



Nordic Power Converters ApS

Smedeholm 13, 1. th.
2730 Herlev
CVR No. 36052651

Annual report 2020

General Meeting adopted the annual report on
18.06.2021

Mickey Pierre Madsen

Chairman of the General Meeting

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Entity details

Entity

Nordic Power Converters ApS

Smedeholm 13, 1. th.

2730 Herlev

CVR No.: 36052651

Registered office: Herlev

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Claus Jarlgaard Jensen

Finn Halken

Thomas Evers Christensen

Christian Samsø Dohn, formand

Mickey Pierre Madsen

Executive Board

Mickey Pierre Madsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Nordic Power Converters ApS for the financial year 01.01.2020 - 31.12.2020.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Herlev, 15.06.2021

Executive Board

Mickey Pierre Madsen

Board of Directors

Claus Jarlgaard Jensen

Finn Halken

Thomas Evers Christensen

Christian Samsø Dohn
formand

Mickey Pierre Madsen

Independent auditor's extended review report

To the shareholders of Nordic Power Converters ApS

Conclusion

We have performed an extended review of the financial statements of Nordic Power Converters ApS for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section. We are independent of the Entity 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as 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 Entity'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 Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity

personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 15.06.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Christian Sanderhage

State Authorised Public Accountant
Identification No (MNE) mne23347

Management commentary

Primary activities

Nordic Power Converters ApS' purpose is to research, develop and produce power supplies with a breakthrough technology. The Company develops cutting-edge power supplies with the expectation to set new standards for power conversion in billions of everyday products starting with LED lights. The innovative technology platform is set to enable five times smaller power supplies, double the lifetime compared to existing technology, and to offer various other benefits.

Description of material changes in activities and finances

The team consists of 9 employees plus interns, PhDs and consultants and comprise globally unique knowledge in very high frequency power supplies. The Company had its first patents issued in 2017 and filed additional patent applications in 2018 and 2019 to strengthen its portfolio. In 2019 the company have developed several new innovative solutions and building blocks, enabling a new series of products which was introduced to market late 2019 and will be launched in 2020. The development of the products and the corporation with the partners have continued in 2020.

Nordic Power Converters APS continues and extends the work in several publicly and privately supported and partly funded R&D projects supporting the Company's technology and product roadmap.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		432,198	756,912
Staff costs	1	(5,054,116)	(5,080,630)
Depreciation, amortisation and impairment losses		(312,022)	(175,966)
Operating profit/loss		(4,933,940)	(4,499,684)
Income from investments in group enterprises		3,141	52,510
Other financial income		10,096	1,950
Other financial expenses		(294,093)	(139,436)
Profit/loss before tax		(5,214,796)	(4,584,660)
Tax on profit/loss for the year	2	762,163	639,938
Profit/loss for the year		(4,452,633)	(3,944,722)
Proposed distribution of profit and loss			
Retained earnings		(4,452,633)	(3,944,722)
Proposed distribution of profit and loss		(4,452,633)	(3,944,722)

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Acquired licences		1	0
Intangible assets		1	0
Other fixtures and fittings, tools and equipment		718,333	714,716
Property, plant and equipment	3	718,333	714,716
Investments in group enterprises		208,744	205,603
Deposits		109,277	106,612
Financial assets	4	318,021	312,215
Fixed assets		1,036,355	1,026,931
Manufactured goods and goods for resale		54,895	8,441
Inventories		54,895	8,441
Trade receivables		470,276	0
Receivables from group enterprises		0	152,823
Other receivables		1,700,185	9,683,874
Joint taxation contribution receivable		1,387,291	639,938
Prepayments		116,286	63,985
Receivables		3,674,038	10,540,620
Cash		5,484,792	4,765,155
Current assets		9,213,725	15,314,216
Assets		10,250,080	16,341,147

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		193,152	193,152
Retained earnings		3,029,007	7,481,640
Equity		3,222,159	7,674,792
Lease liabilities		51,345	179,788
Other payables		4,689,132	1,549,172
Non-current liabilities other than provisions	5	4,740,477	1,728,960
Current portion of non-current liabilities other than provisions	5	142,324	176,073
Trade payables		271,082	175,222
Payables to group enterprises		209,630	0
Other payables		1,664,408	6,586,100
Current liabilities other than provisions		2,287,444	6,937,395
Liabilities other than provisions		7,027,921	8,666,355
Equity and liabilities		10,250,080	16,341,147
Unrecognised rental and lease commitments	6		
Contingent liabilities	7		
Assets charged and collateral	8		

Statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	193,152	7,481,640	7,674,792
Profit/loss for the year	0	(4,452,633)	(4,452,633)
Equity end of year	193,152	3,029,007	3,222,159

Notes

1 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	4,884,027	4,903,663
Other social security costs	75,096	60,414
Other staff costs	94,993	116,553
	5,054,116	5,080,630
Average number of full-time employees	9	10

2 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Adjustment concerning previous years	(46,324)	0
Refund in joint taxation arrangement	(715,839)	(639,938)
	(762,163)	(639,938)

3 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	1,339,638
Additions	315,639
Cost end of year	1,655,277
Depreciation and impairment losses beginning of year	(624,922)
Depreciation for the year	(312,022)
Depreciation and impairment losses end of year	(936,944)
Carrying amount end of year	718,333

4 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	50,000	106,612
Additions	0	2,665
Cost end of year	50,000	109,277
Revaluations beginning of year	3,141	0
Revaluations for the year	155,603	0
Revaluations end of year	158,744	0
Carrying amount end of year	208,744	109,277

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
NPC Moirai ApS	Herlev	ApS	100

5 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK	Due within 12 months 2019 DKK	Due after more than 12 months 2020 DKK	Outstanding after 5 years 2020 DKK
Lease liabilities	142,324	176,073	51,345	0
Other payables	0	0	4,689,132	1,483,193
	142,324	176,073	4,740,477	1,483,193

6 Unrecognised rental and lease commitments

	2020 DKK	2019 DKK
Liabilities under rental or lease agreements until maturity in total	106	106

7 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Madsen Invest IVS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

8 Assets charged and collateral

A floating charge of a total amount of DKK 750k has been provided as security for the Group's balances with its bank in accordance with section 47c of the Danish Registration of Property Act. Furthermore a floating charge of a total amount of DKK 750k has been provide as security for the Group ´s balances with Vækstfonden.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of sales, other operating income and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net exchange gains transactions in foreign currencies and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net exchange losses on transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Intellectual property rights etc**

Intellectual property rights etc comprise acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the

lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
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Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected

to be used under the joint taxation arrangement.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.