

Scotia ApS

Vedbæk Strandvej 328, 2950 Vedbæk

CVR no. 36 08 43 32

**Annual report for the period
1 April 2017 to 31 March 2018**

(5th Financial year)

Adopted at the annual general meeting
on 29 March 2019

Scott Campbell Macaw
chairman

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Statement by management on the annual report

The executive board has today discussed and approved the annual report of Scotia ApS for the financial year 1 April 2017 - 31 March 2018.

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

In my opinion, the financial statements give a true and fair view of the company's financial position at 31 March 2018 and of the results of the company's operations for the financial year 1 April 2017 - 31 March 2018.

In my opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Vedbæk, 29 March 2019

Executive board

Scott Campbell Macaw

Independent auditor's report

To the shareholder of Scotia ApS

Qualified Opinion

We have audited the financial statements of Scotia ApS for the financial year 1 April 2017 - 31 March 2018, which comprise a summary of significant accounting policies, income statement, balance sheet and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, except for the potential effects of the matter(s) described in the "Basis for Qualified Opinion" paragraph, the financial statements give a true and fair view of the company's financial position at 31 March 2018 and of the results of the company's operations for the financial year 1 April 2017 - 31 March 2018 in accordance with the Danish Financial Statements Act.

Basis for Qualified Opinion

The auditor's report issued on the financial statements for 2016/17 was without an opinion due to insufficient evidence on the company's stock and development assets. Consequently, we qualify our opinion as to the correctness of the comparative figures (2016/17) and the opening balance sheet at 1 April 2017. Our opinion on the financial statements for the current period (2017/18) is modified as well due to the potential effect of the matter on the comparability between the current period's figures and the comparative figures. It is our opinion, that stock and other fixtures and fittings should have been written down with DKK 4.130.984, which would have effected the P&L and equity negatively with this amount.

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

Material uncertainty related to going concern

We refer to note 1 in the financial statements, which reflects that the company has lost its contributed capital and therefore is subject to the capital loss rules in the Danish Companies Act §119.

Management has explained the circumstances, including having trimmed the company's capacity and changing its business base, which is expected to generate positive operating results. In addition, the process to acquire new capital in the form of changes in the ownership, in addition to a debt conversion of long-term debt.

Management therefore considers the conditions for presentation of the financial statement on the assumption of going concern to be met.

Independent auditor's report

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 the 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 ISAs 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 ISAs 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.

Independent auditor's report

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on management's review

Management is responsible for management's review.

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

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

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 Act. We did not identify any material misstatement of management's review.

Hellerup, 29 March 2019

CVR no. 33 25 68 76



Søren Jonassen
State Authorized Public Accountant
MNE no. mne18488

Company details

The company

Scotia ApS
Vedbæk Strandvej 328, 2950 Vedbæk

CVR no.: 36 08 43 32

Reporting period: 1 April 2017 - 31 March 2018

Incorporated: 5. September 2014

Domicile: Vedbæk

Executive board

Scott Campbell Macaw

Auditors

Crowe
Statsautoriseret Revisionsinteressentskab v.m.b.a.
Rygårds Allé 104
2900 Hellerup

Management's review

Business activities

The purpose of the company is to operate in relation to lighting and integrated power solutions, including acquiring and owning ownership interests in oghter companies or companies with a similar purpose, as well as any company which, in the opinion of the Board, is related.

Business review

The company's income statement for the year ended 31 March shows a loss of DKK 7.768.698, and the balance sheet at 31 March 2018 shows negative equity of DKK 24.717.533.

The company's significant losses in the past years arise from extensive R/D work in the field of solar street light monopoles and microgrid solutions including in house developed technic inside the wider range of products. As such Scotia is in the market seen as a leader in terms of result, findings and design work accomplished in the past years. The company's R/D work was delayed and more expensive than originally anticipated by the company's CTO. This delayed the possibility of taking in orders in the past years due to the risk of failed deliveries. The mismatch between the laid plans and realized results led to disagreements between the old shareholders, who ultimately would have to inject further capital in order to continue at full speed in the current form. The management of the company therefor reduced overheads and focused on successful delivery of finished products, which included a successful delivery of light controllers, which can be retrofitted to competitive street light monopoles. The cut of overheads has led to the company realizing its first profit on EBIDTA level, which the management naturally is very satisfied with.

After the balance day just before the filing of this annual report, the company has been taken over by a shareholder, who has previously been involved and originally was the main funding provider of the company for a number of years. The ultimate owner is a director of one of the worlds leading microgrid energy projects on the island Graciosa part of the Azores. The ultimate owner will join the management of the Company and has agreed with the lender to look at funding and the company's need for working capital and continuing the latest successful plans including delivery of goods, services and advice based on the R/D work to date.

The inventory of the company is unfortunately old and partially damaged why it has been written down significantly, as it is expected to be sold with a discount as raw materials.

The management expects to continue with low overheads, since manufacturing and expertise in some areas are outsourced and taken in appropriately on project basis. This will allow the company to follow ambitious plans with low overheads. In this light management expects profit for the coming years, that the company is a going concern and will recover the losses within a scope of a couple of years.

Management's review

Significant events occurring after end of reporting period

The company has after the balance date sold its intangible assets in excess of the booked value, securing the company a net profit and sufficient funds to cover operations.

No events apart from this, have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of Scotia ApS for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied are consistent with those of last year.

The annual report for 2017/18 is presented in DKK

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 amortisation, depreciation and impairment losses, 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 the asset 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 the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less other external expenses.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises and loss on debtors.

Accounting policies

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Development projects, patents and licences

Developments projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the term of the licence, however not more than ten years.

Accounting policies

Gains and losses on the disposal of development projects, patents and licences are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Tangible assets

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

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	5-7 years

Assets costing less than DKK 13.500 are expensed in the year of acquisition.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as depreciation.

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

Production overheads include the indirect cost of materials, wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the cost.

The net realisable value of stocks is calculated as the selling price less costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables

Receivables are measured at amortised cost.

Accounting policies

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Equity

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities

Liabilities are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Income statement
1 April 2017 - 31 March 2018

	<u>Note</u>	<u>2017/18</u> DKK	<u>2016/17</u> TDKK
Gross profit		360.183	-3.800
Staff costs	2	<u>71.264</u>	<u>-1.185</u>
Profit/loss before amortisation/depreciation and impairment losses		431.447	-4.985
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-4.674.349	-1.468
Impairment of current assets		<u>-2.655.752</u>	<u>0</u>
Profit/loss before net financials		-6.898.654	-6.453
Financial income		0	149
Financial costs		<u>-870.044</u>	<u>-2.665</u>
Profit/loss before tax		-7.768.698	-8.969
Tax on profit/loss for the year	3	<u>0</u>	<u>1.110</u>
Profit/loss for the year		<u>-7.768.698</u>	<u>-7.859</u>
 Recommended appropriation of profit/loss			
Transferred to other statutory reserves		0	3.805
Retained earnings		<u>-7.768.698</u>	<u>-11.664</u>
		<u>-7.768.698</u>	<u>-7.859</u>

Balance sheet at 31 March 2018

	<u>Note</u>	<u>2017/18</u> DKK	<u>2016/17</u> TDKK
Assets			
Acquired patents		1.341.198	1.861
Development projects in progress		<u>1.797.107</u>	<u>5.196</u>
Intangible assets	4	<u>3.138.305</u>	<u>7.057</u>
Other fixtures and fittings, tools and equipment		<u>0</u>	<u>755</u>
Tangible assets		<u>0</u>	<u>755</u>
Total non-current assets		<u>3.138.305</u>	<u>7.812</u>
Finished goods and goods for resale		<u>0</u>	<u>3.376</u>
Stocks		<u>0</u>	<u>3.376</u>
Cash at bank and in hand		<u>85.325</u>	<u>289</u>
Total current assets		<u>85.325</u>	<u>3.665</u>
Total assets		<u><u>3.223.630</u></u>	<u><u>11.477</u></u>

Balance sheet at 31 March 2018

	<u>Note</u>	<u>2017/18</u> DKK	<u>2016/17</u> TDKK
Equity and liabilities			
Share capital		568.182	568
Other statutory reserves		3.804.807	7.610
Retained earnings		<u>-29.090.522</u>	<u>-25.127</u>
Equity	6	<u>-24.717.533</u>	<u>-16.949</u>
Convertible and profit-yielding instruments of debt		<u>25.262.854</u>	<u>20.761</u>
Total non-current liabilities	7	<u>25.262.854</u>	<u>20.761</u>
Trade payables		1.601	11
Corporation tax		677.947	463
Other payables		1.978.761	7.189
Deferred income		<u>20.000</u>	<u>2</u>
Total current liabilities		<u>2.678.309</u>	<u>7.665</u>
Total liabilities		<u>27.941.163</u>	<u>28.426</u>
Total equity and liabilities		<u>3.223.630</u>	<u>11.477</u>
Uncertainty about the continued operation (going concern)	1		

Notes

1 Uncertainty about the continued operation (going concern)

The company has lost its contributed capital and therefore is subject to the capital loss rules in the Danish Companies Act §119.

The management has in its review explained the circumstances, including management having trimmed the company's capacity and changing its business base, which is expected to generate positive operating results. In addition, the process to acquire new capital in the form of changes in the ownership, in addition to a debt conversion of long-term debt.

Management therefore considers the conditions for presentation of the financial statement on the assumption of going concern to be met.

	<u>2017/18</u>	<u>2016/17</u>
	DKK	TDKK
2 Staff costs		
Wages and salaries	-72.025	1.177
Other staff costs	<u>761</u>	<u>8</u>
	<u>-71.264</u>	<u>1.185</u>
Average number of employees	<u>0</u>	<u>2</u>
3 Tax on profit/loss for the year		
Current tax for the year	<u>0</u>	<u>-1.110</u>
	<u>0</u>	<u>-1.110</u>

Notes

4 Intangible assets

	Acquired patents	Development projects in progress
Cost at 1 April 2017	2.597.275	6.477.112
Exchange adjustment	0	1.508
Cost at 31 March 2018	<u>2.597.275</u>	<u>6.478.620</u>
Impairment losses and amortisation at 1 April 2017	736.622	1.281.364
Impairment losses for the year	0	2.597.874
Depreciation for the year	<u>519.455</u>	<u>802.275</u>
Impairment losses and amortisation at 31 March 2018	<u>1.256.077</u>	<u>4.681.513</u>
Carrying amount at 31 March 2018	<u>1.341.198</u>	<u>1.797.107</u>

5 Tangible assets

	Other fixtures and fittings, tools and equipment
Cost at 1 April 2017	<u>1.006.835</u>
Cost at 31 March 2018	<u>1.006.835</u>
Impairment losses and depreciation at 1 April 2017	252.090
Depreciation for the year	<u>754.745</u>
Impairment losses and depreciation at 31 March 2018	<u>1.006.835</u>
Carrying amount at 31 March 2018	<u>0</u>

Notes

6 Equity

	<u>Share capital</u>	<u>Other statutory reserves</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 April 2017	568.182	3.804.807	-21.321.824	-16.948.835
Net profit/loss for the year	0	0	-7.768.698	-7.768.698
Equity at 31 March 2018	<u>568.182</u>	<u>3.804.807</u>	<u>-29.090.522</u>	<u>-24.717.533</u>

7 Long term debt

	<u>2017/18</u>	<u>2016/17</u>
	DKK	TDKK
Convertible and profit-yielding instruments of debt		
Between 1 and 5 years	<u>25.262.854</u>	<u>20.761</u>
Non-current portion	25.262.854	20.761
Within 1 year	<u>0</u>	<u>0</u>
	<u>25.262.854</u>	<u>20.761</u>

The convertible loan is a part of a Loan Commitment of 2.786.708,33 euro which has been full received.

Up to 1.000.000 euro together with any accrued interest can be converted into shares from January 1, 2020 to and including December 31, 2021. The conversion will depend on the valuation of the company of 8 * EBITDA. The conversion rate cannot be less than 1 DKK pr. share of 1 DKK.

If the loan is not converted to shares prior to December 31, 2021 the loan shall be repaid in full.