Australia
APR Energy Guatemala S.A.	Supply of temporary power	Guatemala	Guatemala	Diagonal 6 10-01 Zona, 10 Centro Genencial Las Margaritas Torre, 2 Oficina 402B, Guatemala City, Guatemala
APR Energy USA, LLC	Supply of temporary power	United States	United States	1200 South Pine Island Road, Suite 250, Plantation, FL 32224
PT APR Indonesia	Supply of temporary power	Indonesia	Indonesia	Mayapada Tower, 11th Floor, Jl. Jend. Sudirman Kav. 28, Jakarta 12920
International Power Sales and Services, LLC	Dormant	United States	United States	1209 Orange Street, Wilmington, DE, 19801
APR Energy Bangladesh Limited	Supply of temporary power	Bangladesh	Bangladesh	216 Shaheed Syed Najrul Islam Sarani, 43 Topkhana Road (First Floor) Ramna, Dhaka, Bangladesh
APR Energy (Singapore) Private Limited	Service company	Singapore	Singapore	137 Telok Ayer Street #08-01, Singapore, 068602 Singapore

The Group did not close any subsidiaries during the year ended 31 December 2019.

APR Energy Limited
Notes to the Consolidated Financial Statements
Year Ended 31 December 2019

(\$ in millions)

Foreign Currency Transactions

The functional currency of the Company's foreign operations is the currency in which the entity's income is denominated and in which primary cash costs are denominated. The items included in the consolidated financial statements of each of these entities are measured in US dollars. The consolidated financial statements are presented in US dollars, which is the Company's presentation currency.

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 remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income within foreign exchange loss.

Segment Reporting

An operating segment is a component of an entity whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker ("CODM") to make decisions about resource allocation and assess its performance. The Group identified one operating segment based on the financial information regularly provided to the CODM. The Group has identified the CODM as its Chief Executive Officer.

Revenue From Contracts With Customers

The Group primarily derives revenue from short to medium-term contracts that provide customers with comprehensive power-generation services that include installation and dismantling services, operations and maintenance ("O&M") of the power-generating equipment, operations monitoring, and logistical support.

The Group recognises revenue when control of the goods or services provided has passed to the customer. The specific criteria applicable for each major product or service (as disaggregated in Note 4) are described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Group's contracts generally include a fixed rental charge and a variable charge related to the usage of assets or other services. Based on analysis under IFRS 15, the following separately identifiable, distinct performance obligations were identified:

Power Revenues

Fixed Revenues

- a) Delivery of O&M services
- b) Lease of power generating equipment

The Group earns the fixed portion of revenue on contracts by providing capacity based on a specified number of megawatts ("MW") to the customer. The Group's contracts for the periods presented in the consolidated financial statements primarily represent lease contracts, which

APR Energy Limited
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Year Ended 31 December 2019

(\$ in millions)

are accounted for as operating leases. The Group determines lease classification on a contract-specific basis. The Group bifurcates the revenue recognised between the two performance obligations identified in a) and b). The stand-alone selling price of each obligation is computed based on the expected cost of delivering the service, plus an accepted margin. The total transaction price is then rateably recognised, split between those two performance obligations.

Certain contracts contain provisions for mobilisation and decommissioning payments. Mobilisation revenue received up front is deferred straight line over the contract term. With respect to decommissioning revenue, when it is reasonably assured that the Group will receive the revenue, a receivable is recorded and the revenue is recognised rateably over the contract term. Mobilisation and decommissioning are accounted for under IFRS 16 as these activities are considered an integral part of the arrangement for the leased equipment. Revenue from mobilisation and decommissioning is included in total contract consideration subject to the Group's bifurcation analysis for allocation to lease and non-lease components.

The revenue on these contracts is recognised, net of expected penalties. Penalties may arise at certain points during a contract period due to unforeseen circumstances that cause the Group to fail to fulfil a performance obligation. Depending upon the circumstances that contribute to the penalty, the Group, at times, is able to negotiate a waiver for the penalties incurred and recover the amounts due under the contract. The Group records the penalty during the period in which the contractual term is not met. The Group will record any recoveries of amounts previously recorded as penalties in the period in which the recovery is assured.

The Group's fixed revenue (bifurcated between the two performance obligations described above) is recognised over time as the Group delivers the agreed kilowatt-hours ("KWHs") to the customer.

Judgement is required in determining the number of performance obligations in a contract, as several services (including mobilisation and demobilisation) can be provided. The Group believes these are performance obligations as any services to mobilise or demobilise assets are not considered distinct from the provision of power. The Group's services are considered to be a service or series of services that are substantially the same and have the same pattern of transfer to the customer.

Variable Revenues

The Group earns the variable portion of revenue based on the actual amount of energy delivered to the customer, as measured in KWHs. The revenue associated with the variable price component of the contract is recognised at a point in time, as that energy is produced and control passes to the customer.

Fuel Revenues

The Group earns fuel revenues when it manages fuel on a pass-through basis on behalf of its customers. Fuel revenue is dependent on fuel prices and the volume of fuel consumed, which can be volatile and may distort the view of the performance of the underlying business. Under IFRS 15 the Group is acting as the principal, and revenue and costs associated with fuel revenue were accounted for separately.

APR Energy Limited
Notes to the Consolidated Financial Statements
Year Ended 31 December 2019

(\$ in millions)

Sale of Equipment Revenues

Revenue is recognised once control of the equipment is passed to the customer. This is determined with reference to the terms of the contract that define the transfer of title, risks of ownership transfer to the customer, and collectability of the sales proceeds is reasonably assured. Sales of equipment not considered to be in the ordinary course of business are not recognised as revenue.

Cost of Sales

Cost of sales is comprised of direct and indirect plant operation costs, depreciation, financial costs and carrying value of assets sold in the ordinary course of business. Certain contracts allow a penalty to be assessed for not meeting a specified commercial operating date. Penalties incurred prior to and after the commercial operating date are expensed as incurred and recorded in cost of sales.

Employee Benefits

Short-Term Obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as trade and other payables in the consolidated statement of financial position.

Bonus

The Group recognises a liability and an expense for its workers' annual incentives for achieving objectives and targets. That bonus is accrued based on the estimated amount to be distributed.

Finance Cost and Income

Finance cost primarily consists of fees and interest charged by financial institutions for banking transactions and interest charged on outstanding loan balances. Also included in finance cost is the amortisation of capitalised debt issuance costs and accretion of decommissioning provisions. Finance income consists of interest earned for customer late payments.

Effective Interest Method

The effective interest method is a method of calculating the finance income generated by a financial asset and the amortised cost of a financial liability, including allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability to the net carrying amount on initial recognition.

APR Energy Limited
Notes to the Consolidated Financial Statements
Year Ended 31 December 2019

(\$ in millions)

Provision for Income Taxes

The Group comprises operations in various jurisdictions and it is likely that if the structure of these operations were to change, there would be an impact to the effective tax rate and tax liability of the Group.

While certain of the Group's operations are not subject to tax, the operations may be subject to income and withholding taxes in other tax jurisdictions. In preparing these consolidated financial statements, the Group applies the following accounting policies:

Withholding Tax

Withholding taxes are imposed in certain jurisdictions where the Group makes cross-border payments to related parties and where the customer makes cross-border payments to the Group. In general, withholding taxes are imposed on payments such as operating leases, revenue, and certain service payments. The customer acts as the collecting agent and remits the payments to the taxing authorities. The Group includes its withholding tax expense in the taxation line in the consolidated statement of comprehensive income.

Current Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Group operates and generates taxable income and is subject to tax under local country tax law.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Group establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Taxable profit differs from net profits as reported in the consolidated statement of comprehensive income because it excludes temporary or permanent differences. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted as of the consolidated statement of financial position date.

Deferred Tax

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the consolidated statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available to utilise those temporary differences and losses. The carrying amount of deferred tax assets is reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

APR Energy Limited
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(\$ in millions)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is charged or credited in the consolidated statement of comprehensive income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Financial Instruments

The Group classifies its financial instruments in the following categories: for both financial assets and liabilities, either at fair value through profit/loss or at amortised cost. The classification depends on the purpose for which the financial assets or liabilities were acquired. The Group determines the classification of its financial assets and liabilities at initial recognition.

The classification of non-equity financial assets is based on a two-step test, applying the business model test and the cash flow characteristics test. There are three types of business models per IFRS 9: Hold to collect, Hold to collect and sell and Other. There are two cash flow models defined by IFRS 9: Cash flows that are solely payment of principal and interest ("SPPI") and Other.

Financial Assets at Fair Value through Profit or Loss

A financial asset is classified in this category if the cash flow model for recovering the asset is not SPPI, or if it is SPPI and the assets are not held to collect or held to collect and sell. The Group's financial assets which are not recovered through SPPI are classified and measured as financial assets at fair value through profit or loss. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as noncurrent. The Group does not have any financial assets classified as fair value through profit or loss.

Financial Assets at Amortised Cost

Financial assets at amortised cost are non-derivative financial assets which will be collected with fixed or determinable payments and are held for collection via those payments. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as noncurrent assets. The Group's financial assets at amortised cost comprise 'trade receivables', 'deposits,' 'restricted cash' and 'cash' in the consolidated statement of financial position.

Financial Liabilities at Fair Value through Profit or Loss

This category of financial liabilities is carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income. The Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

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(\$ in millions)

Financial Liabilities at Amortised Cost

Financial liabilities at amortised cost are financial liabilities, which do not meet the definition under IFRS 9 to be measured at fair value through the profit or loss. They are included in current liabilities, except for maturities greater than 12 months after the end of the reporting period. These are classified as noncurrent liabilities. The Group's financial liabilities at amortised cost comprise 'trade and other payables' and 'borrowings' in the consolidated statement of financial position.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Impairment of Non-Trade Receivable Financial Assets

The Group assesses at the end of each reporting period whether there is objective evidence that a non-trade receivable financial asset or group of financial assets is impaired. A non-trade receivable financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For financial assets at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

Cash and Restricted Cash

Cash consists of cash and highly liquid investments that can be readily converted into cash or that have an original maturity of three months or less. The Group has no cash equivalents at 31 December 2019 or 2018. Cash that is not available for general use due to restrictions for a period greater than twelve months after the reporting date is classified as "restricted cash" on the statement of financial position. As of 31 December 2019 and 2018, the Group has restricted cash of \$13.9 million and \$nil related to restrictions at the Group's plant sites, primarily related to cash in fiduciary accounts and a performance bond.

APR Energy Limited
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(\$ in millions)

Trade and Other Receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as noncurrent assets.

The Group holds trade and other receivables with the objective to collect the contractual cash flows and measures them subsequently at amortized cost using the effective interest method. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Trade and other receivables are considered past due if any portion of an account has not been paid in full within the contractual terms of the account. The Group applies the simplified approach permitted by IFRS 9 in order to measure the expected credit losses and resulting allowance for doubtful debts that will be required. See details in Note 14 for how the allowance is measured. Upon permanent impairment, the trade receivable is written off against the allowance for doubtful accounts (Note 14). Power revenues are netted with penalties incurred during the year in respect of contractual performance (Note 4) and any penalties are reserved for within allowance for doubtful accounts.

Inventories

Inventories are comprised primarily of spare parts and consumables and are stated at the lower of cost or net realisable value. Inventory cost is primarily determined using average cost. Excess and obsolete inventory reserves are established generally upon review of condition and usability in the kits assembled for power-generating equipment. Inventory is written down on a case by case basis if the anticipated net realisable value declines below the carrying amount of the inventory or to account for inventory losses. Net realisable value is the estimated selling price less the cost to complete and any selling expenses. The inventory write-down is reversed if the reasons for the write-down no longer exist.

In accordance with industry practices, inventory costs are classified as current assets and include amounts that may be held for longer than one year.

Prepaid and Other Assets

The Group records prepaid and other assets for various circumstances, most commonly, VAT receivables and prepaid expenses. Prepaid assets are expensed during the prepayment period. Prepaid and other assets are classified as current when the Group expects to realise the asset within 12 months after the reporting period. At 31 December 2019, other assets also includes \$0.5 million related to a note receivable from a customer.

Deposits

The Group maintains bid or performance bonds (secured by cash deposits) for various contracts to guarantee the Group's obligations under the terms of the contracts. The return of such deposits is subject to performance of the Group during the contract term. Deposits are recorded at cost less any provision for impairment.

APR Energy Limited
Notes to the Consolidated Financial Statements
Year Ended 31 December 2019

(\$ in millions)

Research and Development Costs

Research costs are charged to the statement of comprehensive income in the period in which they are incurred.

Development costs are charged to the statement of comprehensive income in the period in which they are incurred unless it relates to the development of a new product or technology that has achieved technological feasibility and commercial viability has been proven, development cost can be measured reliably, and future economic benefits are probable and the Group intends, and has sufficient resources, to complete the development to use or sell the assets. Any such capitalised development costs are amortised on a straight-line basis over the expected useful life of the resulting product or technology.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost, less depreciation and any recognised impairment loss. Historical cost is the purchase price of the property, plant and equipment, including any related shipping costs.

Costs incurred to mobilise and install power-generating equipment pursuant to a contract are also captured in property, plant and equipment, and are depreciated over the non-cancellable lease term to which the power-generating equipment relates.

The cost of property, plant and equipment includes a decommissioning cost, which represents the initial measurement equivalent to the discounted provision. The decommissioning asset is amortised on a straight-line basis over the non-cancellable lease term.

Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenditures are expensed as incurred and recorded within the statement of comprehensive income as incurred.

Depreciation is computed using the straight-line method applied to individual items over their estimated useful lives. Management uses judgement in determining the useful lives of its property and equipment considering the following factors: expected usage, expected wear and tear, residual values and technological or commercial obsolescence of the generators. Management reassesses useful lives and residual values annually.

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(\$ in millions)

A summary of the lives used for computing depreciation is as follows:

Machinery and equipment

Turbines	20 Years
Generators	10 - 12 Years
Transformers	15 Years
Miscellaneous machinery and equipment	3 - 10 Years

Other equipment

Vehicles	5 Years
Office furniture and equipment	5 - 7 Years
Computer and software	3 Years

Mobilisation and demobilisation

Mobilisation costs	Non-cancellable lease term
Demobilisation costs	Non-cancellable lease term

The Group adopted IFRS 16 *Leases* at 1 January 2019 using the modified retrospective approach, with no restatement of comparative periods. In 2019, the Group recognizes a right of use asset for all leases with limited exemptions for short-term leases and leases of low-value assets. These right of use assets are depreciated on a straight-line basis over the non-cancellable lease term. The impact of IFRS 16 is described in more detail in Note 28.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash in-flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of

APR Energy Limited
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(\$ in millions)

comprehensive income. Non-financial assets that suffer an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Trade and Other Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. The amounts are unsecured and are usually paid within 30 days of recognition. Accounts payable are classified as current liabilities if payment is due within 12 months or less. Trade and other payables are recognised initially at fair value and subsequently measured at their amortised cost using the effective interest rate method.

Borrowings

Borrowings are initially recognised at fair value less transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest method. Under this method, finance costs of borrowings are allocated to periods over the term of the related debt at a constant rate on the carrying amount. Where transaction costs have been incurred but the facility not drawn down at the consolidated statement of financial position date, these are shown in capitalised finance costs. When the facility is drawn down, these amounts are shown net of borrowings.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses. The Group identifies a contract in which the unavoidable costs of meeting the obligations under contract exceed the economic benefits is onerous and recognises a provision for the present obligation in the period identified.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, where the effect of the time value of money is material. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost in the consolidated statement of comprehensive income.

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A contingent liability is disclosed when the existence of the obligation will only be confirmed by future events or when a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised, but they are disclosed when an inflow of economic benefits is probable.

Contract Liabilities

These amounts represent the current obligations for prepaid services from its customers that the Group has as of the end of the reporting period. Included within contract liabilities are upfront mobilisation and decommissioning payments which have been received based on contract terms. Subsequently, the Group records revenue upon consumption of the services in accordance with the revenue recognition accounting policy.

Decommissioning Provisions

The Group records a decommissioning provision when there is a legal or constructive obligation whereby, as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation associated with the retirement of a tangible long-lived asset and the liability can be reasonably estimated. The amount recorded represents the present value of the expected decommissioning costs. The unwinding of the discount is included in finance costs in the consolidated statement of comprehensive income.

Leases

The Group adopted IFRS 16 Leases at 1 January 2019 using the modified retrospective approach, with no restatement of comparative periods. The impact of IFRS 16 is described in more detail in Note 28.

As at and for the year ended 31 December 2019, for lease contracts where the Group is the lessee, the Group recognizes all leases on the statement of financial position with limited exemptions for short-term leases and leases of low-value assets. The Group recognizes a right of use asset and corresponding lease liability, representing the future payments to be made under the lease, discounted at the incremental borrowing rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Right of use assets are presented in "property, plant and equipment" on the statement of financial position. Lease liabilities are presented in current and noncurrent "borrowings" on the statement of financial position based on the payment terms.

Right of use assets are depreciated on a straight-line basis over the non-cancellable lease term. Lease payments are allocated between principal (the lease liability) and interest expense, which is included in "finance costs" on the statement of comprehensive income. On the statement of cash flows, the portion of the cash lease payment that represents interest on the lease liability is presented as an operating cash flow, while the portion that represents the principal of the lease liability is classified within financing activities.

For short-term leases and leases of low-value assets, the Group recognises the related lease payments as an expense on a straight-line basis over the lease term. Short-term leases have a lease term of twelve months or less. Low-value assets primarily comprise IT equipment and employee apartments near the Group's plant sites.

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For the year ended 31 December 2018, leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Rounding

All dollar amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest hundred thousand US dollars unless otherwise stated.

Critical Accounting Estimates and Judgements

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies. Accordingly, management evaluates whether estimates should be made on an on-going basis, based on historical experience, consultation with experts, and other methods the Group considers reasonable according to the particular circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying value of the asset or liability in the future. Actual amounts could differ from those estimates.

The areas involving judgements are:

Useful Lives of Property, Plant and Equipment

Management estimates the useful lives of its property, plant and equipment considering the following factors:

- Expected usage
- Expected wear and tear through normal usage
- Expected contractual life
- Technological or commercial obsolescence

Depending on facts and circumstances, management may weight one of the factors more than another or may consider additional factors not listed above. Changes in estimated useful lives could have a material impact on future depreciation expense.

Hyperinflationary Environments

The Group operates in Argentina which was considered a hyperinflationary environment during 2019 and 2018. The Group does not consider that the provisions of IAS 29 'Financial Reporting in hyper-inflationary economies' apply to the Group's operations in Argentina as the functional currency of the Argentina operations is the US Dollar.

The areas involving significant estimates are:

Impairment / Impairment Reversals of Property, Plant and Equipment

The Group tests, annually, whether assets have suffered any impairments. The recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the recoverable amount of an asset is estimated to be less than its

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carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The Group recorded an impairment charge of \$4.4 million and \$20.2 million for the years ended 31 December 2019 and 2018, respectively (Note 12). There were no reversals of asset impairments during 2019 or 2018.

Management identifies the Group as a single cash-generating unit ("CGU") for the purpose of assessing impairment. Value in use cannot be reliably determined for individual assets due to their interchangeability and the nature of the Group's business operations. In addition, individual assets do not generate cash inflows independent of other assets as multiple assets are required to complete project requirements. As a result, the recoverable amount cannot be determined at the individual asset level and must be determined for at a CGU level.

Significant inputs evaluated by management in assessing impairment include extensions of current installations, growth rate, fixed and variable revenue rates, fixed and variable cost rates, operating expense rates, asset utilisation and deployment, and capital expenditures related to mobilisation and decommissioning activities.

Decommissioning Provisions

Decommissioning provisions are uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, strategic changes in the geographic deployment of equipment, the emergence of new technology or experience at other assets. The expected timing, work scope, amount of expenditure and risk weighting may also change. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning (Note 17).

Inventory Obsolescence

Provisions are made for inventory obsolescence based on a technical review by the field services and engineering departments. Criteria for providing a provision for obsolescence include, but are not limited to, age of inventory and shelf life.

Accounting for Taxation

The Group has operations in various global jurisdictions and, as such, is subject to an inherent risk arising from the geographical mix of revenues and profits and the complex nature of these tax arrangements. Management reviews the Group's overall tax position and ensures that any potential exposures are identified and mitigated as necessary.

Due to the uncertain nature of the tax environment in some of the countries in which the Group operates, it can take some time to settle tax positions. Therefore, the Group records appropriate provisions related to jurisdictions that have significant potential or contentious tax positions. These provisions are reviewed individually and measured using the most likely outcome method.

Contingencies

Contingencies arising from litigation and commitments (Note 23) were evaluated when the consolidated financial statements for the year ended 31 December 2019 were prepared. Management considered if the Group had a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the

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obligation and the amount can be reliably estimated in order to determine whether or not a provision should be recorded in the consolidated financial statements and or a contingency should be disclosed in the consolidated financial statements.

Recoverability of Trade Receivables

The Group assesses collectability of receivables by monitoring the financial stability and recent payment history of customers. Additionally, the Group utilises letters of credit, contract insurance policies and upfront deposits to mitigate collection risk. See Note 14 for further information on the judgements applied in this area.

3. Financial Risk Management

The Group's activities give rise to a number of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk management. The Group's overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group under policies approved by the board of directors. Management designs strategies for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative and non-derivative financial instruments, and investment of excess liquidity.

Market Risk

Market risk includes foreign exchange risk and interest rate risk. The Group seeks to manage these risks to acceptable levels by maintaining appropriate policies and procedures and utilising financial market instruments where necessary. In its determination to enter into a contract, the Group will carry out a counterparty risk assessment and determine the appropriate risk mitigations strategies. Market risk also includes the risk that cash derived from income for services fulfilled under contract terms will become restricted and not available for use in the on-going activities of the business. The Group manages this risk by carrying out appropriate due diligence on customers and the jurisdictions in which they operate to determine appropriate payment terms and securitisation of revenue through the use of letters of credit, bonds, or other securitisation of payment exposures.

The Group's market is influenced by global political and economic conditions. Declines in economic activity, slowing of growth rates and customer access to funding could impact the growth strategies of the business. Additionally, changes in political regimes or political unrest pose potential risk to existing contracts and/or the timing of potential new contract opportunities. Factors such as election cycles, economic downturns, fuel price variability, reliance on renewable energy and political instability all impact customer decision making, which can make forecasting difficult and cause volatility in revenues. To address this risk, outside of deploying existing assets for immediate power solutions, the Group will prioritize developing and acquiring longer term power projects, with a focus on cleaner and sustainable energy sources, across a geographically diverse operating base.

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The Group operates globally in developed and developing markets. Each market has unique drivers for energy demand along with a mix of competitors. Competition comes from power generation equipment manufacturers, regional and global independent power producers, fuel companies, and other specialty power generation companies, including local and regional power rental companies. Barriers to entry in the market space remain high, but there are new and expanding entrants with different solutions and technologies, including renewables. This may create pricing pressure in the market and lead to reduced margins.

(i) Foreign Exchange Risk

The Group has an exposure to transactional foreign exchange from purchases or sales in currencies other than US dollars. In order to minimise exposure to foreign exchange risk, the Group primarily contracts in US dollars or in contracts with a price based on US dollars at the date of transaction or payment if possible. In some cases, the Group transacts in local currencies when purchasing materials and supplies for project operations.

In limited circumstances, the Group may use derivative instruments, make payments in local currency where feasible, and employ capital repatriation programs to economically hedge against foreign exchange risk. Any hedges are limited in duration and correspond to the applicable contract payments or receipts to which the derivatives are associated. No such derivative contracts were entered into in 2019. In 2018, the Group cashed out its position in an interest rate swap and received \$0.7 million in cash.

(ii) Interest Rate Risk

The Group is primarily exposed to interest rate risk on its borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. When applicable, the Group may elect to hedge interest rate risk associated with debt or borrowings under the credit facility by purchasing derivative instruments. The Group's debt has a variable interest component, which can be indexed to 1-month, 3-month, or 6-month LIBOR. See Note 21 for further information on interest rates for borrowings.

Credit Risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as exposures to outstanding receivables from customers. Due to the nature of the Group's business in emerging markets, management believes the most significant of these to be exposures to outstanding receivables from customers.

To minimise the risk of a significant impact on the business due to a customer defaulting on its commitments, the Group closely monitors trade receivables. In addition, the Group utilises letters of credit, contract insurance policies and up-front deposits to mitigate this risk. See Note 14 for further information on how the Company makes allowances for expected credit losses.

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Liquidity Risk

Liquidity risk results from insufficient funding being available to meet the Group's funding requirements as they arise. The Group manages liquidity risk by maintaining adequate reserves of cash and available committed facilities to meet the Group's short and long-term funding requirements. The Group monitors the short-term forecast and actual cash flows on a daily basis and medium and long-term requirements in line with the Group's long-term planning processes.

The Group's principal debt facilities at 31 December 2019 (totalling \$285.4 million excluding capitalised debt issuance costs) are provided by a syndicate of banks under a Revolving Credit Facility and a Term Loan. In addition, the Group has \$29.3 million of vendor financing, \$10.0 million of shareholder financing, and \$5.2 million of borrowings related to leases as of 31 December 2019 (Note 21).

The Group expects to be able to arrange sufficient financing to meet its future funding requirements. It has been the Group's custom and practice to refinance its facilities in advance of their maturity dates, providing that there is an ongoing need for those facilities. At 31 December 2019, debt, net of cash, amounted to \$276.4 million and undrawn committed facilities were \$4.2 million. At 31 December 2018, debt, net of cash, amounted to \$363.0 million and undrawn committed facilities were \$13.2 million.

As part of the acquisition and refinancing disclosed in Note 29, the Group entered into a new credit facility in February 2020. The new credit facility is comprised of a revolving loan and letter of credit facility not to exceed \$50.0 million and a term loan facility in the amount of \$135.0 million. The new credit facility matures three years after the closing of the loan. The Group also has a term loan agreement with Atlas for \$45.0 million which matures in February 2026. In March 2020, the Group entered into another credit facility consisting of a \$100.0 million term loan facility which matures six years after the closing date.

4. Revenue From Contracts With Customers

The Group has disaggregated revenue for the years ended 31 December 2019 and 2018 into various categories below, which is intended to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic data:

	2019	2018
Operating lease revenue	\$ 167.7	\$ 206.3
O&M revenue	103.5	128.6
Fuel revenue	13.2	114.3
Total power revenues	284.4	449.2
Revenue from asset sales (Note 12)	37.0	170.5
Total revenues	\$ 321.4	\$ 619.7

Power revenues on the consolidated statement of comprehensive income include fuel revenue and are netted with penalties incurred during the year. O&M revenue above for the years ended 31 December 2019 and 2018 includes the impact of net penalties (incurred)/recovered of (\$3.4) million and \$0.3 million, respectively.

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Revenue from asset sales is recognized at a point in time, when the performance obligation has been met. In 2018, revenue from asset sales includes the sale of nine GE gas turbines and spare parts to a customer in Australia for \$161.0 million (Note 12). In 2019, revenue from asset sales relates to various sales of reciprocating power modules.

5. Geographical Information

The Group's revenue from continuing operations from external customers by location of operations is detailed below:

	2019	2018
North America	\$ 87.5	\$ 251.4
Latin America	94.3	89.9
Asia	58.8	32.5
Australia	72.3	238.4
Africa	8.5	5.2
Middle East	-	1.3
Europe	-	1.0
Total revenues	<u>\$ 321.4</u>	<u>\$ 619.7</u>

There was no revenue generated in the United Kingdom in 2019 or 2018.

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6. Operating Profit/(Loss)

Operating profit/(loss) for the year has been arrived at after (charging)/crediting:

	2019	2018
Depreciation	\$ (103.7)	\$ (130.3)
Expense related to leases ¹	(4.2)	(7.0)
Staff costs	(45.2)	(44.6)
Loss on disposal of plant and machinery	(0.2)	(6.6)
Doubtful accounts expense	(14.7)	(23.4)
Impairments	(4.4)	(20.2)
Inventory obsolescence ²	(0.9)	(5.2)
Legal settlement/(reserves), net (Notes 10 and 23)	16.2	-
Reassessment of ARO provision (Note 17)	6.7	-
Excess mobilisation costs ³	-	(3.1)
Project delay commencement fee	-	(7.7)
One-time costs ⁴	-	(5.2)

¹ In 2019, this expense relates to only short-term leases and leases of low-value assets, as the Group adopted IFRS 16 as of 1 January 2019. In 2018, this expense relates to all leases that were classified as operating leases under IAS 17.

² In 2019 and 2018, the Group recorded an adjustment of \$0.9 million and \$5.2 million, respectively, for obsolete inventory.

³ In 2018, the Group wrote off a portion of the mobilisation costs related to the installation of its US Virgin Islands plant as these costs were considered to be abnormal and were charged to direct costs.

⁴ In 2018, the Group recorded one-time costs of \$5.2 million related to the consolidation of warehouses and severance.

7. Auditors' Remuneration

The analysis of auditors' remuneration is as follows:

	2019	2018
Fees payable to the Company's auditors and its associates		
Audit of the Group's annual accounts	\$ 1.3	\$ 1.0
Statutory audit of a subsidiary's annual accounts	0.1	0.1
	<u>1.4</u>	<u>1.1</u>
Fees payable to the Company's auditors and its associates for other services to the Company		
Financial and tax due diligence services	0.8	0.7
	<u>\$ 2.2</u>	<u>\$ 1.8</u>

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8. Staff Costs

Aggregate remuneration was comprised of the following:

	<u>2019</u>	<u>2018</u>
Wages and salaries	\$ 38.0	\$ 37.5
Taxes and social security	2.6	2.2
Other benefits	4.6	4.9
	<u>\$ 45.2</u>	<u>\$ 44.6</u>

The average monthly number of employees (including Directors) was as follows:

	<u>2019</u>	<u>2018</u>
Operations	254	180
Sales	28	24
Administration	68	47
	<u>350</u>	<u>251</u>

9. Finance Costs

Finance costs for the years ended 31 December 2019 and 2018 is detailed below:

	<u>2019</u>	<u>2018</u>
Interest expense on borrowings	\$ 25.1	\$ 35.9
Interest expense on leases	0.6	-
Amortisation of debt issuance costs	15.5	10.0
Write-off of debt issuance costs	-	3.2
Unwinding of discount on decommissioning provisions	0.9	0.5
Interest rate swap income	-	(0.4)
	<u>\$ 42.1</u>	<u>\$ 49.2</u>

10. Other Income, Net

During the years ended 31 December 2019 and 2018, the Group recognised \$32.4 million and \$1.4 million of other income, net, respectively. The 2019 amount relates to legal settlement proceeds received in cash net of related legal expenses paid.

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11. Taxation

The Group's (expense)/benefit for income taxes consists of the following:

	<u>2019</u>	<u>2018</u>
Current tax		
Current tax expense	\$ (45.5)	\$ (59.6)
Prior period adjustments	6.1	(7.9)
	<u>(39.4)</u>	<u>(67.5)</u>
Deferred tax		
Deferred tax expense	(11.4)	(3.0)
Prior period adjustments	(0.9)	1.2
	<u>(12.3)</u>	<u>(1.8)</u>
Total tax expense	<u>\$ (51.7)</u>	<u>\$ (69.3)</u>

The reconciliation between the actual effective tax rate of 294.4% and (106.2%) for the years ended 31 December 2019 and 2018, respectively, and the statutory UK income tax rate of 19.0% is as follows:

	<u>2019</u>	<u>2018</u>
Income/(loss) before taxation	\$ 17.6	\$ (65.0)
Tax at the UK Corporation tax rate: 19.0% (2019 and 2018)	(3.3)	12.4
Withholding taxes	(13.2)	(8.8)
Uncertain tax position	(23.2)	(30.6)
Deferred tax assets not realisable	(24.9)	(10.0)
Effect of different tax rates of subsidiaries operating in other jurisdictions	19.7	(14.1)
Permanent adjustments with no applicable tax deductions	(11.4)	(8.3)
Change in tax rate (deferred tax asset)	(0.6)	(3.2)
Prior year adjustments	5.2	(6.7)
Tax expense	<u>\$ (51.7)</u>	<u>\$ (69.3)</u>

The Group is not taxable in certain jurisdictions where either the jurisdictions do not impose an income tax or the entity is treated as a flow-through entity for local country tax purposes. The difference between the statutory rate and the effective tax rate is primarily a result of deferred tax assets not being realisable, withholding taxes, the establishment of uncertain tax positions (Note 23), permanent book to tax differences and taxes in foreign jurisdictions with a higher statutory rate than the UK, as shown above. The structure of the Group generally results in each entity or branch operating within only one tax jurisdiction. In general, income tax is imposed on taxable income earned in the applicable tax jurisdiction.

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Deferred Taxes

The deferred tax assets and liabilities and the associated movements were as follows for the years ended 31 December:

	2018	Credit/(Charge) to the Statement of Comprehensive Income	2019
Deferred tax assets			
Decommissioning provisions	\$ 11.2	\$ (1.8)	\$ 9.4
Depreciation	0.3	(0.3)	-
Reserves and accrued expenses	11.1	(5.3)	5.8
Tax losses carried forward	0.5	(0.5)	-
Tax credits carried forward	0.1	-	0.1
Interest disallowance	8.4	0.3	8.7
Deferred revenue	1.2	(1.2)	-
	<u>32.8</u>	<u>(8.8)</u>	<u>24.0</u>
Deferred tax liabilities			
Deferred job costs	(2.4)	2.4	-
Depreciation	-	(1.7)	(1.7)
Accelerated asset costs	(4.9)	1.9	(3.0)
Inflation adjustment	-	(6.0)	(6.0)
Other timing differences	(1.5)	-	(1.5)
	<u>(8.8)</u>	<u>(3.4)</u>	<u>(12.2)</u>
	<u>\$ 24.0</u>	<u>\$ (12.2)</u>	<u>\$ 11.8</u>

At 31 December 2019 and 2018, the Group has tax losses carried forward of \$179.6 million and \$164.5 million, respectively, for which no deferred tax assets are being recognised on the basis that no tax benefit is expected to arise in the jurisdictions these tax losses were generated. At 31 December 2019 and 2018, the Group has deferred tax assets in Argentina of \$21.6 million and \$15.0 million, respectively, for which no deferred tax assets is being recognized on the basis that no tax benefit is expected to arise in the jurisdiction these deferred tax assets were generated.

The UK corporation tax rate was reduced from 20% to 19% on 1 April 2017 and further announced a reduction to 17% effective from 1 April 2020. Changes to the UK corporate tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). UK deferred taxes at the consolidated statement of financial position date have been measured using these enacted tax rates and reflected in these consolidated financial statements.

At 31 December 2019 and 2018, income tax payable was \$85.3 million and \$58.4 million, respectively. This balance includes cash taxes payable and a reserve for global uncertain tax positions as assessed under IFRIC 23 (Note 23).

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(\$ in millions)

12. Property, Plant and Equipment

Property, plant and equipment and the associated movements were as follows for the years ended at 31 December:

	Machinery & Equipment	Right of Use Assets	Mobilisation	Demobilisation	Other	Total
Cost						
At 1 January 2018	\$ 1,010.6	\$ -	\$ 139.9	\$ 47.6	\$ 15.4	\$ 1,213.5
Additions	16.5	-	62.4	10.9	1.5	91.3
Change in estimate ¹	-	-	-	4.2	-	4.2
Disposals	(214.3)	-	(40.0)	(27.4)	(1.0)	(282.7)
At 31 December 2018	812.8	-	162.3	35.3	15.9	1,026.3
Adoption of IFRS 16	-	6.3	-	-	-	6.3
Additions	9.6	1.0	10.9	4.5	2.0	28.0
Change in estimate ¹	-	-	-	0.6	-	0.6
Disposals	(88.8)	(0.8)	(8.9)	-	(0.2)	(98.7)
At 31 December 2019	733.6	6.5	164.3	40.4	17.7	962.5
Accumulated depreciation						
At 1 January 2018	191.3	-	38.6	22.9	8.3	261.1
Charge for the year	54.8	-	57.8	15.0	2.7	130.3
Impairment charge	20.2	-	-	-	-	20.2
Disposals	(37.3)	-	(39.0)	(27.3)	(0.8)	(104.4)
At 31 December 2018	229.0	-	57.4	10.6	10.2	307.2
Charge for the year	42.0	1.7	44.2	13.3	2.5	103.7
Impairment charge	4.4	-	-	-	-	4.4
Disposals	(57.4)	(0.1)	(8.7)	-	(0.1)	(66.3)
At 31 December 2019	218.0	1.6	92.9	23.9	12.6	349.0
Net book value						
At 31 December 2019	\$ 515.6	\$ 4.9	\$ 71.4	\$ 16.5	\$ 5.1	\$ 613.5
At 31 December 2018	\$ 583.8	\$ -	\$ 104.9	\$ 24.7	\$ 5.7	\$ 719.1

¹ Changes in estimates to decommissioning cost are related to changes in estimates of decommissioning provisions.

The Group adopted IFRS 16 Leases at 1 January 2019 using the modified retrospective approach, with no restatement of comparative periods. In 2019, the Group recognizes a right of use asset for all leases with limited exemptions for short-term leases and leases of low-value assets. Right of use assets include land, office space and warehouse space. The impact of IFRS 16 is described in more detail in Note 28.

Impairment

In 2019, the Group recognized an impairment loss of \$4.4 million related to component write-offs in Argentina. In 2018, the Group wrote down certain idle generators by \$19.3 million to the recoverable amount, which was determined by reference to the assets' fair value less cost to sell exceeding its value in use. The Group determined there was no sensitivity as the main valuation input used was market value (as determined by an independent valuer). The Group also recognised impairment losses of \$0.7 million related to other property and equipment being marketed for sale and \$0.2 million related to obsolete equipment. The impairment charge is recognised on the consolidated statement of comprehensive income. There were no reversals of impairments in 2019 or 2018.

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(\$ in millions)

2019 Profit Recognised on Asset Sales and Disposals of Machinery and Equipment

The table below presents asset sales recognised in revenue in the accompanying statement of comprehensive income for 2019.

	<u>Total</u>
Revenue from sale	\$ 37.0
Less:	
Cost of assets sold/disposed	86.3
Accumulated depreciation	<u>(55.4)</u>
Carrying amount of assets sold	30.9
Inventory sold in transaction	<u>1.0</u>
Profit/(loss) recognised on sale/disposal	<u>\$ 5.1</u>

The total above includes revenue of \$6.8 million and net cost of \$4.3 million related to the sale of assets at the Group's Guatemala site as well as revenue and cost related to various other asset sales.

During the year ended 31 December 2019, the Company also recorded a loss from disposals of machinery and equipment in the amount of \$0.2 million for disposals not recognised through revenue.

2018 Profit Recognised on Asset Sales and Disposals of Machinery and Equipment

In July 2017, the Company entered into a lease agreement with a customer in Australia. The initial term of the agreement was from 1 November 2017 to 30 November 2018, with the customer having an option to extend the lease term up to an additional 12 months. The agreement also included a call option, whereby the customer could exercise an option to purchase generation assets. The Company evaluated the call option and determined that the purchase price approximated fair value. Additionally, the Company did not identify any other conditions that would lead to the exercise of the option being considered reasonably certain at inception of the lease. Following its assessment at inception, the Company classified the agreement as an operating lease.

In November 2017, the customer exercised its call option to purchase the generation assets (includes nine turbines), and the customer and the Company executed an asset sale agreement. The executed asset sale agreement created a legally enforceable obligation for the customer to purchase the power generation assets from the Company. Until completion of the sale, the Company retained title to the power generation assets. The Company concluded that the customer's exercise of the call option did not constitute a modification of the arrangement as the call option was included in and exercised in accordance with the original agreement. As there were no changes to the lease terms or to contractual cash flows, the Company determined that there was no requirement to reassess the classification of the lease upon exercise of the customer's purchase option. In December 2018, the asset sale was completed for \$161.0 million and the customer took title to the generation assets. As a result of the transaction, the net proceeds immediately paid down the credit facilities (see Note 21). Concurrent with the sale, the Group also entered into an 18-month O&M contract with the customer to maintain the plant.

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The table below presents this asset sale of equipment coming off lease as well as other asset sales which are recognised in revenue in the accompanying statement of comprehensive loss for 2018.

	<u>Australia</u>	<u>Other</u>	<u>Total</u>
Revenue from sale	\$ 161.0	\$ 9.5	\$ 170.5
Less:			
Cost of assets sold/disposed	173.3	19.4	192.7
Accumulated depreciation	(11.5)	(11.1)	(22.6)
Carrying amount of assets sold	161.8	8.3	170.1
Inventory sold in transaction	2.2	-	2.2
Profit/(loss) recognised on sale/disposal	<u>\$ (3.0)</u>	<u>\$ 1.2</u>	<u>\$ (1.8)</u>

During the year ended 31 December 2018, the Company also recorded a loss from disposals of machinery and equipment in the amount of \$6.6 million for disposals not recognised through revenue.

13. Inventories

Inventories are as follows at 31 December:

	<u>2019</u>	<u>2018</u>
Spares and consumables	\$ 55.6	\$ 56.9
	<u>\$ 55.6</u>	<u>\$ 56.9</u>

The cost of inventories recognised in the statement of comprehensive income was \$7.3 million and \$21.1 million for the years ended 31 December 2019 and 2018, respectively. There were inventory adjustments totalling \$1.1 million in 2019 and \$9.5 million in 2018. Inventory purchased for the years ended 31 December 2019 and 2018 totalled \$7.1 million and \$18.2 million, respectively. The replacement cost of inventories is not materially different to their carrying value.

14. Trade Receivables

Trade receivables are as follows at 31 December:

	<u>2019</u>	<u>2018</u>
Amount receivable under contract	\$ 63.7	\$ 96.4
Less: Allowance for doubtful accounts	(8.1)	(9.2)
	<u>\$ 55.6</u>	<u>\$ 87.2</u>

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The aging analysis of all trade receivables was as follows:

	2019		2018	
	Gross	Reserved	Gross	Reserved
Current	\$ 37.9	\$ (2.8)	\$ 49.5	\$ -
1-30 days	10.3	(0.5)	10.5	-
31-90 days	5.2	-	14.7	-
More than 90 days	10.3	(4.8)	21.7	(9.2)
	<u>\$ 63.7</u>	<u>\$ (8.1)</u>	<u>\$ 96.4</u>	<u>\$ (9.2)</u>

The aging analysis of past due but not reserved trade receivables was as follows:

	2019	2018
Up to 3 months	\$ 15.0	\$ 25.2
More than 3 months	5.5	12.5
	<u>\$ 20.5</u>	<u>\$ 37.7</u>

The movement in respect of the provision of trade receivables during the year was as follows:

	2019	2018
Beginning balance	\$ 9.2	\$ 10.2
Provisions, net	9.3	23.4
Receivables written off as uncollectible	(10.4)	(24.4)
	<u>\$ 8.1</u>	<u>\$ 9.2</u>

The carrying amount of trade receivables, classified at amortised cost, is considered to approximate fair value.

At 31 December 2019, two customers accounted for \$20.7 million and \$19.5 million, which accounts for 72.4% of net accounts receivable. At 31 December 2018, three customers accounted for \$24.6 million, \$18.3 million, and \$10.0 million, which accounts for 60.7% of net accounts receivable. The risk associated with individual customers is partially mitigated by the letters of credit the Group obtains from customers on commencement of a contract or at subsequent renewals. Management reviews concentration of credit risk on a regular basis and ensures that where the net exposure exceeds certain thresholds, appropriate actions are taken. This is performed on a customer-by-customer basis, and takes into account billing terms, letters of credit and local customs and practices.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss model for all open contracts. The Group includes specific reserves for known contractual issues/disputes, and in addition, Management has undertaken a review for the length of all open contracts at the year end, noting no historical losses. To contemplate the inherent risk associated with all current open invoices and contract assets, Management reviews each customer individually and considers factors such as the political and economic conditions in that country, the duration and quality of the customer relationship, the age of debt, cash flows from the customer and any relevant communication with the customer. The Group also considered historical loss rates and a risk factor, based a country risk premium for each country where the Group has

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open contracts, noting that the inherent exposure based on this analysis was minor. The allowance for doubtful accounts listed above is therefore primarily based on specific reserves for known expected credit losses based on the low value of expected credit losses calculated. No additional reserve was needed based on the expected credit loss calculated.

15. Prepaid and Other Assets

Prepaid and other assets are as follows at 31 December:

	2019	2018
Prepaid assets	\$ 2.4	\$ 1.8
VAT receivable	2.7	0.2
Note receivable	0.5	-
Other assets	-	0.2
Due from related party	1.6	0.4
	<u>\$ 7.2</u>	<u>\$ 2.6</u>

The carrying amount of prepaid and other assets, classified at amortised cost, is considered to approximate fair value. The note receivable is due from a customer and is to be paid in installments through December 2020 at a 10% interest rate. The note receivable balance is net of a reserve. The amounts due from related party are with Apple Bidco Limited, the Group's holding company, for costs paid by the Group on its behalf. See Note 14 for further information on measuring expected credit losses in accordance with IFRS 9.

16. Trade and Other Payables

Trade and other payables are as follows at 31 December:

	2019	2018
Trade payables	\$ 10.1	\$ 14.7
VAT payables	0.3	16.5
Accrued wages and benefits	8.0	6.2
Accrued agent fees	4.6	5.9
Late commercial operations date penalties	10.2	16.4
Accrued expenses	42.4	29.7
Trade and Other Payables (current)	<u>75.6</u>	<u>89.4</u>
Late commercial operations date penalties	6.2	27.5
Other Payables (noncurrent)	<u>6.2</u>	<u>27.5</u>
Total Trade and Other Payables	<u>\$ 81.8</u>	<u>\$ 116.9</u>

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

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At 31 December 2019 and 2018, trade and other payables related to the purchase of property and equipment was \$nil and \$0.4 million, respectively.

Late commercial operations date penalties noted above are expected to be settled within 12 months after the end of the reporting period. The noncurrent portion of these penalties is presented in 'other payables' on the consolidated statement of financial position. Total late commercial operations date penalties include the following projects at 31 December:

	2019	2018
Argentina	\$ 6.2	\$ 13.4
Bangladesh	4.0	3.0
Total in Trade and other payables (current)	10.2	16.4
Argentina	4.3	22.8
Bangladesh	1.9	4.7
Total in Other payables (noncurrent)	6.2	27.5
Total late commercial operations date penalties	\$ 16.4	\$ 43.9

For the two Argentina projects, interest is charged at 1.7% per annum. The liabilities will be settled over the period through February 2020 for one project and December 2021 for the other project. During 2019, the Group made \$13.3 million of unscheduled payments against the Argentina liability. For the Bangladesh project, interest is charged at 10.1% per annum, and the liabilities will be settled over the period through August 2021.

17. Decommissioning Provisions

	2019	2018
Opening balance	\$ 51.8	\$ 45.9
Additions	4.5	10.9
Change in estimate	0.6	4.2
Utilisation	(6.3)	(9.7)
Reassessment	(6.7)	-
Unwinding of discount	0.9	0.5
Balances at 31 December	\$ 44.8	\$ 51.8
Current	\$ 13.0	\$ 19.8
Noncurrent	\$ 31.8	\$ 32.0

At 31 December 2019, the Group adjusted the decommissioning provision by \$5.1 million between additions and changes in estimates, primarily related to decommissioning estimates for new projects in Mexico and Equatorial Guinea. During 2019, \$6.3 million of the decommissioning provision was utilised through decommissioning of projects in the Dominican Republic, Mexico and Australia. During 2019, \$6.7 million of provisions were released related to a reassessment of changes in facts and circumstances and operational decisions on how to dismantle and redeploy the assets at plant sites.

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At 31 December 2018, the Group adjusted the decommissioning provision by \$15.1 million between additions and changes in estimates, primarily related to decommissioning estimates for new projects in Bangladesh, Dominican Republic, US Virgin Islands and Australia. During 2018, \$9.7 million of the decommissioning provision was utilised through decommissioning of projects in Senegal, Angola, Benin, Mexico, Puerto Rico and Myanmar.

The decommissioning provision has been calculated using a discount rate of approximately 2.0% at 31 December 2019 and 2018. The noncurrent portion of the provision is generally expected to be incurred approximately 1-4 years in the future.

18. Contract Liabilities

Contract liabilities arise from the Group's projects when cumulative payments received from customers at the statement of financial position date do not necessarily equal the amount of revenue recognised on the contracts. For example, mobilisation payments may be received up front per the terms of the contract, but the revenue is deferred straight line over the non-cancellable lease term.

The activity within contract liabilities during the years ended 31 December 2019 and 2018 is as follows:

	2019	2018
At 1 January	\$ 7.4	\$ 20.8
Amounts included in contract liabilities that were recognised as revenue during the period	(17.2)	(54.2)
Cash received in advance of performance and not recognised as revenue during the period	22.9	40.8
At 31 December	<u>\$ 13.1</u>	<u>\$ 7.4</u>

All contract liabilities as of 31 December 2019 are classified as current and will be recognized as revenue within twelve months. The amount of revenue to be recognised on these contracts when the remaining performance obligations are satisfied includes the following:

	Deferred in 2019 to be earned in 2020	Deferred in 2018 and earned in 2019
Fixed revenue	\$ 0.1	\$ 0.9
Mobilisation revenue	9.8	6.5
Revenue from asset sales	3.2	-
	<u>\$ 13.1</u>	<u>\$ 7.4</u>

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19. Share Capital and Share Premium

The share capital activity is shown in the table as follows:

	2019		2018	
	\$	Shares	\$	Shares
Allotted, called up and fully paid				
Ordinary shares of 10 pence each	\$ 27.9	183,873,418	\$ 27.9	183,873,418

The share premium balance was \$884.6 million as at 31 December 2019 and 2018.

No shares were issued in 2019 and 2018.

20. Other Reserves

	Merger Reserve	Capital Redemption Reserve	Total
At 1 January 2018	\$ 769.9	\$ 0.1	\$ 770.0
Balances at 31 December 2018	769.9	0.1	770.0
Balances at 31 December 2019	\$ 769.9	\$ 0.1	\$ 770.0

The reserve was brought about through the offering of APR Energy's shares for the acquisition of the APR Group in 2011 and the GE Power Rental Business in 2013. The merger reserve is the excess of the fair value of the APR Energy shares issued to the shareholders of the acquiree above the par value of the shares issued.

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21. Borrowings

	Revolving Credit Facility	Term Loan	Vendor Financing	Shareholder Note	Lease Liability	Total Gross Borrowings	Debt Issue Costs	Total
At 1 January 2018	\$ 389.0	\$ 104.2	\$ 80.0	\$ -	\$ -	\$ 573.2	\$ (15.4)	\$ 557.8
Increase in borrowings	17.0	-	-	10.0	-	27.0	-	27.0
Repayment of borrowings	(82.3)	(104.2)	(11.7)	-	-	(198.2)	-	(198.2)
Change in capitalised debt issuance costs	-	-	-	-	-	-	10.9	10.9
At 31 December 2018	323.7	-	68.3	10.0	-	402.0	(4.5)	397.5
Current	\$ 323.7	\$ -	\$ 39.0	\$ 10.0	\$ -	\$ 372.7	\$ (4.5)	\$ 368.2
Noncurrent	\$ -	\$ -	\$ 29.3	\$ -	\$ -	\$ 29.3	\$ -	\$ 29.3
Increase in borrowings	19.5	-	-	-	-	19.5	-	19.5
Repayment of borrowings	(57.8)	-	(39.0)	-	(1.4)	(98.2)	-	(98.2)
Adoption of IFRS 16	-	-	-	-	6.3	6.3	-	6.3
Capitalization of leases	-	-	-	-	1.0	1.0	-	1.0
Lease termination	-	-	-	-	(0.7)	(0.7)	-	(0.7)
Change in capitalised debt issuance costs	-	-	-	-	-	-	(11.4)	(11.4)
At 31 December 2019	285.4	-	29.3	10.0	5.2	329.9	(15.9)	314.0
Current	\$ 40.0	\$ -	\$ 29.3	\$ -	\$ 1.4	\$ 70.7	\$ (14.8)	\$ 55.9
Noncurrent	\$ 245.4	\$ -	\$ -	\$ 10.0	\$ 3.8	\$ 259.2	\$ (1.1)	\$ 258.1

Credit Facility and Term Loan

The Group has a syndicated credit facility (the "Credit Facility") which was originally for \$770.0 million, comprised of a \$450.0 million revolving credit facility ("Revolver") and a \$320.0 million term loan ("Term Loan"), and had a maturity date in August 2019.

The Group has completed amendments to the original Credit Facility. The most recent amendment ("Amendment #16") was executed on 14 August 2019. This amendment extended the Group's Credit Facility through 15 February 2021. Additionally, the amendment provides for the possibility of additional fees to be paid at future intervals prior to the maturity date. As of 31 December 2019, the Group has accrued for \$11.8 million of exit fees and interest, to be paid upon termination of the Credit Facility. The exit fees are capitalized as debt issuance costs and amortized to interest expense.

In February 2020, the Group entered into a new credit facility. See Note 29 for financing activities after the reporting date.

Current, key financial covenants include a Total Leverage Ratio (adjusted EBITDA/total indebtedness) and an Interest Coverage Ratio. The LIBOR spread on the Credit Facility is dependent on the Total Leverage Ratio, and the Term Loan required quarterly repayments of between 1.3% and 3.8% throughout the term. The Group is required to make quarterly repayments of \$10.0 million on the Revolver. Additionally, the remaining balance on the Term Loan was repaid in 2018. This extinguishment resulted in the recognition of a loss of \$3.2 million in 2018 on the accompanying consolidated statements of comprehensive income. At 31 December 2019, undrawn committed facilities under the Credit Facility were \$4.2 million.

The Revolver and Term Loan are collateralised with the equity and assets of the majority of the Group's subsidiary undertakings. Total gross borrowings approximate fair value at 31 December 2019 and 2018.

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If the interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's total comprehensive income would have increased/decreased by approximately \$1.6 million in 2019 and \$2.4 million in 2018. This is mainly due to the Group's exposure to interest rates on its variable rate borrowings.

The Group was in compliance with financial covenants at 31 December 2019. The Group was not in compliance with financial covenants at 31 December 2018; however, the execution of Amendment #16 waived covenant violations for the quarters ended 31 December 2018, 31 March 2019 and 30 June 2019.

The new credit facility entered into in February 2020 contains certain financial covenants and is guaranteed by Atlas.

Vendor Financing

The Group entered into a \$90.0 million loan with GE which is to be paid back over a four-year period through 2020. The first quarterly principal payment was made in September 2017. The loan is collateralised by two GE turbines. The loan was interest free for the first year, however a fixed interest rate of 10.0% applies after the first year. The effective interest rate on the loan is 6.2%.

Shareholder Note

In April 2018, the Group entered into a \$10.0 million subordinated unsecured promissory note ("Shareholder Note") with the sole shareholder Apple Bidco Limited. The Shareholder Note accrues interest at a rate of 10% and all principal and unpaid accrued interest were originally due in November 2019. The Shareholder Note was amended in 2019 and the maturity was extended to 17 May 2021.

Reconciliation of Debt Net of Cash at Beginning and at End of Year

	2019	2018
Increase in cash	\$ 9.0	\$ 9.7
Increase in borrowings	(13.0)	(27.0)
Repayment of borrowings	96.8	198.2
Repayment of lease obligations	1.4	-
Debt issuance costs paid	8.8	2.2
Changes in net debt arising from cash flows	103.0	183.1
Non-cash changes in borrowings		
Adjustment at adoption of IFRS 16	(6.3)	-
Lease obligations incurred	(1.0)	-
Lease termination	0.7	-
Amortization of debt issuance costs	(15.5)	(10.0)
Write-off of debt issuance costs	-	(3.2)
Debt issuance costs to be paid at facility termination	11.5	-
Other changes	0.1	0.1
Exchange loss on cash	(5.9)	(7.7)
Decrease in net debt in year	86.6	162.3
Net debt at beginning of year	(363.0)	(525.3)
Net debt at end of year	<u>\$ (276.4)</u>	<u>\$ (363.0)</u>

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22. Financial Instruments

Principal Financial Instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Trade and other payables
- Cash
- Restricted cash
- Borrowings

Categories of Financial Instruments

	Note	2019	2018
Financial assets			
Financial assets at amortised cost			
Trade receivable	14	\$ 55.6	\$ 87.2
Note receivable	15	0.5	-
Deposits		3.4	3.1
Restricted cash		13.9	-
Cash and cash equivalents		37.6	34.5
Total financial assets		<u>\$ 111.0</u>	<u>\$ 124.8</u>
Financial liabilities			
Financial liabilities at amortised cost			
Gross borrowings	21	\$ 329.9	\$ 402.0
Trade and other payables	16	81.5	100.4
Total financial liabilities		<u>\$ 411.4</u>	<u>\$ 502.4</u>

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The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

		31 December 2019				
		Less Than	Between	Between	Over	Total
Note		3 Months	3 Months and 1 Year	1 and 2 Years	2 Years	
Trade and other payables	16	\$ (70.0)	\$ (5.3)	\$ (6.2)	\$ -	\$ (81.5)
Gross borrowings, excluding leases	21	(17.1)	(52.2)	(255.4)	-	(324.7)
Lease liabilities	21	(0.4)	(1.0)	(1.4)	(2.4)	(5.2)
		<u>\$ (87.5)</u>	<u>\$ (58.5)</u>	<u>\$ (263.0)</u>	<u>\$ (2.4)</u>	<u>\$ (411.4)</u>

		31 December 2018				
		Less Than	Between	Between	Over	Total
Note		3 Months	3 Months and 1 Year	1 and 2 Years	2 Years	
Trade and other payables	16	\$ (62.2)	\$ (10.7)	\$ (14.4)	\$ (13.1)	\$ (100.4)
Gross borrowings	21	(18.8)	(353.9)	(29.3)	-	(402.0)
Operating lease commitments	26	(1.2)	(2.2)	(1.9)	(1.4)	(6.7)
		<u>\$ (82.2)</u>	<u>\$ (366.8)</u>	<u>\$ (45.6)</u>	<u>\$ (14.5)</u>	<u>\$ (509.1)</u>

23. Contingent Liabilities and Litigation

Impact of Operating in First, Second and Third-tier Countries

At 31 December 2019, the Group had operations in various countries across several continents. Operating in these countries subjects the Group to the inherent risk of changes in law, regulations, and governmental policy and stability. The Group utilises insurance and letters of credit to help mitigate these risks.

Legal and Environmental

From time to time, the Group is subject to litigation or environmental exposure and claims. The Group uses various means and methods to limit its exposure to such contingencies including risk management strategies, legal strategies, and insurance coverage. These claims can involve highly complex issues, actual damages, and other matters. These issues are subject to substantial uncertainties and, therefore, the probability of loss and an estimation of damages are difficult to ascertain.

The Group routinely assesses exposure to claims and assessments. As of 31 December 2019, the Group has established a reserve for \$16.2 million under various claims. Management disagrees with the claims and will vigorously defend their positions. Based on the probable exposure related to these claims, the Group has recognized an accrual and a corresponding expense of \$16.2 million within direct costs in the consolidated statement of comprehensive income for the year ended 31 December 2019.

The Group is subject to taxing authorities' inquiries and audits. The Group works with its local and global tax advisors to respond to inquiries and audits, as well as to defend any assessments.

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Considering IFRIC 23, which was effective for annual reporting periods beginning on or after 1 January 2019, the Group performed an assessment on whether the relevant taxing authorities will accept each tax position used or planned to use in tax filings. At 31 December 2018, the Group assessed its global uncertain tax positions and has estimated a probable exposure of \$30.6 million. The exposure is based on the most likely outcome for each of the uncertain tax positions. The timing of the settlement of these provisions is unknown; however, management expects that these would not be settled within 12 months from the statement of financial position date. The Group has recognized a corresponding expense within income tax expense in the consolidated statement of comprehensive loss for the year ended 31 December 2018. At 31 December 2019, the Group reassessed its global uncertain tax positions under IFRIC 23 and determined that the estimated probable exposure is \$53.8 million. The Group recognized a corresponding \$23.2 million expense within income tax expense in the consolidated statement of comprehensive loss for the year ended 31 December 2019.

Management's assessments can involve complex judgements about future events, unpredictable strategic decisions and movements by claimants, unpredictable rulings by courts and/or adjudicators, and can rely heavily on estimates and assumptions. The Group's assessments are based on estimates and assumptions that have been deemed reasonable by management. The Group recognises a liability for contingencies when it is more likely than not that the Group will sustain a loss and the amount can be estimated.

Bangladesh Matters

In December 2018, the Group accrued for \$7.7 million of penalties for not meeting a specified commercial operating date on a project in Bangladesh. As at 31 December 2018, the Group was still in negotiations with the customer to reach a settlement, and the receivables from that customer were still outstanding. In May 2019, a settlement was reached which is consistent with the amount accrued at 31 December 2018. No changes were made to the settlement during the remainder of 2019, and the customer has been making payments against the past due receivable balance.

Australian Matters

In October 2013, APR Energy, through one of its affiliates, acquired the beneficial interest of a contract between General Electric International Inc. ("GEI") and the Forge Group Power Party Limited ("Forge"), including the ownership of four mobile gas turbines ("Turbines"). In February 2014, Forge, Forge Group Limited, and a number of its other affiliated companies commenced voluntary insolvency proceedings and, on the next day, Administrators and Receivers were appointed.

In August 2014, Forge commenced proceedings against APR Energy's entities in the Supreme Court of New South Wales (the "Proceeding"). At issue in the Proceeding was the claim of Forge's Administrators and Receivers that Australia's insolvency law affords them superior title over APR Energy to the Turbines. APR Energy disagreed with this claim and actively defended itself in the Proceeding. However, in order to use the Turbines to serve its customer in Australia, APR Energy provided an irrevocable standby letter of credit to Administrators and Receivers in the amount of \$44.0 million ("Bond"), and, as such, APR Energy can legally deploy the Turbines unencumbered in Australia or anywhere else in the world, indefinitely for the life of the Turbines.

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In June 2017, the Group received an unfavourable judgement in the Australian High Court. As a result, the Receivers drew down on the Bond and those funds were paid to the Receivers on 6 July 2017.

In 2018, the Group filed a claim for the damages noted above. The Group received a favourable judgement in the amount of \$35.5 million in April 2019, and the Group received the gross proceeds in cash in June 2019.

Argentine Matters

In December 2016, the Group accrued for \$27.1 million of penalties for not meeting a specified commercial operating date in Matheu, Argentina. During the first quarter of 2017, the Group accrued for a \$13.6 million contractual penalty for a delayed project commencement to its customer in Zappalorto, Argentina.

In December 2016, the Group received an injunction ordering its Matheu plant to cease operations. The injunction claimed the plant was causing irreparable environmental and health damages and that the permits obtained to operate the plant are invalid. The Group disputed the claims and filed an appeal in federal court on the basis that the Group obtained all necessary and valid permits required to operate the plant and that the plant is not causing irreparable environment or health damages. This matter was resolved in May 2018 and the Matheu and Zappalorto sites returned to full operation. Since the injunction was ordered, revenue of \$10.1 million was recorded in 2017, which was provided for in full as at 31 December 2017. In 2018, additional revenue was recorded, and the Company reserved for \$22.6 million of accounts receivable. The Company collected accounts receivable of \$8.3 million, which had previously been reserved. The remaining \$24.4 million provision was written off as uncollectible.

24. Capital Commitments

At 31 December 2019 and 2018, the Group's commitments related to the purchase of equipment was \$0.5 million and \$1.0 million, respectively.

25. Subsidiary Audit Exemption

APR Energy has guaranteed the liabilities of APR Energy Holdings Limited in order that it qualifies for the exemption from audit under Section 479A of the Companies Act 2006 in respect of the year ended 31 December 2019. The liabilities of APR Energy Holdings Limited have been guaranteed until they are settled in full. Total borrowings for APR Energy Holdings Limited at 31 December 2019 and 2018 were \$317.4 million and \$397.5 million, respectively.

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26. Lease Arrangements

The Group adopted IFRS 16 *Leases* at 1 January 2019 using the modified retrospective approach, with no restatement of comparative periods. The impact of IFRS 16 is described in more detail in Note 28.

As Lessee

The Group had various operating lease agreements for office and warehouse space, land and office equipment during the year. The fair value of the Group's lease obligations is approximately equal to their carrying amount.

For the year ended 31 December 2019, the Group recognized depreciation expense of \$1.7 million for right of use assets and \$0.6 million of interest expense on lease liabilities. The expense related to short-term leases and leases of low-value assets (not already included as short-term leases) was \$4.1 million and \$0.1 million, respectively, during 2019, which is recorded in "cost of sales" and "selling, general and administrative expenses" on the statement of comprehensive income. The total cash outflow related to leases during 2019 was \$6.2 million.

For the year ended 31 December 2018, payments under operating leases recognized as an expense were \$7.0 million.

	<u>2018</u>
Commitments under noncancellable leases falling due:	
within one year	\$ 3.4
greater than one year but less than five years	<u>3.3</u>
	<u>\$ 6.7</u>

As Lessor

The Group has various operating lease agreements for the use of its power-generating assets during the year. The original lease terms range from 1 to 60 months.

	<u>2019</u>	<u>2018</u>
Anticipated revenue under noncancellable leases expected:		
within one year	\$ 98.2	\$ 131.4
greater than one year but less than two years	82.6	85.4
greater than two years but less than three years	45.4	81.7
greater than three years but less than four years	18.7	31.9
greater than four years but less than five years	-	18.7
greater than five years	-	-
	<u>\$ 244.9</u>	<u>\$ 349.1</u>

Annual revenue under such leases are disclosed in Note 4.

APR Energy Limited
Notes to the Consolidated Financial Statements
Year Ended 31 December 2019

(\$ in millions)

27. Related Party Transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated in consolidation.

CJJ Management LLC ("CJJ Mgmt") and CJJ Holdings of Jax, LLC ("CJJ Jax") are related parties due to their owner being the Chairman of the Group. Consulting services from CJJ Mgmt in the amounts of \$2.7 million and \$3.3 million were incurred by the Group for the years ended 31 December 2019 and 2018, respectively. Consulting services from CJJ Jax in the amounts of \$nil and \$0.5 million were incurred by the Group for the years ended 31 December 2019 and 2018, respectively. The services rendered were all paid in cash. No guarantees have been given or received.

Worldwide Jet ("WW Jet") is a related party in that it acts as an agent for the rental of the plane owned by the Chairman of the Group. During the period, WW Jet provided travel arrangements and private jet services to the Group. The total expense related to rental of the plane owned by the Chairman for the years ended 31 December 2019 and 2018 was \$0.9 million and \$0.3 million, respectively. The services rendered were all paid in cash. No guarantees have been given or received.

The Group pays for the reasonable and customary costs for advisory and travel fees incurred by the Group's shareholders for board of director related matters. The total expense for the years ended 31 December 2019 and 2018 was \$nil and \$0.1 million, respectively.

The Group also has a promissory note with the sole shareholder Apple Bidco Limited (Note 21).

Remuneration of Directors

The remuneration of Directors and Non-Executive Directors of the Group is set out below, in aggregate.

	2019	2018
Remuneration	\$ 2.8	\$ 3.4
	<u>\$ 2.8</u>	<u>\$ 3.4</u>
Highest Paid Director		
Remuneration	\$ 2.7	\$ 3.3
	<u>\$ 2.7</u>	<u>\$ 3.3</u>

Remuneration of Key Management Personnel

The remuneration of Key Management Personnel of the Group is set out below, in aggregate.

	2019	2018
Salary fees	\$ 2.5	\$ 2.0
Benefits	0.1	0.4
Annual bonus	1.0	-
	<u>\$ 3.6</u>	<u>\$ 2.4</u>

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(\$ in millions)

Key management personnel during 2019 and 2018 included seven and nine employees, respectively, reporting directly to the Chairman and/or the President.

28. Changes in Accounting Policies

This note explains the impact of the adoption of IFRS 16 *Leases* and IFRIC 23 *Uncertainty over Income Tax Positions* on the Group's financial statements.

Transitional elections

The Group adopted IFRS 16 and IFRIC 23 with a transition date of 1 January 2019.

The Group adopted IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of applying IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative periods.

Nature of the change in accounting policy

(i) IFRS 16, *Leases*

IFRS 16 was issued in January 2016 and is effective for reporting periods beginning on or after 1 January 2019. This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases.

From a lessee perspective, the Standard requires lessees to recognise all leases on the statement of financial position with limited exemptions for short-term leases and leases of low-value assets. Right of use assets are depreciated on a straight-line basis over the non-cancellable lease term. Cash payments are offset against the lease liability with a portion recorded to interest expense. On the statement of cash flows, the portion of the cash lease payment that represents interest on the lease liability is presented as an operating cash flow, while the portion that represents the principal of the lease liability is classified within financing activities.

The guidance for lessors has remained largely unchanged from the guidance in IAS 17, *Leases*. The Group has various operating lease agreements for the use of its power-generating assets. The Group did not need to make any adjustments to the accounting for contracts where the Group is the lessor in an operating lease as a result of the adoption of IFRS 16. As a lessor, the Group did not have any leases previously recognized as finance leases.

In applying IFRS 16 for the first time, the Group has applied the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

APR Energy Limited

Notes to the Consolidated Financial Statements

Year Ended 31 December 2019

(\$ in millions)

The Group also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made when applying IAS 17 and Interpretation 4, *Determining whether an Arrangement contains a Lease*.

The Group has various operating lease agreements for office and warehouse space, land and office equipment. On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17. The lease liabilities were measured at the present value of the remaining lease payments, discounted at 10%, using the Group's incremental borrowing rate as of 1 January 2019. When calculating the remaining lease payments, the Group assessed the lease term as defined by IFRS 16 as the non-cancellable period of the lease plus periods covered by an option to extend or an option to terminate if the lessee is reasonably certain to exercise the extension option or not exercise the termination option. Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2018.

For short-term leases and leases of low-value assets, the Group recognises the related lease payments as an expense on a straight-line basis over the non-cancellable lease term.

As a lessee, the Group did not have any leases previously recognized as finance leases.

At 1 January 2019, the Group recognized \$6.3 million of right of use assets and \$6.3 million of lease liabilities, representing the future payments to be made under these leases, discounted at the incremental borrowing rate at the date of initial application. Because the right of use assets are equal to the lease liabilities, there was no impact on retained earnings on 1 January 2019. Additional disclosures related to leases are presented in Note 26. There are no adjustments to the measurement of the lease liability disclosed at 31 December 2018 and as at 1 January 2019.

(ii) IFRIC 23, Uncertainty over Income Tax Positions

IFRIC 23 was issued in June 2017 and is effective for annual reporting periods beginning on or after 1 January 2019. IFRIC 23 clarifies how to recognise and measure current and deferred income tax assets and liabilities when there is uncertainty over income tax treatments. The adoption of IFRIC 23 did not have a material impact on the Group's financial statements but has resulted in enhanced disclosures. See Note 23 for further discussion on the Group's assessment of its global uncertain tax positions under IFRIC 23.

Impact on the financial statements

The financial statements have been updated and reflect accounting policies and adjusted disclosure requirements in line with IFRS 16 and IFRS 23. The introduction of these two standards did not result in a change to opening equity at 1 January 2019.

29. Events After the End of the Reporting Period

The Group mobilized plants in Colombia and Barbados related to contracts signed in 2019 and three plants in Mexico related to contracts signed in 2020. The Group also extended the contract for its power plant in Equatorial Guinea through June 2021 and the O&M contracts for two sites with a customer in Australia through October 2020 and April 2021, respectively. The plants in Colombia and the US Virgin Islands were demobilized in 2020, and the three plants in Mexico will finish demobilizing in the fourth quarter of 2020.

APR Energy Limited
Notes to the Consolidated Financial Statements
Year Ended 31 December 2019

(\$ in millions)

A novel strain of coronavirus, COVID-19, was identified in China in late 2019 and has spread globally. The World Health Organization declared COVID-19 a global pandemic, and it has caused, and is likely to continue to cause, economic, market and other disruptions worldwide. Government authorities in affected regions have taken dramatic actions and mandated restrictions in order to slow the spread of the virus, such as travel bans and restrictions, quarantines, shelter-in-place orders and advisories and shutdowns. To date, the Group has not experienced any material negative impact to its financial performance as a result of COVID-19. However, given the unprecedented uncertainty of the pandemic, the Group is unable to forecast the full impact on its business.

The Group may experience logistical challenges due to restrictions on travel. COVID-19 has impacted the procurement processes of certain prospective new projects, which the Group expects to continue but on slower timelines. Given the global economic and market impacts of COVID-19, there can be no assurance that the Group will be able to secure projects to fully utilize its power-generating equipment. The Group also monitors travel advisories and prepares as appropriate to ensure it is able to mobilize people and equipment. While travel restrictions disrupt business development efforts, the Group focuses on developing existing customer relationships to ensure it is able to extend and expand current contractual relationships wherever possible. The Group is continuously monitoring the developing situation and is making necessary preparations to address and mitigate, to the extent possible, the impact of COVID-19 to the Group's operations.

Subsequent to December 31, 2019, a claim was filed against the Company by a former sales agent. This is a non-adjusting event that is a result of conditions that arose after the reporting date. Management disagrees with the claim and will vigorously defend their position. Litigation is in process, and the potential exposure cannot be reliably estimated at this time.

Acquisition and Financing Activities

In February 2020, the Group was acquired (the "Acquisition") by Seaspan Corp, through the acquisition of the Group's holding company, Apple Bidco Limited, for \$750.0 million, minus the amount of the Group's net debt and certain selling expenses, in an all share transaction. In conjunction with the Acquisition, a new holding company called Atlas Corp ("Atlas") was formed which will become the parent company of the Group and Seaspan Corp.

As part of the Acquisition, the Group also entered into a new credit facility (the "Refinancing") with a group of financial institutions. In connection with the Refinancing, the Group paid off its revolving credit facility and vendor financing.

The new credit facility is comprised of a revolving loan and letter of credit facility not to exceed \$50.0 million and a term loan facility in the amount of \$135.0 million. The new credit facility matures three years after the closing of the loan and bears interest a rate of LIBOR plus 350 points. When the Group submits a borrowing request, the Group can elect to index that borrowing to 1-month, 2-month, 3-month, or 6-month LIBOR. The term loan amortizes at a rate of 10% per annum until maturity. The credit facility also contains certain financial covenants and is guaranteed by Atlas.

The Refinancing also includes funding from Atlas in the form of \$100.0 million in loans and \$100.0 million in equity. Subsequent to the acquisition, the \$100.0 million in equity from Atlas was replaced by institutional debt. The \$100.0 million in loans from Atlas was also reduced to \$45.0 million, with the remaining \$55.0 million converted to equity.

APR Energy Limited
Notes to the Consolidated Financial Statements
Year Ended 31 December 2019

(\$ in millions)

30. Ultimate Parent and Holding Company

The Group's ultimate parent companies as of 31 December 2019 are listed below:

- Fairfax Financial Holdings Limited, a Canadian company, registered at the following address: 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada, M5J 2N7.
- Albright Capital Management, LLC, a United States company, registered at the following address: 601 13th St NW #1000, Washington, DC, United States, 20005.

The Group's holding company is Apple Bidco Limited, a United Kingdom Limited Company, registered at the following address: c/o TMF Group 8th Floor, 20 Farringdon Street, London, United Kingdom, EC4A 4AB.

APR Energy Limited
Company Statement of Financial Position
At 31 December 2019
(\$ in millions)

	Note	2019	2018
Assets			
Noncurrent assets			
Trade and other receivables	3	\$ 454.0	\$ 489.9
Total noncurrent assets		454.0	489.9
Current assets			
Prepayments		0.2	0.2
Total current assets		0.2	0.2
Total assets		\$ 454.2	\$ 490.1
Liabilities			
Current liabilities			
Trade and other payables	4	\$ 2.3	\$ 2.3
Total current liabilities		2.3	2.3
Total liabilities		2.3	2.3
Equity			
Share capital	5	27.9	27.9
Share premium	5	884.6	884.6
Other reserves	6	770.0	770.0
Equity reserves		10.6	10.6
Current year losses		(35.9)	-
Accumulated losses, opening balance		(1,205.3)	(1,205.3)
Total equity		451.9	487.8
Total liabilities and equity		\$ 454.2	\$ 490.1

These financial statements of the Company, registered number 07062201 on pages 63 to 69 were approved by the Board of Directors on 12 February 2021.

Signed on behalf of the Board of Directors by



Bing Chen
Director

APR Energy Limited
Company Statement of Changes in Equity
Year Ended 31 December 2019
(\$ in millions)

	<u>Share Capital</u>	<u>Share Premium</u>	<u>Other Reserves</u>	<u>Equity Reserves</u>	<u>Accumulated Losses</u>	<u>Total Equity</u>
Balances at 1 January 2018	\$ 27.9	\$ 884.6	\$ 770.0	\$ 10.6	\$ (1,205.3)	\$ 487.8
Loss for the year	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	-
Balances at 31 December 2018	27.9	884.6	770.0	10.6	(1,205.3)	487.8
Loss for the year	-	-	-	-	(35.9)	(35.9)
Total comprehensive loss for the year	-	-	-	-	(35.9)	(35.9)
Balances at 31 December 2019	<u>\$ 27.9</u>	<u>\$ 884.6</u>	<u>\$ 770.0</u>	<u>\$ 10.6</u>	<u>\$ (1,241.2)</u>	<u>\$ 451.9</u>

The accompanying notes on pages 66 to 69 are an integral part of these consolidated financial statements.

APR Energy Limited
Company Statement of Cash Flows
Year Ended 31 December 2019
(\$ in millions)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Loss for the year before taxation	\$ (35.9)	\$ -
Adjustments for		
Doubtful accounts expense	<u>35.9</u>	<u>-</u>
Net cash used in operating activities	<u>-</u>	<u>-</u>
Net change in cash	-	-
Cash		
Beginning of the year	<u>-</u>	<u>-</u>
End the year	<u>\$ -</u>	<u>\$ -</u>

APR Energy Limited

Notes to the Company Financial Statements

Year Ended 31 December 2019

(\$ in millions)

1. General Information

APR Energy Limited (the "Company" and together with its subsidiaries, "APR Energy" or the "Group"), is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 2 of this Annual Report. The nature of the Group's operations and its principal activities are set out in the Strategic Report on page 3.

These financial statements are presented in US dollars because that is the currency of the primary economic environments in which the Group operates.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006

Under section 408 of the Companies Act of 2006, the Company is exempt from the requirement to present its own profit and loss account. For the years ended 31 December 2019 and 2018, the Company recognised losses of \$35.9 million and \$nil, respectively.

Historical Cost Convention

The financial statements have been prepared on a historical cost basis.

Trade and Other Receivables, including Amounts Due from Subsidiaries, Net

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as noncurrent assets. At 31 December 2019 and 2018, the Company's receivables are due from its subsidiaries.

Trade and other receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Trade and other receivables are considered past due if any portion of an account has not been paid in full within the contractual terms of the account. The Company assesses its ability to collect receivables that are past due and provides for an adequate allowance for doubtful accounts based on the financial stability, recent payment history of the customer, letters of credit in place and other pertinent factors related to the creditworthiness of the customer. The allowance for doubtful accounts includes specific amounts for those accounts that are deemed likely to be uncollectable, and all amounts more than six months past due. Upon permanent impairment, the trade receivable is written off against the allowance for doubtful accounts.

Trade and Other Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. The amounts are unsecured and are usually paid within 30 days of recognition. Accounts payable are classified as current liabilities if payment

APR Energy Limited
Notes to the Company Financial Statements
Year Ended 31 December 2019

(\$ in millions)

is due within 12 months or less. Trade and other payables are recognised initially at fair value and subsequently measured at their amortised cost using the effective interest rate method.

Critical Accounting Estimates and Judgements

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. There are areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant in the preparation of the financial statements.

Recoverability of Trade and Other Receivables

The Company assesses collectability of the intercompany receivables by monitoring the financial stability of the subsidiaries of the Group and their ability to repay the receivables through future profits.

Going Concern

See Note 2 in the Notes to the Consolidated Financial Statements for the Group.

Changes in Accounting Policy and Disclosures

New Standards, Amendments and Interpretations

New standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2019 have been addressed in Note 2 in the Notes to the Consolidated Financial Statements for the Group. The adoption of IFRS 16 did not impact the Company financial statements.

3. Trade and Other Receivables

	2019	2018
Non current		
Amounts due from subsidiaries, net	\$ 454.0	\$ 489.9
	<u>\$ 454.0</u>	<u>\$ 489.9</u>

The Company assesses at the end of each reporting period whether there is objective evidence that a receivable is impaired. In relation to the IFRS 9 expected credit loss model, the Company performed an assessment of the balances due from subsidiaries. The group considered the ability to repay these subsidiary loans over the next 12 months, if required. As a result, a \$35.9 million provision against these receivables was established during the year ended 31 December 2019 which represents the expected receivable value of the loans.

Amounts due from subsidiaries are repayable on demand and are interest free. These amounts are shown as noncurrent as these balances are not expected to be repaid within twelve months of the statement of financial position date. The carrying value of receivables is considered to represent their fair value.

APR Energy Limited
Notes to the Company Financial Statements
Year Ended 31 December 2019

(\$ in millions)

4. Trade and Other Payables

	<u>2019</u>	<u>2018</u>
Amounts due to subsidiaries	\$ 2.3	\$ 2.3
	<u>\$ 2.3</u>	<u>\$ 2.3</u>

5. Share Capital

	<u>2019</u>		<u>2018</u>	
	<u>\$</u>	<u>Shares</u>	<u>\$</u>	<u>Shares</u>
Allotted, called up and fully paid				
Ordinary shares of 10 pence each	\$ 27.9	183,873,418	\$ 27.9	183,873,418

The share premium balance was \$884.6 million as at 31 December 2019 and 2018.

No shares were issued in 2019 and 2018.

6. Other Reserves

	<u>Merger Reserve</u>	<u>Capital Redemption Reserve</u>	<u>Total</u>
Balances at 1 January 2018	\$ 769.9	\$ 0.1	\$ 770.0
Balances at 31 December 2018	769.9	0.1	770.0
Balances at 31 December 2019	\$ 769.9	\$ 0.1	\$ 770.0

The merger reserve is the excess of the fair value of the APR Energy shares issued to the shareholders of the acquiree above the par value of the shares issued. The reserve was brought about through the offering of APR Energy's shares for the acquisition of the APR Group in 2011 and the GE Power Rental Business in 2013.

7. Related Party Transactions

There have been no other transactions with related parties during either year besides the transactions detailed in Note 27 to the consolidated financial statements.

8. Auditors' Remuneration

Auditors' remuneration is disclosed in Note 7 to the consolidated financial statements. No separate fee was payable by the company.

9. Dividends

For the years ended 31 December 2019 and 2018, the Company did not declare or pay dividends.

APR Energy Limited
Notes to the Company Financial Statements
Year Ended 31 December 2019

(\$ in millions)

10. Contingent Liabilities

Company contingent liability is disclosed in Note 23 to the consolidated financial statements.

11. Events After the End of the Reporting Period

Events after the end of the reporting period are disclosed in Note 29 to the consolidated financial statements.

12. Ultimate Parent and Holding Company

The Company's ultimate parent and holding company is disclosed in Note 30 to the consolidated financial statements.