

Nordic Power Converters ApS

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

Annual report 2018

The Annual General Meeting adopted the annual report on 31.05.2019

Chairman of the General Meeting

Name: Mickey Pierre Madsen

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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: 01.01.2018 - 31.12.2018

Board of Directors

Christian Samsø Dohn, Chairman
Mickey Pierre Madsen
Thomas Evers Christensen
Claus Jarlgaard Jensen
Richard Breiter

Executive Board

Mickey Pierre Madsen

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 01.01.2018 - 31.12.2018.

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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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, 29.04.2019

Executive Board

Mickey Pierre Madsen

Board of Directors

Christian Samsø Dohn
Chairman

Mickey Pierre Madsen

Thomas Evers Christensen

Claus Jarlgaard Jensen

Richard Breiter

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 01.01.2018 - 31.12.2018, 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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 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, 29.04.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR)
33963556

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

Martin Bøgelund 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 2018 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 2018

| | <u>Notes</u> | <u>2018 DKK</u> | <u>2017 DKK</u> |
|---|--------------|---------------------|---------------------|
| Gross profit | | 111.229 | 51.447 |
| Other financial income | | 0 | 156 |
| Other financial expenses | | <u>(788)</u> | <u>(767)</u> |
| Profit/loss before tax | | 110.441 | 50.836 |
| Tax on profit/loss for the year | 1 | <u>(24.297)</u> | <u>(10.853)</u> |
| Profit/loss for the year | | 86.144 | 39.983 |
| Proposed distribution of profit/loss | | | |
| Retained earnings | | <u>86.144</u> | <u>39.983</u> |
| | | 86.144 | 39.983 |

Balance sheet at 31.12.2018

| <u>Notes</u> | <u>2018</u> <u>DKK</u> | <u>2017</u> <u>DKK</u> |
|---|---------------------------|---------------------------|
| Raw materials and consumables | 0 | 1.504 |
| Manufactured goods and goods for resale | 0 | 89.304 |
| Inventories | 0 | 90.808 |
| Trade receivables | 429.370 | 0 |
| Other receivables | 92.310 | 124.654 |
| Receivables | 521.680 | 124.654 |
| Cash | 120.749 | 20.465 |
| Current assets | 642.429 | 235.927 |
| Assets | 642.429 | 235.927 |

Balance sheet at 31.12.2018

| <u>Notes</u> | <u>2018</u> <u>DKK</u> | <u>2017</u> <u>DKK</u> |
|--|---------------------------|---------------------------|
| Contributed capital | 50.000 | 50.000 |
| Retained earnings | 103.093 | 16.949 |
| Equity | 153.093 | 66.949 |
| Trade payables | 10.153 | 10.450 |
| Payables to group enterprises | 231.020 | 147.675 |
| Income tax payable | 24.297 | 10.853 |
| Deferred income | 223.866 | 0 |
| Current liabilities other than provisions | 489.336 | 168.978 |
| Liabilities other than provisions | 489.336 | 168.978 |
| Equity and liabilities | 642.429 | 235.927 |
| Contingent liabilities | 2 | |

Statement of changes in equity for 2018

| | Contributed capital DKK | Retained earnings DKK | Total DKK |
|---------------------------|--|--------------------------------------|----------------------|
| Equity beginning of year | 50.000 | 16.949 | 66.949 |
| Profit/loss for the year | 0 | 86.144 | 86.144 |
| Equity end of year | 50.000 | 103.093 | 153.093 |

Notes

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| | 2018 | 2017 |
|---|---------------|---------------|
| | DKK | DKK |
| 1. Tax on profit/loss for the year | | |
| Current tax | 24.297 | 10.853 |
| | 24.297 | 10.853 |

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.

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

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.

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.

Accounting policies

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.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.