

APR Energy Limited

Company number 07062201

Company Financial Statements

For the Year Ended 31 December 2021

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APR Energy Limited
31 December 2021

Company Information

Directors

Bing Chen
Graham Talbot

Registered Office

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

Independent Auditors

KPMG LLP
66 Queen Square
Bristol BS1 4BE
United Kingdom

Country of Incorporation

England, United Kingdom

Company number

07062201

APR Energy Limited

31 December 2021

Strategic Report

The directors present their strategic report of APR Energy Limited (the "Company") for the year ended 31 December 2021.

APR Energy Limited is a private company, limited by shares, incorporated in England, United Kingdom ("UK") under the Companies Act 2006. The Company was formed for the purpose of acquiring and acting as the holding company for its subsidiary, APR Energy Holdings Limited and subsidiaries ("APR Energy Holdings").

Principal Activities

The principal activity of APR Energy Limited is to act as a holding company.

Business and Financial Review

In February 2020, the Company's holding company, Apple Bidco Limited ("Apple Bidco"), was acquired (the "Acquisition") by Seaspan Corp for \$750.0 million, less the amount Apple Bidco's subsidiaries' 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 became the parent company of Apple Bidco and Seaspan Corp.

Prior to the Acquisition, Apple Bidco and the Company were jointly controlled by Fairfax Financial Holdings Limited, a Canadian company, and Albright Capital Management, LLC, a United States company.

Total comprehensive loss for the Company is \$54.1 million and \$474.0 million in the years ending 31 December 2021 and 2020, respectively. Included in total comprehensive loss for the years ended 31 December 2021 and 2020 are \$21.2 million and \$308.8 million, respectively, of allowance for doubtful accounts expense on amounts due from subsidiaries and an impairment on the Company's investment in APR Energy Holdings of \$32.9 million and \$165.2 million, respectively.

In respect of the financial position of the company, net assets as of 31 December 2021 and 2020 were \$121.9 million and \$143.1 million, respectively.

Business Risk

As a holding company which does not trade itself, business risks are limited. Potential risks arise in respect of reduction in the value of investments which are reviewed annually for impairment and receivables from subsidiaries which are monitored for collectability. Substantially all of the Company's transactions are with affiliates, including its parent company. The Company's ultimate parent company has pledged to support the Company and its subsidiaries.

Principal Risk and Uncertainties

The Company and its subsidiaries are parties to intercompany balances. The principal risk of the Company is related to the value of its investment in APR Energy Holdings or collectability of receivables from its subsidiaries. See note 3 for further information on Financial Risk Management.

APR Energy Limited
31 December 2021

Strategic report *(continued)*

COVID-19

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic and the virus has continued to spread throughout the UK during 2021 and into 2022. The Directors have reviewed the impact of COVID-19 on the Company's activities and do not consider that the pandemic will have any significant detrimental impact on the Company's future performance or balance sheet valuation.

Future Developments and Strategies

The Company will remain a holding company for APR Energy Holdings. The Company may facilitate further borrowings or other transactions from affiliates or third parties to support APR Energy Holdings.

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



Bing Chen
Director
19 December 2022

APR Energy Limited

31 December 2021

Directors' Report

The directors present their report and audited financial statements of APR Energy Limited (the "Company") for the year ended 31 December 2021.

Dividend

There were no dividend payments in the years ended 31 December 2021 and 2020.

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)
Graham Talbot, Director (Appointed 19 January 2022)
David Sokol (appointed 28 February 2020, Resigned 19 January 2022)

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.

Significant Events after the Statement of Financial Position Date

Refer to Note 18 of the financial statements for a discussion of significant events that occurred after the statement of financial position date.

Significant Investments

The Company is a holding company for APR Energy Holdings. Refer to Note 6 for details of this investment.

Political Contributions

The Company did not make any political contributions during the years ended 31 December 2021 and 2020.

Registered Office

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

APR Energy Limited

31 December 2021

Directors' Report *(continued)*

Ultimate Parent and Holding Company

As of 31 December 2021, the Company's ultimate parent is Atlas Corp., a Republic of the Marshall Islands corporation, registered at the following address: 23 Berkley Square, London United Kingdom W1J 6HE.

The Company'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.

Going Concern

Notwithstanding net current liabilities of \$2.4 million as at 31 December 2021 and a loss for the year then ended of \$54.1 million, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have performed a going concern assessment which indicates that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, Atlas Corp, to meet its liabilities as they fall due during the going concern assessment period.

That assessment is dependent on Atlas Corp providing additional financial support during the going concern assessment period. Atlas Corp has indicated its intention to continue to make available such funds as are needed by the company during the going assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

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



Bing Chen
Director
19 December 2022

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK-adopted international accounting standards and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

APR Energy Limited

31 December 2021

Independent auditors' report to the members of APR Energy Limited

Opinion

We have audited the financial statements of APR Energy Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Loss, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss 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
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to the Atlas Corp's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

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

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement due to fraud (continued)

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

We performed procedures including identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included investment and receivable entries made to unrelated accounts.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;

APR Energy Limited
31 December 2021

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

Strategic report and directors' report (continued)

- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

NChimes

Nathan Chrimes (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square, Bristol, BS1 4BE
19 December 2022

APR Energy Limited
Statement of Comprehensive Loss
Years Ended 31 December 2021 and 2020
(\$ in millions)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
Doubtful accounts expense	3	\$ (21.2)	\$ (308.8)
Impairment charge	4	\$ (32.9)	(165.2)
Loss for the year		<u>(54.1)</u>	<u>(474.0)</u>
Taxation	5	-	-
Total comprehensive loss for the year		<u>\$ (54.1)</u>	<u>\$ (474.0)</u>

The notes on pages 15 to 25 form part of these financial statements.

APR Energy Limited
Statement of Financial Position
As of 31 December 2021 and 2020
(\$ in millions)

	Note	2021	2020
Assets			
Noncurrent assets			
Investments	6	\$ -	\$ -
Trade and other receivables	7	24.3	145.4
Due from parent	8	100.0	100.0
Total noncurrent assets		124.3	245.4
Current assets			
Prepayments		-	-
Total current assets		-	-
Total assets		\$ 124.3	\$ 245.4
Liabilities			
Current liabilities			
Trade and other payables	9	\$ 2.4	\$ 102.3
Total current liabilities		2.4	102.3
Total liabilities		2.4	102.3
Equity			
Share capital	10	27.9	27.9
Share premium	10	1,039.6	1,039.6
Capital contribution reserves	11	43.1	10.2
Other reserves	11	770.0	770.0
Equity reserves	11	10.6	10.6
Current year losses		(54.1)	(474.0)
Accumulated losses, opening balance		(1,715.2)	(1,241.2)
Total equity		121.9	143.1
Total liabilities and equity		124.3	\$ 245.4

These financial statements of the Company, registered number 07062201 were approved by the Board of Directors on 19 December 2022.

Signed on behalf of the Board of Directors by



Bing Chen
Director
19 December 2022

The notes on pages 15 to 25 form part of these financial statements.

APR Energy Limited
Statement of Changes in Equity
Years Ended 31 December 2021 and 2020
(\$ in millions)

	<u>Share Capital</u>	<u>Share Premium</u>	<u>Capital Contribution Reserves</u>	<u>Other Reserves</u>	<u>Equity Reserves</u>	<u>Accumulated Losses</u>	<u>Total Equity</u>
Balances at 1 January 2020	\$ 27.9	\$ 884.6	\$ -	\$ 770.0	\$ 10.6	\$ (1,241.2)	\$ 451.9
Total comprehensive loss for the year	-	-	-	-	-	(474.0)	(474.0)
Proceeds of ordinary shares issued	-	155.0	-	-	-	-	155.0
Proceeds of capital contributions	-	-	10.2	-	-	-	10.2
Balances at 31 December 2020	<u>27.9</u>	<u>1,039.6</u>	<u>10.2</u>	<u>770.0</u>	<u>10.6</u>	<u>(1,715.2)</u>	<u>143.1</u>
Total comprehensive loss for the year	-	-	-	-	-	(54.1)	(54.1)
Proceeds of ordinary shares issued	-	-	-	-	-	-	-
Proceeds of capital contributions	-	-	32.9	-	-	-	32.9
Balances at 31 December 2021	<u>\$ 27.9</u>	<u>\$ 1,039.6</u>	<u>\$ 43.1</u>	<u>\$ 770.0</u>	<u>\$ 10.6</u>	<u>\$ (1,769.3)</u>	<u>\$ 121.9</u>

The notes on pages 15 to 25 form part of these financial statements.

APR Energy Limited
Statement of Cash Flows
Years Ended 31 December 2021 and 2020
(\$ in millions)

	Note	2021	2020
Cash flows from operating activities			
Loss for the year before taxation		\$ (54.1)	\$ (474.0)
Doubtful accounts expense	3	21.2	308.8
Impairment charge	4	32.9	165.2
Movements in working capital			
Increase in due from parent	8	-	(100.0)
Increase in trade and other payables	9	-	100.0
Net cash used in operating activities		-	-
Cash flows from investing activities			
Investment in subsidiary	6	(32.9)	(65.2)
Net cash used in investing activities		(32.9)	(65.2)
Cash flows from financing activities			
Proceeds of ordinary shares issued	10	-	55.0
Proceeds of capital contributions	10	32.9	10.2
Net cash generated from by financing activities		32.9	65.2
Net change in cash		-	-
Cash			
Beginning of the year		-	-
End the year		\$ -	\$ -

The notes on pages 15 to 25 form part of these financial statements.

APR Energy Limited
Notes to the Financial Statements
Years Ended 31 December 2021 and 2020

(\$ in millions)

1. General information

APR Energy Limited (the "Company" and together with its subsidiaries, "APR Energy"), is a private company domiciled and registered in England in the United Kingdom. The registered number is 07062201 and the registered address is given on page 2. The nature of the Company's operations and its principal activities are set out in the Strategic report on page 3.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

These financial statements are presented in US dollars, in millions (to one decimal point) because that is the currency of the primary economic environments in which the Company operates.

In February 2020, the Company's holding company ("Apple Bidco") and all subsidiaries were acquired (the "Acquisition") by Seaspan Corp. In conjunction with the Acquisition, a new holding company called Atlas Corp ("Atlas") was formed which became the parent company of Apple Bidco and Seaspan Corp.

2. Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with UK-adopted International Financial Reporting Standards ("UK-adopted IFRS").

Measurement convention

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

Investments in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

At each reporting date, the company reviews the carrying amount of its investments to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGU").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal.

APR Energy Limited
Notes to the Financial Statements
Years Ended 31 December 2021 and 2020

(\$ in millions)

2. Summary of significant accounting policies (continued)

Investments in subsidiaries (continued)

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss.

Trade and other receivables, including amounts due from subsidiaries

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 2021 and 2020, the Company's receivables are due from its subsidiaries or Apple Bidco.

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 "expected loss" impairment model, as set out in IFRS 9, is in line with the approach taken by the Company towards its provisioning against these and 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.

The Company assesses collectability of the intercompany receivables from subsidiaries by monitoring the financial stability of its subsidiaries and their ability to repay the receivables through future profits. The Company assesses the collectability of the intercompany receivable from Apple Bidco by monitoring the financial stability of the ultimate parent and the ultimate parents' intent to support Apple Bidco and its subsidiaries.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity.

APR Energy Limited
Notes to the Financial Statements
Years Ended 31 December 2021 and 2020

(\$ in millions)

2. Summary of significant accounting policies (continued)

Taxation (continued)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Critical accounting estimates and judgements

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company'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. Actual results could vary from these estimates.

In respect of key judgements, the Company reviews its assets to assess indicators of impairment at each reporting date. In determining whether impairment losses should be recorded in the statement of comprehensive income, the Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the value of assets held on a case-by-case basis. Where such indications exist, an allowance for impairment is made.

Going concern

Notwithstanding net current liabilities of \$2.4 million as at 31 December 2021 and a loss for the year then ended of \$54.1 million, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have performed a going concern assessment which indicates that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, Atlas Corp, to meet its liabilities as they fall due during the going concern assessment period.

That assessment is dependent on Atlas Corp providing additional financial support during the going concern assessment period. Atlas Corp has indicated its intention to continue to make available such funds as are needed by the company during the going assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

APR Energy Limited
Notes to the Financial Statements
Years Ended 31 December 2021 and 2020

(\$ in millions)

2. Summary of significant accounting policies (continued)

Going Concern (continued)

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Changes in accounting policy and disclosures

New Standards and Interpretations not yet adopted by the Company

The following UK-adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current.
- Annual Improvements to IFRS Standards 2018-2020.

Financial risk management

Financial risk management is carried out by the Company under policies approved by the board of directors. Management designs strategies for overall risk management, including market risk, credit risk and liquidity risk.

Market risk

The Company's market is minimal since substantially all transactions are with affiliates of the Company.

Credit risk

Credit risk arises from cash with financial institutions and exposures to outstanding receivables from affiliates. To minimize the risk related to cash, the Company does not hold a significant amount of cash with one financial institution. The Company's parent has pledged support for the Company minimizing any risk related to amounts due from parent. The Company actively manages the liquidity of its subsidiaries minimizing risk related to any receivables from subsidiaries.

Liquidity risk

Liquidity risk results from insufficient funding being available to meet the Company's funding requirements as they arise. The Company's parent has pledged support for the Company and the Company manages the liquidity of its subsidiaries which includes access to a group revolving credit facility with a significant amount of capacity available.

APR Energy Limited
Notes to the Financial Statements
Years Ended 31 December 2021 and 2020

(\$ in millions)

3. Doubtful account expense

The Company assesses at the end of each reporting period whether there is objective evidence that its receivables are impaired. In relation to the IFRS 9 expected credit loss model, the Company performed an assessment of the balances due from subsidiaries and parent. The Company considered the ability of these loans to be repaid over the next 12 months, if required.

As a result, a \$21.2 million and \$308.8 million provision against the amounts due from subsidiaries was established during the years ended 31 December 2021 and 2020, respectively, which represents the value of the receivables that are not deemed collectable at the balance sheet date. For the years ended 31 December 2021 and 2020, the doubtful accounts expense was determined in conjunction with the investment in subsidiary impairment analysis discussed in Note 4. No provision was necessary for the balance due from parent during the years ended 31 December 2021 or 2020.

4. Impairment of investments in subsidiaries

The Company assesses at the end of each reporting period whether there is objective evidence that an investment in subsidiary is impaired.

During the year ended 31 December 2020, impairment losses were taken on power generation equipment of the Company's subsidiaries including turbines, generators and transformation equipment. A change in market conditions caused this impairment most notably the industry transitioning away from high-carbon fossil fuels in favour of cleaner fuel and renewable energy solutions. As a result, group management decided to shift its strategic focus toward longer term solutions focused on its natural gas assets and divest all of its unutilized diesel-powered assets.

For the Company's investment asset, the Company considers the CGU to be the full collection of assets owned the Company and its subsidiaries. These assets are deployed to different projects on an annual basis based on various customer contracts in place in any given year. Although the assets are associated with a given project at any time, each project is short term in nature resulting in the assets being used on several projects over the life of the assets. We have concluded that the core operating assets are a single CGU because they are used to service various customers over the life of the assets and these various customers collectively contribute to the cash inflows associated with the assets.

Due to the impairment losses recorded at the subsidiary levels and group managements strategic shift, the Company performed an impairment analysis on its investment in subsidiaries balance during the year ended 31 December 2020. The Company concluded the investment in subsidiaries balance should be revalued to equal the fair value of the net assets of its subsidiaries due to the strategic shift by group management. The property, plant and equipment of the Company's subsidiaries was already recorded at fair value due to the impairment losses recorded on those entities during the year ended 31 December 2020. The Company evaluated the remaining assets and liabilities of its subsidiaries and concluded the balances recorded by the subsidiaries approximated fair value due to the nature of the assets and liabilities. As a result, a \$165.2 million impairment charge was recorded during the year ended 31 December 2020 along with the \$308.8 million doubtful account expense discussed in Note 3. The Company performed a similar analysis at 31 December 2021 and concluded that a provision of \$32.9 million of its investments in subsidiaries was necessary.

APR Energy Limited
Notes to the Financial Statements
Years Ended 31 December 2021 and 2020

(\$ in millions)

5. Taxation

The Company did not have any current or deferred income tax for the years ended 31 December 2021 and 2020.

The reconciliation between the actual effective tax rate of 0% and the statutory UK income tax rate of 19.00% for both the years ended 31 December 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Loss before taxation	\$ (54.1)	\$ (474.0)
Tax at the UK Corporation tax rate	10.3	90.1
Doubtful accounts expense not deductible for tax purposes	(4.0)	(58.7)
Impairment not deductible for tax purposes	(6.3)	(31.4)
Tax expense	<u>\$ -</u>	<u>\$ -</u>

The difference between the statutory rate and the effective tax rate is primarily a result of the doubtful accounts expense and impairment of investment in subsidiaries not deductible for tax purposes as shown above.

Deferred taxes

The Company does not have any net deferred tax assets or liabilities as of 31 December 2021 and 2020, but there are unrecognised losses of \$5.3 million in both years. The Company does not expect to generate income in the future for use of any deferred tax assets previously generated and the Company has not recognized any income in previous years to allow any deferred tax liabilities to be generated.

Enacted tax rates

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly.

APR Energy Limited
Notes to the Financial Statements
Years Ended 31 December 2021 and 2020

(\$ in millions)

6. Investments

	<u>2021</u>	<u>2020</u>
Beginning	\$ -	\$ -
Investments during the period	32.9	165.2
Impairment	<u>(32.9)</u>	<u>(165.2)</u>
Ending	<u>\$ -</u>	<u>\$ -</u>

Refer to Note 4 for further details on impairments.

Subsidiaries

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.

The group's directly and indirectly owned subsidiaries at 31 December 2021 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.

The entity owned 100% of the shares of the subsidiaries outlined below for both years ended 31 December 2021 and 2020, with the exception of International Power Sales and Services, LLC, which was closed during the year ended 31 December 2020. This was a dormant entity registered in the United States, previously registered at 1209 Orange Street, Wilmington, DE, 19801.

APR Energy Limited
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(\$ in millions)

6. Investments (continued)

Name	Principal activity	Country of operation	Country of registration	Registered address
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 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
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
Power Rental Op Puerto Rico, LLC	Service company	United States	United States	CT Corporation 361 San Francisco Street 4th Floor San Juan, Puerto Rico, 00902
APR Energy MEX S. de R.L. de C.V.	Supply of temporary power	Mexico	Mexico	Santistevan & Duclaud Homero 1804 - Suite 902 Ciudad de Mexico 11570 Mexico
APR Energy BV	Supply of temporary power	Amsterdam, Netherlands	Amsterdam, Netherlands	Luna Arena Herikerbergweg 238 1101 CM

APR Energy Limited
Notes to the Financial Statements
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(\$ in millions)

7. Trade and other receivables

	2021	2020
Due from subsidiaries	24.3	145.5

Amounts due from subsidiaries 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.

Refer to Note 3 for details on reduction of due from subsidiaries balance.

8. Due from parent

	2021	2020
Due from parent	\$ 100.0	\$ 100.0

Amounts due from parent are shown as noncurrent as these balances are not expected to be repaid within twelve months of the statement of financial position date. The \$100.0 million in the due from parent balance is comprised of unfunded capital contributions received from Apple Bidco in the year ended 31 December 2020.

9. Trade and other payables

	2021	2020
Due to subsidiaries	2.3	102.3
Accrued expenses	0.1	-
	2.4	102.3

Amounts due to subsidiaries are shown as current as these balances are repayable on demand and are interest free. Included within the 2020 amounts was \$100.0 million of unfunded capital contributions made to APR Energy Holdings.

10. Share capital

	Number of Shares (Millions)	Ordinary Share Capital	Share Premium
Balances at 1 January 2020	183.9	\$ 27.9	\$ 884.6
Ordinary shares issuance	-	-	155.0
Balances at 31 December 2020	183.9	27.9	1,039.6
Ordinary shares issuance	-	-	-
Balances at 31 December 2021	183.9	\$ 27.9	\$ 1,039.6

Under the Companies Act 2006, the Company's articles of association do not recognise the concept of authorised share capital. Ordinary shares in issuance are of £0.10 each.

In the year ended 31 December 2020, the Company issued 2 ordinary shares to Apple Bidco for proceeds of \$155.0 million. Due to only 2 shares being issued, ordinary share capital proceeds

APR Energy Limited
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(\$ in millions)

10. Share capital (continued)

were minimal and the \$155.0 million of proceeds were primarily related to share premium. \$100.0 million of the proceeds are unfunded as of 31 December 2020 and \$55.0 million of the proceeds were funded with cash. The Company used these proceeds to make an investment in APR Energy Holdings. The \$55.0 million of funded proceeds were ultimately used as a portion of the funds used to restructure the debt profile of the group. No changes in the year ended 31 December 2021.

11. Capital reserves

The Company has capital contribution reserves, other reserves and equity reserves.

The capital contribution reserve is amounts received/capital contributed from the company's parent entity for no issuance of shares. It is designated for investments in the Company's subsidiaries.

The other reserves are primarily comprised of a merger reserve which 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 reserves represent 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 equity reserves are general in nature and designated for future issuances of shares.

	Capital Contribution Reserves	Other Reserves	Equity Reserves
Balances at 1 January 2020	\$ -	\$ 770.0	\$ 10.6
Ordinary shares issuance	10.2	-	-
Balances at 31 December 2020	10.2	770.0	10.6
Ordinary shares issuance	32.9	-	-
Balances at 31 December 2021	<u>\$ 43.1</u>	<u>\$ 770.0</u>	<u>\$ 10.6</u>

12. Related party transactions

Amounts due from/to related parties at 31 December 2021:

	Due From	Due To
Apple Bidco Limited	100.0	-
APR Energy Holdings Ltd.	24.3	-
APR Energy, LLC	-	2.3

The Company is a holding company; therefore substantially all of its transactions are with related parties. The statement of financial position balances with related parties are as per notes 7, 8 and 9 with no transactions within the statement of comprehensive loss in either year.

APR Energy Limited
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Years Ended 31 December 2021 and 2020

(\$ in millions)

13. Auditors' remuneration

Fees payable for the audit of the Company's annual accounts is \$0.1 million for both years ended 31 December 2021 and 2020.

There were no non-audit services performed in either the current or prior year.

14. Directors' remuneration

No remuneration was paid or is payable by the Company for the years ended 31 December 2021 and 2020. The Directors are employed by other companies in the group and consider their duties to the Company incidental to their other activities within the group. As a result, no qualifying services have been performed in either year.

The Company had no employees during the years ended 31 December 2021 and 2020 other than the Directors.

15. Dividends

For the years ended 2021 and 2020, the Company did not declare or pay dividends.

16. Contingent liabilities

The Company does not have any contingent liabilities as of 31 December 2021 and 2020 and no contingent liabilities have arisen since 31 December 2021.

17. Ultimate parent and holding company

The Company is a subsidiary undertaking of Atlas Corp. which is the ultimate parent company, incorporated in the Marshall Islands, registered at the following address: 23 Berkley Square, London United Kingdom W1J 6HE. The largest (and smallest) group in which the results of the Company are consolidated is that headed by Atlas Corp.

The Company'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.

18. Events after the end of the reporting period

Subsequent to 31 December 2021, the Company received \$11.5 million of capital contributions from Apple Bidco which was then reinvested into APR Energy Holdings.

No other events have occurred after the end of the reporting period that require disclosure.