

Annual report 1 January - 31 December 2017

Company reg. no. 31 89 01 01

ePower Technology ApS

Kokkedal Industripark 2 B

2980 Kokkedal

The annual report have been submitted and approved by the general meeting on 19 June 2018.

Flemming Bruhn
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of ePower Technology ApS for the financial year 1 January to 31 December 2017.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2017 and of the company's results of its activities in the financial year 1 January to 31 December 2017.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Kokkedal, 19 June 2018

Managing Director

Flemming Bruhn

Board of directors

Arie Frank van Winkelhof

Lars Laier Henriksen

Max Damgaard

Independent auditor's report

To the shareholders of ePower Technology ApS

Opinion

We have audited the annual accounts of ePower Technology ApS for the financial year 1 January to 31 December 2017, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2017 and of the results of the company's operations for the financial year 1 January to 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainties concerning the enterprise's ability to continue as a going concern

We draw attention to the uncertainty concerning the enterprise's ability to continue as a going concern. We refer to note 1, where the uncertainty is described. The going concern depends on the expressions regarding supply of capital and liquidity actually being completed.

Our opinion is not modified based on this matter.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the company'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 annual accounts 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Glostrup, 19 June 2018

PKF Munkebo Vindelev
State Authorised Public Accountants
Company reg. no. 14 11 92 99

Kasper Vindelev
State Authorised Public Accountant
MNE-nr. 29389

Company data

The company

ePower Technology ApS
Kokkedal Industripark 2 B
2980 Kokkedal

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Company reg. no. 31 89 01 01

Established: 1 November 2008

Domicile: Kokkedal

Financial year: 1 January - 31 December
9th financial year

Board of directors

Arie Frank van Winkelhof
Lars Laier Henriksen
Max Damgaard

Managing Director

Flemming Bruhn

Auditors

PKF Munkebo Vindelev, Statsautoriseret Revisionsaktieselskab
Hovedvejen 56
2600 Glostrup

Bankers

Danske Bank A/S, Lyngby Hovedgade 25, 2800 Kgs. Lyngby

Financial highlights

DKK in thousands.	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Profit and loss account:					
Gross profit	-43	1.096	549	443	733
Results from operating activities	-690	563	32	-56	89
Net financials	-76	-21	-7	-51	-76
Results for the year	-767	421	19	-84	22
Balance sheet:					
Balance sheet sum	1.445	2.153	1.268	2.171	2.645
Equity	50	817	397	378	462
Employees:					
Average number of full time employees	0	0	0	0	0

Management's review

The principal activities of the company

The main activity has, as in previous years, been to develop business models for B2B partners, based on the patented ETFM engine technology, where the ETFM technology is a part of a concept that adds value to the end user, as well as producing the ETFM technology to B2B partners.

Uncertainties as to going concern

The preparation of the financial statements requires an assessment in the validity of the going concern assumption. The management has reviewed projections and potential opportunities. Any potential short falls have been identified and the steps to which the management is able to mitigate such scenarios.

The management recognises that there is a level of uncertainty as to going concern. However, the management has a reasonable expectation that the company has sufficient resources to continue operations and existence for the foreseeable future. Accordingly the management believes it is appropriate to adopt the going concern basis in the preparation of the financial statements. Please see the management's review for further information.

Development in activities and financial matters

The gross loss for the year is DKK -43.000 against DKK 1.096.000 last year. The results from ordinary activities after tax are DKK -767.000 against DKK 421.000 last year. The management consider the results satisfactory.

The company has lost more than 50 % of the share capital, and is therefore subject to the rules of the Danish Companies Act § 119 (Selskabsloven). The management expects to reestablish the lost capital through future earnings.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which have material impact on the financial position of the company.

Accounting policies used

The annual report for ePower Technology ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Accounting policies used

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

THE PROFIT AND LOSS ACCOUNT

Gross loss

The gross loss comprises the net turnover, production costs and other operating income.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Production costs

The production costs comprise costs, including salaries, wages and depreciation, which are incurred in order to achieve the net turnover of the year. Trade enterprises recognise cost of sales, and manufacturing enterprises recognise production costs corresponding to the turnover of the year. These costs include direct and indirect costs for raw materials and consumables, salaries and wages, rent and leasing, and depreciation on the production plant.

Distribution costs

The distribution costs comprise costs which have been incurred for distribution of goods sold during the year and for sales campaigns carried out during the year. Additionally, costs for sales staff, costs for advertising and exhibitions, and depreciation are recognised in the profit and loss account.

Administration costs

Administration costs comprise costs which have been incurred during the year for management and administration, including costs for the administrative staff, the executive board, offices, stationery and office supplies, and depreciation.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Accounting policies used

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

THE BALANCE SHEET

Intangible fixed assets

Patent

Patents and licenses are measured at cost with deduction of accrued amortisation. Patents are amortised on a straight-line basis over 5 years.

Gain and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Gain or loss are recognised in the profit and loss account as other operating income or other operating expenses respectively.

Tangible fixed assets

Tangible fixed assets are measured at cost with addition of revaluations and with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	<i>Useful life</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>3-5 years</i>

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Accounting policies used

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Accounting policies used

Other provisions

Provisions comprise expected costs for guarantee liabilities, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the company.

If the settlement of the liability is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

Liabilities

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

Profit and loss account 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
Gross loss	-42.674	1.096.006
Distribution costs	-22.356	-25.017
Administration costs	-625.210	-508.093
Operating profit	-690.240	562.896
Other financial costs	-75.950	-20.645
Results before tax	-766.190	542.251
2 Tax on ordinary results	-1.086	-121.741
Results for the year	-767.276	420.510
Proposed distribution of the results:		
Allocated to results brought forward	0	420.510
Allocated from results brought forward	-767.276	0
Distribution in total	-767.276	420.510

Balance sheet 31 December

All amounts in DKK.

Assets			
<u>Note</u>		<u>2017</u>	<u>2016</u>
Fixed assets			
3	Acquired rights	0	0
	Intangible fixed assets in total	0	0
4	Other plants, operating assets, and fixtures and furniture	0	3.520
	Tangible fixed assets in total	0	3.520
	Fixed assets in total	0	3.520
Current assets			
	Manufactured goods and trade goods	819.849	492.831
	Inventories in total	819.849	492.831
	Trade debtors	428.335	1.437.656
5	Deferred tax assets	0	1.086
	Other debtors	128.884	145.497
	Accrued income and deferred expenses	54.772	61.790
	Debtors in total	611.991	1.646.029
	Available funds	12.660	10.701
	Current assets in total	1.444.500	2.149.561
	Assets in total	1.444.500	2.153.081

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2017</u>	<u>2016</u>
Equity			
6	Contributed capital	147.000	147.000
7	Results brought forward	-97.058	670.218
	Equity in total	<u>49.942</u>	<u>817.218</u>
 Provisions			
	Other provisions	39.600	58.030
	Provisions in total	<u>39.600</u>	<u>58.030</u>
 Liabilities			
	Trade creditors	1.052.029	700.968
8	Corporate tax	47.967	102.730
	Other debts	254.962	474.135
	Short-term liabilities in total	<u>1.354.958</u>	<u>1.277.833</u>
	Liabilities in total	<u>1.354.958</u>	<u>1.277.833</u>
	Equity and liabilities in total	<u>1.444.500</u>	<u>2.153.081</u>

1 **Uncertainties concerning the enterprise's ability to continue as a going concern**

9 **Contingencies**

Notes

All amounts in DKK.

1. Uncertainties concerning the enterprise's ability to continue as a going concern

The management recognises that there is a level of uncertainty as to going concern. However, the management has a reasonable expectation that the company has sufficient resources to continue operations and existence for the foreseeable future. Accordingly the management believes it is appropriate to adopt the going concern basis in the preparation of the financial statements. Please see the management's review for further information.

	<u>2017</u>	<u>2016</u>
2. Tax on ordinary results		
Tax of the results for the year	0	99.352
Adjustment for the year of deferred tax	1.086	22.389
	<u>1.086</u>	<u>121.741</u>
	<u>31/12 2017</u>	<u>31/12 2016</u>
3. Acquired rights		
Cost 1 January 2017	246.664	246.664
Cost 31 December 2017	<u>246.664</u>	<u>246.664</u>
Amortisation and writedown 1 January 2017	-246.664	-242.313
Amortisation for the year	0	-4.351
Amortisation and writedown 31 December 2017	<u>-246.664</u>	<u>-246.664</u>
Book value 31 December 2017	<u>0</u>	<u>0</u>
4. Other plants, operating assets, and fixtures and furniture		
Cost 1 January 2017	36.258	36.258
Cost 31 December 2017	<u>36.258</u>	<u>36.258</u>
Depreciation and writedown 1 January 2017	-32.738	-28.514
Depreciation for the year	-3.520	-4.224
Depreciation and writedown 31 December 2017	<u>-36.258</u>	<u>-32.738</u>
Book value 31 December 2017	<u>0</u>	<u>3.520</u>

Notes

All amounts in DKK.

	<u>31/12 2017</u>	<u>31/12 2016</u>
5. Deferred tax assets		
Deferred tax assets 1 January 2017	0	23.475
	<u>0</u>	<u>-22.389</u>
	0	1.086
The following items are subject to deferred tax:		
Intangible fixed assets	0	683
Tangible fixed assets	<u>0</u>	<u>403</u>
	0	1.086
6. Contributed capital		
Contributed capital 1 January 2017	<u>147.000</u>	<u>147.000</u>
	147.000	147.000
7. Results brought forward		
Results brought forward 1 January 2017	670.218	249.708
Profit or loss for the year brought forward	<u>-767.276</u>	<u>420.510</u>
	-97.058	670.218
8. Corporate tax		
Corporate tax 1 January 2017	102.730	-6.000
Paid corporate tax concerning last year	-54.763	6.000
Calculated corporate tax for the present year	0	99.352
Interest on tax	<u>0</u>	<u>3.378</u>
	47.967	102.730
9. Contingencies		
Contingent liabilities		
The company has entered a tenancy agreement about office premises. The company has a rental commitment of tDKK 55 as of December 2017.		