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## **Nordic Power Converters ApS**

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

## **Annual report 2017**

The Annual General Meeting adopted the annual report on 29.05.2018

### **Chairman of the General Meeting**

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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 (CVR): 36956704  
Registered in: Herlev  
Financial year: 01.01.2017 - 31.12.2017

### Board of Directors

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

### Executive Board

Mickey Pierre Madsen  
Regnar Ingwersen Paaske

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
P.O. Box 1600  
0900 Copenhagen 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 01.01.2017 - 31.12.2017.

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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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, 22.05.2018

### Executive Board

Mickey Pierre Madsen

Regnar Ingwersen Paaske

### Board of Directors

Mickey Pierre Madsen

Jørgen Vilhelm Løvenørn  
Bardenfleth

Richard Breiter

Chairman

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 01.01.2017 - 31.12.2017, 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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 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.

## Independent auditor's report

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:

- 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.

## Independent auditor's report

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 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, 22.05.2018

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR)  
33963556

Christian Sanderhage  
State-Authorised Public Accountant  
Identification No (MNE) mne23347

Martin Bødker Ravn  
State-Authorised Public Accountant  
Identification No (MNE) mne40038

## Management commentary

### Primary activities

Nordic Power Converters ApS' purpose is to market and sell power supplies for the LED lighting market (LED drivers) based on the breakthrough technology enabling very high frequency power supplies. 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.

The Company works closely with its LED lighting business partners to provide them with competitive advantages and benefits for the end-customers in the form of better design, lower cost of ownership, and higher reliability. The production of LED drivers is outsourced.

### Development in activities and finances

The Company's revenue for 2017 is mainly generated through projects.

### 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 2017

|   | <u>Notes</u> | <u>2017<br/>DKK</u>  | <u>2015/16<br/>DKK</u> |
|---|--------------|----------------------|------------------------|
| <b>Gross profit/loss</b>                    |              | <b>51.447</b>        | <b>(25.799)</b>        |
| Other financial income                      |              | 156                  | 0                      |
| Other financial expenses                    |              | <u>(767)</u>         | <u>(3.067)</u>         |
| <b>Profit/loss before tax</b>               |              | <b>50.836</b>        | <b>(28.866)</b>        |
| Tax on profit/loss for the year             | 1            | <u>(10.853)</u>      | <u>5.832</u>           |
| <b>Profit/loss for the year</b>             |              | <b><u>39.983</u></b> | <b><u>(23.034)</u></b> |
| <b>Proposed distribution of profit/loss</b> |              |                      |                        |
| Retained earnings                           |              | <u>39.983</u>        | <u>(23.034)</u>        |
|   |              | <b><u>39.983</u></b> | <b><u>(23.034)</u></b> |

## Balance sheet at 31.12.2017

| <u>Notes</u>                            | <u>2017<br/>DKK</u> | <u>2015/16<br/>DKK</u> |
|---|---------------------|------------------------|
| Raw materials and consumables           | 1.504               | 0                      |
| Manufactured goods and goods for resale | 89.304              | 0                      |
| <b>Inventories</b>                      | <b>90.808</b>       | <b>0</b>               |
| Trade receivables                       | 0                   | 1.411                  |
| Receivables from group enterprises      | 0                   | 167.192                |
| Other receivables                       | 124.654             | 2.946                  |
| Income tax receivable                   | 0                   | 5.832                  |
| <b>Receivables</b>                      | <b>124.654</b>      | <b>177.381</b>         |
| <b>Cash</b>                             | <b>20.465</b>       | <b>21.579</b>          |
| <b>Current assets</b>                   | <b>235.927</b>      | <b>198.960</b>         |
| <b>Assets</b>                           | <b>235.927</b>      | <b>198.960</b>         |

## Balance sheet at 31.12.2017

|  | <u>Notes</u> | <u>2017</u><br><u>DKK</u> | <u>2015/16</u><br><u>DKK</u> |
|--|--------------|---------------------------|------------------------------|
| Contributed capital                              |              | 50.000                    | 50.000                       |
| Retained earnings                                |              | 16.949                    | (23.034)                     |
| <b>Equity</b>                                    |              | <b><u>66.949</u></b>      | <b><u>26.966</u></b>         |
| Trade payables                                   |              | 10.450                    | 171.994                      |
| Payables to group enterprises                    |              | 147.675                   | 0                            |
| Income tax payable                               |              | 10.853                    | 0                            |
| <b>Current liabilities other than provisions</b> |              | <b><u>168.978</u></b>     | <b><u>171.994</u></b>        |
| <b>Liabilities other than provisions</b>         |              | <b><u>168.978</u></b>     | <b><u>171.994</u></b>        |
| <b>Equity and liabilities</b>                    |              | <b><u>235.927</u></b>     | <b><u>198.960</u></b>        |
| Contingent liabilities                           | 2            |                           |                              |

## Statement of changes in equity for 2017

|                           | <b>Contributed<br/>capital<br/>DKK</b> | <b>Retained<br/>earnings<br/>DKK</b> | <b>Total<br/>DKK</b> |
|---------------------------|--|--------------------------------------|----------------------|
| Equity beginning of year  | 50.000                                 | (23.034)                             | 26.966               |
| Profit/loss for the year  | 0                                      | 39.983                               | 39.983               |
| <b>Equity end of year</b> | <b>50.000</b>                          | <b>16.949</b>                        | <b>66.949</b>        |

## Notes

|   | <b>2017</b>          | <b>2015/16</b>        |
|---|----------------------|-----------------------|
|   | <b>DKK</b>           | <b>DKK</b>            |
| <b>1. Tax on profit/loss for the year</b> |                      |                       |
| Current tax                               | <u>10.853</u>        | <u>(5.832)</u>        |
|   | <b><u>10.853</u></b> | <b><u>(5.832)</u></b> |

### **2. Contingent liabilities**

The Entity participates in a Danish joint taxation arrangement in which Madsen Invest ApS 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.

## 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.

### Non-comparability

FY 2015/16 was the Company's first financial year and covered the period from 7 July 2015 to 31 December 2016. As a consequence, the current and prior year figures of the income statement are not fully comparable.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue, cost of sales, 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.

#### 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.

#### Other financial income

Other financial income comprises interest income, exchange gains on transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

#### Other financial expenses

Other financial expenses comprise interest expenses, exchange losses on transactions in foreign currencies 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

#### Inventories

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

## Accounting policies

Cost consists of purchase price plus delivery costs.

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.

### 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.

### Income tax receivable or payable

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