

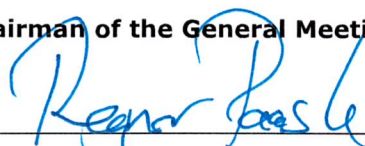
Nordic Power Converters ApS

Smedeholm 13 A, 1. th.
2730 Herlev
Central Business Registration No
36956704

Annual report 2015/16

The Annual General Meeting adopted the annual report on 09.05.2017

Chairman of the General Meeting



Name: Regnar Ingwersen Paaske

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Entity details

Entity

Nordic Power Converters ApS
Smedeholm 13 A, 1. th.
2730 Herlev

Central Business Registration No: 36956704
Registered in: Herlev
Financial year: 07.07.2015 - 31.12.2016

Board of Directors

Mickey Pierre Madsen, formand
Jørgen Vilhelm Løvenørn Bardenfleth
Richard Breiter
Michael Andreas Esbern Andersen

Executive Board

Mickey Pierre Madsen
Regnar Ingwersen Paaske

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

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 07.07.2015 - 31.12.2016.

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 31.12.2016 and of the results of its operations for the financial year 07.07.2015 - 31.12.2016.

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, 09.05.2017

Executive Board



Mickey Pierre Madsen

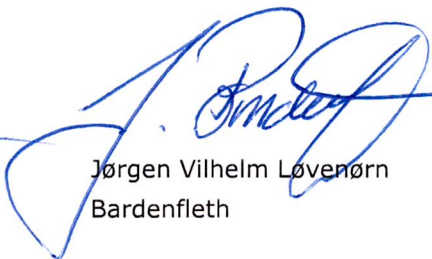


Regnar Ingwersen Paaske

Board of Directors



Mickey Pierre Madsen



Jørgen Vilhelm Løvenørn
Bardenfleth



Richard Breiter

formand



Michael Andreas Esbern
Andersen

Independent auditor's report

To the shareholders of Nordic Power Converters ApS

Opinion

We have audited the financial statements of Nordic Power Converters ApS for the financial year 07.07.2015 - 31.12.2016, 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.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 07.07.2015 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

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, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements 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 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 judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 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 audit 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 audit 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.


Independent auditor's report


Based on the work we have performed, we conclude that the management commentary 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 the management commentary.

Copenhagen, 09.05.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556


Jacob Simonsen
State Authorised Public Accountant


Martin Bødker Ravn
State Authorised Public Accountant

Management commentary

Primary activities

Nordic Power Converters ApS' purpose is to market and sell power supplies for the LED lighting market (LED drivers) that are based on the breakthrough technology enabling very high frequency power supplies. The innovative technology platform is set to double the lifetime and enable five times smaller power supplies compared to existing technology.

The company works closely with its business partners, LED fixture manufacturers producing quality LED luminaires in significant numbers, to provide them competitive advantages and benefits for the end-customers in the form of lower cost of ownership, higher reliability and better design.

The production of LED drivers is outsourced to a top five electronics manufacturing services partner with solid experience in high quality production and supply chain.

Development in activities and finances

The company was established in 2015 and has not yet had significant activity, partly due to adverse events at an expected customer leading to its bankruptcy.

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 2015/16

	<u>Notes</u>	<u>2015/16</u> <u>DKK</u>
Gross loss		(25.798)
Other financial expenses		<u>(3.068)</u>
Profit/loss before tax		(28.866)
Tax on profit/loss for the year	1	<u>5.832</u>
Profit/loss for the year		<u>(23.034)</u>
Proposed distribution of profit/loss		
Retained earnings		<u>(23.034)</u>
		<u>(23.034)</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2015/16</u> <u>DKK</u>
Trade receivables		1.411
Receivables from group enterprises		167.192
Other receivables		2.946
Income tax receivable	2	<u>5.832</u>
Receivables		<u>177.381</u>
Cash		<u>21.579</u>
Current assets		<u>198.960</u>
Assets		<u>198.960</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2015/16</u> <u>DKK</u>
Contributed capital		50.000
Retained earnings		<u>(23.034)</u>
Equity		<u>26.966</u>
Trade payables		<u>171.994</u>
Current liabilities other than provisions		<u>171.994</u>
Liabilities other than provisions		<u>171.994</u>
Equity and liabilities		<u>198.960</u>
Contingent liabilities	3	

Statement of changes in equity for 2015/16

	Contributed capital DKK	Retained earnings DKK	Total DKK
Contributed upon formation	50.000	0	50.000
Profit/loss for the year	0	(23.034)	(23.034)
Equity end of year	50.000	(23.034)	26.966

Notes

	2015/16
	DKK
1. Tax on profit/loss for the year	
Tax on current year taxable income	(5.832)
	(5.832)

2. Income tax receivable

Income tax receivables consists of the Company's share of the Group's total tax reimbursement for R&D expenses.

3. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Madsen Invest IVS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore alternatively liable from the financial year 2015/16 for income taxes etc for the jointly taxed entities, but only for the share by which the Entity is included in the Group, and from 7 July 2015 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

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.

Non-comparability

The financial year 2015/16 is the Company's first and covers the period from 7 July 2015 to 31 December 2016. As a consequence there are no figures of comparison.

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 and external expenses.

Revenue

Revenue comprises revenue from the sale of manufactured goods and goods for resale as well as revenue from development services rendered. Revenue 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.

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.

Accounting policies

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as 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

Receivables

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

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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