

M-PAYG APS

Vestergade 29, st.
1456 København K

CVR No. 37267570

Annual Report 2021

6. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 28 June 2022

Iver Alex Tesdorp Unsgaard
Chairman

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Management's Statement

Today, the Board of Directors and the Executive Board have considered and adopted the Annual Report of M-PAYG APS for the financial year 1 January 2021 - 31 December 2021.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2021 and of the results of the Group's and the Company's operations and the Group's cash flows for the financial year 1 January 2021 - 31 December 2021.

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

The Annual General Meeting of the Company has adopted that the Company's Financial Statements are not to be audited. 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, 28 June 2022

Executive Board

Niels Thomas Agner Hansen
Man. Director

Board of Directors

Iver Alex Tesdorpf Unsgaard
Chairman

Per Reimer
Member

Camilla Bredholt
Member

Auditors' Report on Compilation of Financial Statements

To the Management of M-PAYG APS

We have compiled the consolidated financial statements and the financial statements of M-PAYG APS for the financial year 1 January 2021 - 31 December 2021 based on the information you have provided.

The consolidated financial statements and the financial statement comprise a summary of significant accounting Policies, income statement, balance sheet, statement of changes in equity and notes.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of the consolidated financial statements and the financial statements in accordance with the Danish Financial Statement Act. We have complied with relevant requirements under the Danish Act on Approved auditors and Audit Firms and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) including principles of integrity, objectivity, professional competence and due care.

The consolidated financial statements and the financial statements 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 consolidated financial statements and the financial statements. Accordingly, we do not express an audit or review opinion on whether the consolidated financial statements and the financial statements are prepared in accordance with the Danish Financial Accounts Act.

Copenhagen, 28 June 2022

HARBOE CONSULT ApS - GODKENDT REVISIONSVIRKSOMHED

CVR-no. 35649417

Michael Harboe
Registered Public Accountant
mne661

Company details

Company	M-PAYG APS Vestergade 29, st. 1456 København K
CVR No.	37267570
Date of formation	1 December 2015
Board of Directors	Iver Alex Tesdorpf Unsgaard Per Reimer Camilla Bredholt
Executive Board	Niels Thomas Agner Hansen, Man. Director
Parent Company	M-payg ApS
Group enterprises	M-payg EA Limited, Kenya M-payg Limited, Tanzania M-payg Malawi Limited, Malawi
Auditors	HARBOE CONSULT ApS - GODKENDT REVISIONSVIRKSOMHED Grønningen 17, st. th. 1270 København K CVR-no.: 35649417

Management's Review

The Group's principal activities

The Group and M-PAYG APS principal activities are to design, develop and produce small-scale decentralized solar home systems and source complementary appliances that are affordable to low-income households and smaller businesses in emerging markets. M-PAYG's core mission is to offer the best tailored energy solutions to people without. M-PAYG facilitates that customers can buy the products on credit and repay their monthly instalments through mobile payments.

Development in activities and the financial situation

The Group's Income Statement of the financial year 1 January 2021 - 31 December 2021 shows a result of DKK -4.124.951 and the Balance Sheet of the Group at 31 December 2021 a balance sheet total of DKK 12.176.320 and an equity of DKK 346.720.

Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the Company substantially.

Accounting Policies

Reporting Class

The Annual Report of M-PAYG APS for 2021 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.

Consolidated Financial Statements

The Consolidated Financial Statements comprise the parent company M-PAYG APS and subsidiaries in which M-PAYG APS directly or indirectly holds more than 50% of the voting rights or in other ways has control. Enterprises in which the Group holds between 20% and 50% of the voting rights and exercises significant but not controlling influence are considered associates, cf. Group chart.

For the consolidation, intercompany income and costs, shareholdings, intercompany balances and dividends as well as realised and unrealised profit and loss are eliminated in connection with transactions between the consolidated enterprises.

Equity investments in subsidiaries are eliminated by the proportionate share of the subsidiaries' market value of net assets and liabilities at the time of acquisition.

Newly acquired or established enterprises are recognised in the Consolidated Financial Statements from the date of acquisition. Enterprises sold or liquidated are recognised in the Consolidated Income Statement up to the date of disposal. Comparative figures are not corrected for enterprises newly acquired, sold or liquidated.

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

Revenue is recognised in the income statement if the goods have been delivered and the risk has passed to the buyer before year-end and if the revenue can be reliably calculated and expected to be received. Revenue is recognised exclusive of VAT and net of sales discounts.

Other operating income

Other operating income comprises items of a secondary nature to the activities of the enterprises, including profits on sale of intangible and tangible assets.

Raw materials and consumables used

Costs for raw materials and consumables comprise the cost of goods purchased less discounts, costs subcontractors and change in inventories for the year.

Other external expenses

Other external expenses comprise expenses regarding sale and administration.

Staff expenses

Staff expenses comprise wages, salaries and other pay-related costs, such as sickness benefits for enterprise employees less wage/salary reimbursement, pensions and social security costs.

Other staff expenses are recognised in other external expenses.

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%
Other fixtures and fittings, tools and equipment	3-10 years	0%

Profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

Income from equity investments in group enterprises

Income from equity investments comprises dividends received from group enterprises 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 based on the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, realised and unrealised capital gains and losses regarding accounts payable and transactions in foreign currencies and surcharges and allowances under the tax prepayment 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 comprise costs, including wages, salaries and amortisation, that are directly or indirectly attributable to the development activities of the enterprise and meet the recognition criteria.

Capitalised development costs are measured at cost on initial recognition and subsequently at the lower of cost less accumulated amortisation and the recoverable amount.

Tangible assets

Tangible assets are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the data of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

In case of changes in depreciation period or residual value, the effect of a change in depreciation period is recognised prospectively in accounting estimates.

Cost includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use. The cost of self-constructed assets includes costs for materials, components, subcontractors, direct payroll costs and indirect production costs.

The cost of composite asset is disaggregated into components, which are separately depreciated if the useful lives of the individual components differ.

Equity investments in group enterprise

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.

Deposits

Deposits are measured at cost.

Inventories

Inventories are measured at cost on the basis of the FIFO principle. Where the net realisable value is lower than cost, the inventories are written down to this lower value.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs incurred to make the sale. The value is determined taking into account the negotiability of inventories, obsolescence and expected development in sales price.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Accounting Policies

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.

Impairment of accounts receivables past due is established on individual assessment of receivables.

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

Development cost reserve

Development cost reserve includes recognised development costs. The reserve is not available for the payment of dividends or losses. The reserve is deducted or dissolved by depreciation of the recognised costs or abandonment of the activity. Such reduction or dissolution is made by means of a transfer to distributable reserves.

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.

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.

Other payables

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

Contingent assets and liabilities

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

Income Statement

		Group		Parent	
	Note	2021	2020	2021	2020
		kr.	kr.	kr.	kr.
Revenue		4.161.813	911.815	0	120.550
Other operating income		0	159.439	138.901	0
Raw materials and cosumables used		-3.429.872	-844.054	0	-181.927
Other external expenses		-2.545.069	-1.871.785	-1.034.710	-984.906
Gross result		-1.813.129	-1.644.583	-895.809	-1.046.283
Employee benefits expense	1	-2.233.288	-2.145.897	-1.142.081	-1.387.692
Depreciation, amortisation expense and impairment losses of development costs		-911.106	-650.445	-895.128	-635.470
Writedowns of current assets		0	-3.906	-1.982.500	-1.263.537
Other operating expenses		0	-7.222	0	0
Profit from ordinary operating activities		-4.957.522	-4.452.054	-4.915.518	-4.332.981
Other finance income from group enterprises		0	0	55.266	37.653
Other finance income	2	682.893	0	1.142.157	0
Finance expenses arising from group enterprises	3	-678.189	-173.682	-678.189	-173.682
Other finance expenses	3	-159.449	-291.352	-63.168	-12.740
Profit from ordinary activities before tax		-5.112.268	-4.917.088	-4.459.452	-4.481.749
Tax expense on ordinary activities	4	987.316	699.698	334.501	264.359
Profit/loss		-4.124.951	-4.217.390	-4.124.951	-4.217.390
Proposed distribution of results					
Overført til reserve for udviklingsomkostninger		487.756	642.368	487.756	642.368
Retained earnings		-4.612.707	-4.859.758	-4.612.707	-4.859.758
Distribution of profit		-4.124.951	-4.217.390	-4.124.951	-4.217.390

Balance Sheet as of 31 December

	Note	Group 2021 kr.	2020 kr.	Parent 2021 kr.	2020 kr.
Assets					
Completed development projects	5	3.952.729	3.212.858	3.952.729	3.212.858
Development projects in progress	6	1.344.477	1.459.018	1.344.477	1.459.018
Intangible assets		5.297.206	4.671.877	5.297.206	4.671.877
Fixtures, fittings, tools and equipment	7	12.630	22.421	0	0
Property, plant and equipment		12.630	22.421	0	0
Deposits	8	19.845	19.845	19.845	19.845
Investments		19.845	19.845	19.845	19.845
Fixed assets		5.329.680	4.714.143	5.317.050	4.691.721
Manufactured goods and goods for resale		73.833	1.563.814	0	1.342.596
Inventories		73.833	1.563.814	0	1.342.596
Short-term trade receivables		4.225.194	331.490	0	0
Short-term receivables from group enterprises		0	0	5.142.169	1.073.647
Current deferred tax		1.172.620	435.338	0	0
Short-term tax receivables		335.501	320.984	335.501	320.984
Other short-term receivables		145.483	228.548	140.494	154.579
Prepayments		94.505	0	0	0
Receivables		5.973.303	1.316.361	5.618.164	1.549.210
Cash and cash equivalents		799.503	78.775	721.316	42.435
Current assets		6.846.639	2.958.950	6.339.481	2.934.240
Assets		12.176.320	7.673.093	11.656.531	7.625.962

Balance Sheet as of 31 December

	Note	Group 2021 kr.	2020 kr.	Parent 2021 kr.	2020 kr.
Liabilities and equity					
Contributed capital		1.999.932	1.999.932	1.999.932	1.999.932
Share premium		10.306.125	10.306.125	10.306.125	10.306.125
Reserve for development expenditure		4.131.820	3.644.064	4.131.820	3.644.064
Retained earnings		-16.091.157	-11.478.450	-16.091.157	-11.478.449
Equity		346.720	4.471.671	346.720	4.471.671
Convertible, profit yielding or dividend yielding debt instruments		10.918.885	2.726.394	10.918.885	2.726.394
Long-term liabilities other than provisions	9	10.918.885	2.726.394	10.918.885	2.726.394
Trade payables		453.527	172.571	237.073	118.618
Other payables		457.188	302.457	153.853	309.278
Short-term liabilities other than provisions		910.715	475.028	390.926	427.897
Liabilities other than provisions within the business		11.829.600	3.201.422	11.309.811	3.154.291
Liabilities and equity		12.176.320	7.673.093	11.656.531	7.625.962
Contingent liabilities	10				
Collaterals and assets pledges as security	11				

Statement of changes in Equity

Parent

	Contributed capital	Share premium	Reserve for Development expenditure	Retained earnings	Total
Equity 1 January 2021	1.999.932	10.306.125	3.644.064	-11.478.449	4.471.672
Adjusted equity 1 January 2021	1.999.932	10.306.125	3.644.064	-11.478.449	4.471.672
Profit (loss)	0	0	487.756	-4.612.707	-4.124.951
Equity 31 December 2021	1.999.932	10.306.125	4.131.820	-16.091.156	346.721

Parent

The share capital has developed as follows:

	2021	2020	2018	2017	2016
Balance at the beginning of the year	1.999.932	164.252	164.252	126.562	100
Correction at the beginning of the year	0	880	0	0	0
Addition during the year	0	1.834.800	0	37.690	126.462
Balance at the end of the year	1.999.932	1.999.932	164.252	164.252	126.562

Notes

	Group		Parent	
	2021	2020	2021	2020
1. Employee benefits expense				
Wages and salaries	2.739.965	2.760.460	1.648.759	2.002.255
Social security contributions	11.226	14.885	11.226	14.885
Employee expenses transferred to assets	-521.429	-648.000	-521.429	-648.000
Other employee expense	3.526	18.552	3.526	18.552
	2.233.288	2.145.897	1.142.082	1.387.692
Average number of employees	30	29	3	2
2. Other finance income				
Other finance income	682.893	0	1.142.157	0
	682.893	0	1.142.157	0
3. Finance expenses				
Finance expenses arising from group enterprises	678.189	173.682	678.189	173.682
Other finance expenses	159.449	291.352	63.169	12.740
	837.638	465.034	741.358	186.422
4. Tax expense				
Tax expense	-652.815	-435.338	0	0
Deferred tax, adjustment	0	56.625	0	56.625
Payout through the tax credit scheme	-334.501	-320.984	-334.501	-320.984
	-987.316	-699.697	-334.501	-264.359
5. Completed development projects				
Cost at the beginning of the year	4.475.640	3.177.352	4.475.640	3.177.352
Addition during the year, incl. improvements	1.634.998	1.298.288	1.634.998	1.298.288
Cost at the end of the year	6.110.638	4.475.640	6.110.638	4.475.640
Depreciation and amortisation at the beginning of the year	-1.262.782	-627.312	-1.262.782	-627.312
Amortisation for the year	-895.128	-635.470	-895.128	-635.470
Impairment losses and amortisation at the end of the year	-2.157.910	-1.262.782	-2.157.910	-1.262.782
Carrying amount at the end of the year	3.952.728	3.212.858	3.952.728	3.212.858

Notes

	Group		Parent	
	2021	2020	2021	2020
6. Development projects in progress				
Cost at the beginning of the year	1.459.018	1.298.288	1.459.018	1.298.288
Addition during the year, incl. improvements	1.344.477	1.459.018	1.344.477	1.459.018
Disposal during the year	-1.459.018	-1.298.288	-1.459.018	-1.298.288
Cost at the end of the year	1.344.477	1.459.018	1.344.477	1.459.018
Carrying amount at the end of the year	1.344.477	1.459.018	1.344.477	1.459.018
7. Fixtures, fittings, tools and equipment				
Cost at the beginning of the year	44.646	56.911	0	0
Change due to a foreign currency translation adjustment	7.857	0	0	0
Addition during the year, incl. improvements	2.432	4.687	0	0
Disposal during the year	0	-16.952	0	0
Cost at the end of the year	54.935	44.646	0	0
Depreciation and amortisation at the beginning of the year	-22.225	-13.102	0	0
Change due to foreign currency translation adjustment	-4.102	0	0	0
Amortisation for the year	-15.978	-12.856	0	0
Reversal of impairment losses and amortisation of disposed assets	0	3.733	0	0
Impairment losses and amortisation at the end of the year	-42.305	-22.225	0	0
Carrying amount at the end of the year	12.630	22.421	0	0
8. Deposits				
Cost at the beginning of the year	19.845	19.845	19.845	19.845
Cost at the end of the year	19.845	19.845	19.845	19.845
Carrying amount at the end of the year	19.845	19.845	19.845	19.845

Notes

	Group		Parent	
	2021	2020	2021	2020

9. Long-term liabilities**Parent**

	Due after 1 year	Due within 1 year	Due after 5 years
Convertible, profit yielding or dividend yielding debt instruments	10.918.885	0	0
	<u>10.918.885</u>	<u>0</u>	<u>0</u>

Group

	Due after 1 year	Due within 1 year	Due after 5 years
Convertible, profit yielding or dividend yielding debt instruments	10.918.885	0	0
	<u>10.918.885</u>	<u>0</u>	<u>0</u>

10. Contingent liabilities

No contingent liabilities exist at the balance sheet date.

11. Collaterals and securities

No securities or mortgages exist at the balance sheet date.