

Clayton Power ApS

Pakhusgården 42-48, 5000 Odense C
CVR no. 29 82 16 31

Annual report for 2016

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 31.05.17

Max Stelvig
Dirigent

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The company

Clayton Power ApS
Pakhusgården 42-48
5000 Odense C
Registered office: Odense
CVR no.: 29 82 16 31
Financial year: 01.01 - 31.12

Executive Board

Janick Lauenborg

Supervisory Board

Mads Brønserud Nielsen
John Nielsen
Bart Westerkamp
Janick Lauenborg

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Bank

Nordea

Statement of the Board of Directors and Executive Board on the annual report

We have on this day presented the annual report for the financial year 01.01.16 - 31.12.16 for Clayton Power ApS.

The annual report is presented in accordance with Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the the company's assets, liabilities and financial position as at 31.12.16 and of the results of the the company's activities for the financial year 01.01.16 - 31.12.16.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Odense, May 31, 2017

Executive Board

Janick Lauenborg

Supervisory Board

Mads Brønserud Nielsen
Chairman

John Nielsen

Bart Westerkamp

Janick Lauenborg

To the Shareholders of Clayton Power ApS**Opinion**

We have audited the financial statements of Clayton Power ApS for the financial year 01.01.16 - 31.12.16, which comprise the income statement, balance sheet, statement of changes in equity and notes, inclusive of accounting policies. The financial statements are prepared in accordance with Danish Financial Statements Act

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.16 and of the results of the company's operations for the financial year 01.01.16 - 31.12.16 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement regarding the management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management's review.

Management's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark 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.

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Odense, May 31, 2017

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Jacob Pedersen
State Authorized Public Accountant

Primary activities

The company's activities comprise development of hardware and software design of inverters, chargers, battery management systems and lithium batteries, production of inverters, chargers, battery management systems and lithium batteries, sale of transformers, chargers, battery management systems and lithium batteries, selection, development and production of promotional advertising material.

Development in activities and financial affairs

The income statement for the period 01.01.16 - 31.12.16 shows a profit/loss of DKK 2,585,693 against DKK 2,526,140 for the period 01.01.15 - 31.12.15. The balance sheet shows equity of DKK 10,329,430.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note		2016 DKK	2015 DKK
	Gross profit	12.424.860	9.002.887
1	Staff costs	-8.722.000	-5.572.974
	Profit/loss before depreciation, amortisation, write-downs and impairment losses	3.702.860	3.429.913
	Depreciation, amortisation, impairment losses and write-downs of property, plant and equipment	-210.752	-151.669
	Profit/loss before net financials	3.492.108	3.278.244
2	Financial income	404.049	214.733
3	Financial expenses	-565.741	-183.051
	Profit/loss before tax	3.330.416	3.309.926
4	Tax on profit or loss for the year	-744.723	-783.786
	Profit/loss for the year	2.585.693	2.526.140
Proposed appropriation account			
	Retained earnings	2.585.693	2.526.140
	Total	2.585.693	2.526.140

ASSETS		31.12.16	31.12.15
Note		DKK	DKK
	Leasehold improvements	10.525	20.868
	Other fixtures and fittings, tools and equipment	491.450	536.253
5	Total property, plant and equipment	501.975	557.121
	Deposits	140.555	140.555
	Total investments	140.555	140.555
	Total non-current assets	642.530	697.676
	Raw materials and consumables	5.973.894	2.339.726
	Manufactured goods and goods for resale	5.926.376	5.634.999
	Prepayments for goods	132.416	1.019.927
	Total inventories	12.032.686	8.994.652
6	Work in progress for third parties	226.164	2.527.444
	Trade receivables	12.908.980	8.382.184
	Deferred tax asset	128.868	62.864
	Other receivables	607.420	552.119
	Total receivables	13.871.432	11.524.611
	Cash	1.808.828	2.384.076
	Total current assets	27.712.946	22.903.339
	Total assets	28.355.476	23.601.015

EQUITY AND LIABILITIES		31.12.16	31.12.15
		DKK	DKK
Note			
	Share capital	125.000	125.000
	Retained earnings	10.204.430	7.558.601
	Total equity	10.329.430	7.683.601
7	Other provisions	200.000	160.000
	Total provisions	200.000	160.000
	Payables to other credit institutions	3.827.836	4.815.211
	Total long-term payables	3.827.836	4.815.211
	Short-term portion of long-term payables	1.059.040	1.113.903
	Payables to other credit institutions	6.810.357	1.447.867
	Trade payables	4.454.859	6.512.450
	Income taxes	637.112	776.704
	Other payables	1.036.842	1.091.279
	Total short-term payables	13.998.210	10.942.203
	Total payables	17.826.046	15.757.414
	Total equity and liabilities	28.355.476	23.601.015

8 Derivative financial instruments

9 Contingent liabilities

10 Charges and security

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings	Total equity
Statement of changes in equity for 01.01.16 - 31.12.16			
Balance pr. 01.01.16	125.000	7.558.601	7.683.601
Fair value adjustment of hedging instruments	0	76.521	76.521
Tax on changes in equity	0	-16.385	-16.385
Net profit/loss for the year	0	2.585.693	2.585.693
Balance as at 31.12.16	125.000	10.204.430	10.329.430

	2016 DKK	2015 DKK
1. Staff costs		
Wages and salaries	8.448.935	5.302.530
Other social security costs	96.693	93.191
Other staff costs	176.372	177.253
Total	8.722.000	5.572.974
Average number of employees during the year	16	12
2. Financial income		
Foreign exchange gains	404.049	214.733
3. Financial expenses		
Other interest expenses	295.805	171.153
Other financial expenses	269.936	11.898
Total	565.741	183.051
4. Tax on profit or loss for the year		
Current tax for the year	827.112	922.704
Adjustment of deferred tax for the year	-82.389	-41.914
Adjustment of tax in respect of previous years	0	-97.004
Total	744.723	783.786

5. Property, plant and equipment

Figures in DKK	Leasehold improvements	Other fixtures and fittings, tools and equipment
Cost pr. 01.01.16	51.717	904.902
Additions during the year	0	155.606
Cost as at 31.12.16	51.717	1.060.508
Depreciation and impairment losses pr. 01.01.16	-30.849	-368.649
Depreciation during the year	-10.343	-200.409
Depreciation and impairment losses as at 31.12.16	-41.192	-569.058
Carrying amount as at 31.12.16	10.525	491.450

6. Work in progress for third parties

Work in progress for third parties	226.164	2.663.034
On-account invoicing	0	-135.590
Work in progress for third parties	226.164	2.527.444

7. Other provisions

Other provisions are expected to be distributed as follows:

Non-current liabilities	200.000	160.000
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8. Derivative financial instruments

The Board of Directors lays down the framework for the conclusion of contracts for derivative financial instruments. The enterprise concludes contracts for the sole purpose of hedging the currency risk on the future purchase of goods in foreign currency. At the end of a 2016, a future purchase of goods of USD 1,522k was secured for a period of up to 7 months. The fair value of the forward exchange contracts amounts to DKK 489k as at 31.12.16, and the unrealised net gain before tax recognised in equity as at 31.12.16 also constitutes DKK 77k. Forward exchange contracts are only concluded with counterparties (Danish banks) with a good credit score from a reputable credit rating agency.

9. Contingent liabilities

Lease commitments

The company has entered into operation leases with a total outstanding liability on DKK 840k

The rental agreement is irrevocable until 31. November 2017, with a total commitment of DKK 652k

10. Charges and security

As company for debt to credit institutions, a company charge for DKK 10,000k has been provided comprising goodwill, intellectual property rights, motor vehicles, other plant, fixtures and fittings, tools and equipment, inventories and agricultural stock, trade receivables and cash. The total carrying amount of the comprised assets is DKK 28,086k.

11. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for reporting class C medium-sized.

Change in accounting policies

The company has implemented amendments to the Danish Financial Statements Act, see act no. 738 amending the Danish Financial Statements Act of 1 June 2015 (*lov nr. 738 om ændring af årsregnskabsloven m.v. af 1. juni 2015*). This includes new and amended disclosure and presentation requirements and amendments to provisions on recognition, measurement and classification. Amendments to provisions on recognition and measurement as well as classification are as follows:

Reassessment of residual values of property, plant and equipment

Previously, residual values of property, plant and equipment with limited useful lives were determined at the date of acquisition of the asset. In future, an annual revaluation of the residual values of property, plant and equipment must be carried out. In accordance with section 4 of the provisional executive order, the residual values of property, plant and equipment will initially be reassessed in by way of a change in accounting policies. Comparative figures have not been restated. The change in accounting policy has a positive/negative impact of DKK 0 on the net profit or loss for . As at 31.12.16, equity is increased/reduced by DKK 0 and the balance sheet total is increased/reduced by DKK 0.

Except for the areas mentioned above, the accounting policies have been applied consistently with the previous year.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising

11. Accounting policies - continued -

before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

DERIVATIVE FINANCIAL INSTRUMENTS

On initial recognition, derivative financial instruments are measured at cost. Subsequently, they are measured at fair value and recognised under other receivables and other payables, respectively.

Fair value adjustment of derivative financial instruments classified as and meeting the criteria for hedging future cash flows (cash flow hedging) are recognised in equity. In the event that the hedged transaction results in the recognition of an asset or a liability, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be included in the cost of the asset or the liability. In the event that the hedged transaction results in the recognition of an income or an expense, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be recognised together with the hedged income or expense.

If the hedged transaction is no longer expected to occur, the cash flow hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument is transferred to other net financials in the income statement. If the hedged transaction is still expected to occur, but the criteria for cash flow hedging are no longer met, the hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument remains in equity until the transaction occurs.

Fair value adjustments of derivative financial instruments that do not meet the criteria for

11. Accounting policies - continued -

hedge accounting treatment are recognised under other net financials in the income statement on an ongoing basis.

LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

GOVERNMENT GRANTS

Government grants are recognised when there is reasonable certainty that the grant conditions have been met and that the grant will be received.

Grants received for the production or construction of assets are recognised as deferred income under payables. For depreciable assets, the grant is recognised as the asset is depreciated.

INCOME STATEMENT**Gross profit**

Gross profit comprises revenue, other operating income and raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Construction contracts involving the delivery of highly customised installations are recognised as revenue according to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method).

Other operating income

Other operating income comprises income of a secondary nature in relation to the

11. Accounting policies - continued -

enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The amortisation and depreciation of property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated/amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Leasehold improvements	5	0
Other plant, fixtures and fittings, tools and equipment	3-5	0

The basis of depreciation/amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation/amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies

11. Accounting policies - continued -

referred to in the 'Impairment losses on fixed assets' section.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

BALANCE SHEET**Property, plant and equipment**

Property, plant and equipment comprise leasehold improvements as well as other fixtures and fittings, tools and equipment

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation/amortisation.

11. Accounting policies - continued -

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to the FIFO principle. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

11. Accounting policies - continued -**Work in progress for third parties**

Work in progress for third parties is determined as the value of direct material and labour costs less prepayments associated with each piece of work in progress. Interest on loans arranged to finance production is ikke included in the cost.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Provisions

Other provisions comprise expected expenses incidental to warranty commitments, loss on work in progress, restructuring etc. and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

Warranty commitments comprise the obligation to repair defective work within the warranty period of 1-5 years. Warranty commitments are measured at net realisable value and recognised based on previous years' experience with warranty work.

For assets, the acquisition, construction or use of which entails an obligation to dismantle, remove or restore the asset after use, the estimated expenses incidental thereto are recognised as provisions. The estimated expenses are included in the cost of the asset.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value

11. Accounting policies - continued -

through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.