

M-PAYG APS

Titangade 11, 1.

2200 København N

CVR No. 37267570

Annual Report 2017

2. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 10 May 2018

Asger Trier Bing
Chairman

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Management's Statement

Today, Management has considered and adopted the Annual Report of M-PAYG APS for the financial year 1 January 2017 - 31 December 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 assets, liabilities and financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January 2017 - 31 December 2017.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

The conditions for not conducting an audit of the Financial Statement have been met.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 10 May 2018

Executive Board

Asger Trier Bing
Chief Executive Officer

Rajesh Veluswamy
Executive Director

David Reerman Dizon
Executive Director

Supervisory Board

Camilla Bredholt

Asger Trier Bing

David Reerman Dizon

Iver Alex Tesdorpf Unsgaard

Auditor's Report on Compilation of Financial Statements

To the day-to-day management of M-PAYG APS

We have compiled the Financial Statements of M-PAYG APS for the financial year 1 January 2017 - 31 December 2017 based on the Company's bookkeeping and other information provided by it.

The Financial Statements comprise Accounting Policies, Income Statement, Balance Sheet and Notes.

We have completed the engagement of Compiling Financial Information in accordance with The International Standards on Related Services, ISRS 4410, Compilation Engagements.

We have applied our professional expertise to assist you in the preparation and presentation of these Financial Statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions in the Danish Act on Auditors and Audit Firms as well as Danish Auditors' (FSR) ethical rules for auditors, including principles of integrity, objectivity, professional competence and due care.

The Financial Statement and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement regarding financial information is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you have given us in order for us to compile the Financial Statements. Accordingly, we do not express an audit or review opinion on whether the Financial Statements are prepared in accordance with the Danish Financial Accounts Act.

Copenhagen, 10 May 2018

HARBOE CONSULT ApS - Godkendt Revisionsvirksomhed

CVR-no. 35649417

Michael Harboe

Registered Public Accountant

MNE-No. 661

Company details

Company	M-PAYG APS Titangade 11, 1. 2200 København N
CVR No.	37267570
Date of formation	4 December 2015
Financial year	1 January 2017 - 31 December 2017
Supervisory Board	Camilla Bredholt Asger Trier Bing David Reerman Dizon Iver Alex Tesdorpf Unsgaard
Executive Board	Asger Trier Bing, Chief Executive Officer Rajesh Veluswamy, Executive Director David Reerman Dizon, Executive Director
Auditors	HARBOE CONSULT ApS - Godkendt Revisionsvirksomhed Grønningen 17, st. th. 1270 København K CVR-no.: 35649417

Management's Review

Primary activities

The main activity for M-PAYG is to develop and produce small-scale solar housing systems and appliances that are affordable to low-income households and smaller businesses in emerging markets. M-PAYG also facilitates that customers can buy the products on credit and pay their monthly instalments through mobile payments.

Insecurity regarding recognition or measurement

There is no material insecurity regarding recognition or measurement.

Exceptional circumstances

No exceptional circumstances have affected recognition or measurement.

Development in activities and financial matters

The Company's Income Statement of the financial year 1 January 2017 - 31 December 2017 shows a result of DKK -1.073.652 and the Balance Sheet at 31 December 2017 a balance sheet total of DKK 2.031.504 and an equity of DKK 1.848.904.

In 2017 M-PAYG experienced a high demand from existing users and new partners and is therefore preparing to scale sales and operations in Africa. To support this demand, M-PAYG has pursued a low-cost product strategy.

- A third version of the M-PAYG hardware product was launched, which is a product designed for manufacturing along with being commercially viable. It was prepared for mass production in China and warehousing in Africa to secure a solid supply chain. The new systems were launched in Tanzania together with local partners and are today fully operational.

- The software running the energy monitoring and facilitating the payments also went through significant improvements. The dashboard was enhanced to visualize the operation of all the devices and customer payments. Further, the communication protocol between M-PAYG's software suite "M-PAYG Cloud" and the device firmware was updated to enable a more robust SMS communication, enhanced monitoring, and support for larger sized solar panels among others.

- M-PAYG won a number of prizes over the year, which includes a Danish Design Award 2017, *Copenhagen Impact Startup Award 2017* and *World Summit Award 2017*.

- M-PAYG received several investments in 2017 with the most important ones being from impact investors and Innobooster (Innovation Fund Denmark).

Events after the balance sheet date

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

Accounting Policies

Reporting Class

The Annual Report of M-PAYG APS for 2017 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The Annual Report has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, with the adoption of individual rules from class C.

The accounting policies applied remain unchanged from last year.

Reporting currency

The Annual Report is presented in Danish kroner.

General Information

Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Accounting Policies

Income Statement

Revenue

Income from delivery of services is recognised as revenue as the service is delivered.

Research and development costs

Research and development costs that do not meet the criteria for capitalisation are recognised in the Income Statement as they are paid.

Staff expenses

Staff expenses comprise wages and salaries, pensions and social security costs.

Amortisation and impairment of tangible and intangible assets

Amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Completed development projects	5 years	0%

Income from equity investments in group enterprises and associates

Income from equity investments comprises dividends received from group enterprises and associates in so far as they do not exceed the accumulated earnings in the group enterprise or the associate during the ownership period.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding securities, debt and foreign currency transactions, dividends received from other equity investments, amortisation of financial assets and liabilities as well as surcharges and allowances under the tax repayment scheme.

Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

Accounting Policies

Balance Sheet

Intangible assets

Clearly defined and identifiable development projects where the technical rate of utilisation, sufficient resources and a potential future market or development potential in the Company are provable and where the intention is to manufacture, market or use the product or process are recognised as intangible assets if the value in use can be determined reliably and it is sufficiently certain that future earnings can cover production, sales and administration costs as well as total development costs.

Other development costs are recognised as costs in the Income Statement as they incur.

Development costs are calculated at the costs directly incurred and a share of the costs attributable to the individual development projects.

Equity investments in group enterprises and associates

Equity investments in group enterprises and associates are measured at cost. Dividends that exceed accumulated earnings of the group enterprise or the associate during the ownership period are treated as a reduction of the cost. If cost exceeds the net realisable value, a write-down to this lower value will be performed.

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Equity

Proposed dividend for the year is recognised as a separate item in equity.

Provisions

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Financial liabilities

Fixed-rate loans such as mortgage loans and loans from credit institutions are recognised initially at the proceeds received less transaction expenses incurred. In subsequent periods, loans are measured at amortised cost so that the difference between the proceeds and the nominal value is recognised in the Income Statement as an interest expense over the term of the loan.

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

Accounting Policies

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Income Statement

	Note	2017 kr.	2016 kr.
Gross profit		-226.998	367.779
Employee benefits expense	1	-852.228	-455.092
Profit from ordinary operating activities		-1.079.226	-87.313
Finance expences		-15.615	-8.995
Profit from ordinary activities before tax		-1.094.841	-96.308
Tax expense on ordinary activities	2	21.188	0
Profit		-1.073.653	-96.308
 Proposed distribution of results			
Transferred to Reserve for development expenditure		1.250.516	0
Retained earnings		-2.324.169	-96.308
Distribution of profit		-1.073.653	-96.308

Balance Sheet as of 31 December

	Note	2017 kr.	2016 kr.
Assets			
Development projects in progress		1.250.516	0
Intangible assets		1.250.516	0
Long-term investments in group enterprises	3, 4	267	0
Investments		267	0
Fixed assets		1.250.783	0
Other short-term receivables		269.404	111.625
Receivables		269.404	111.625
Cash and cash equivalents		511.317	0
Current assets		780.721	111.625
Assets		2.031.504	111.625

Balance Sheet as of 31 December

	Note	2017 kr.	2016 kr.
Liabilities and equity			
Contributed capital		126.562	100
Share premium		2.795.995	0
Reserve for development expenditure		1.250.516	0
Retained earnings		-2.324.169	-96.308
Equity	5	1.848.904	-96.208
Debt to banks		0	160.691
Trade payables		63.506	12.061
Other payables		119.094	35.082
Short-term liabilities other than provisions		182.601	207.833
Liabilities other than provisions within the business		182.601	207.833
Liabilities and equity		2.031.504	111.625
Contingent liabilities	6		
Collaterals and assets pledges as security	7		

Notes

	2017	2016
1. Employee benefits expense		
Wages and salaries	815.404	407.534
Social security contributions	11.096	11.326
Other employee expense	25.728	36.232
	<u>852.228</u>	<u>455.092</u>
Average number of employees	<u>2</u>	<u>2</u>

2. Tax expense

Payout through the tax credit scheme	-21.188	0
	<u>-21.188</u>	<u>0</u>

3. Long-term investments in group enterprises

Addition during the year, incl. improvements	267	0
Cost at the end of the year	<u>267</u>	<u>0</u>
Carrying amount at the end of the year	<u>267</u>	<u>0</u>

4. Disclosure in long-term investments in group enterprises and associates*Group enterprises*

Name	Registered office	Share held in %	Equity	Profit
M-payg Limited	Dar es salaam	99,00	267	0
			<u>267</u>	<u>0</u>

Notes

2017

2016

5. Statement of changes in equity

	Contributed capital	Share premium	Retained earnings	Reserve for development expenditure	Total
Equity, beginning balance	100	0	-96.308	0	-96.208
Increase in company share capital	126.462	2.795.995	96.308	0	3.018.765
Proposed distribution of results	0	0	-2.324.169	1.250.516	-1.073.653
	126.562	2.795.995	-2.324.169	1.250.516	1.848.904

6. Contingent liabilities

No contingent liabilities exist at the balance sheet date.

7. Collaterals and securities

No securities or mortgages exist at the balance sheet date.