Greenwave Systems ApS

Vesterbrogade 149, st. b1, DK-1620 København V

Annual Report for 1 January - 31 December 2022

CVR No 32 44 09 75

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 13/7 2023

Sune Wendelboe Spiegelhauer
Chairman of the General Meeting

Contents

Management’s Statement

The Executive Board has today considered and adopted the Annual Report of Greenwave Systems ApS for the financial year 1 January - 31 December 2022.

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

In my opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

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

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

Copenhagen, 13 July 2023

Executive Board

Sune Wendelboe Spiegelhauer

Independent Auditor’s Report

To the Shareholder of Greenwave Systems ApS

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company’s operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Greenwave Systems ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies (”the Financial Statements”).

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
Without making modifications to our opinion, we draw attention to the information in note 1, in which the management explains significant uncertainty regarding the circumstances and events that could rise significant doubts about the Company's ability to continue its operations. This uncertainty is attributed to the Company's ability to obtain the necessary funding.

The Management believes that it is possible to acquire sufficient capital, and in accordance with this, the annual report is presented as going concern.

Statement on Management’s Review
Management is responsible for Management’s Review.

Our opinion on the Financial Statements does not cover Management’s Review, 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 Management’s Review and, in doing so, consider whether Management’s Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management’s Review provides the information required under the Danish Financials Statements Act.

Independent Auditor's Report

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company 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.

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 Company'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 Company's ability to

Independent Auditor's Report

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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, 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.

Hellerup, 13 July 2023
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Flemming Eghoff State Authorised Public Accountant mne30221	Claus Damhave State Authorised Public Accountant mne34166

Company Information

The Company	Greenwave Systems ApS Vesterbrogade 149, st. b1 DK-1620 København V Telephone: + 45 69 13 23 33 CVR No: 32 44 09 75 Financial period: 1 January - 31 December Financial year: 13rd financial year Municipality of reg. office: København
Executive Board	Sune Wendelboe Spiegelhauer
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Management's Review

Key activities

The main activity is to operate with development, production and distribution of technology solutions and other related activities after management's determination.

Development in the year

The income statement of the Company for 2022 shows a profit of DKK 1,124,029, and at 31 December 2022 the balance sheet of the Company shows equity of DKK 8,307,237.

Capital resources

We draw attention to the information in note 1.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement
1 January - 31 December 2022

	Note	2022	2021
		DKK	DKK
Gross profit/loss		**8.361.532**	**7.013.187**
Staff expenses	2	-8.226.057	-6.854.406
Depreciation, amortisation and impairment of intangible assets and property, plant and other equipment		-135.475	-112.530
Resultat før finansielle poster		**0**	**46.251**
Income from investments in subsidiares		0	-14.880.932
Financial income	3	1.462.243	6.252
Financial expenses	4	-12.021	-52.503
Resultat før skat		**1.450.222**	**-14.880.932**
Tax on profit/loss for the year	5	-326.193	0
Net profit/loss for the year		**1.124.029**	**-14.880.932**

Distribution of profit

Proposed distribution of profit

Retained earnings	1.124.029	-14.880.932
	1.124.029	**-14.880.932**

Balance Sheet 31 December 2022

Assets

	Note	2022	2021
		DKK	DKK
Software		0	4.417
Intangible assets	6	**0**	**4.417**
Other fixtures and fittings, tools and equipment		215.296	261.839
Property, plant and equipment	7	**215.296**	**261.839**
Investments in subsidiaries	8	1.290.000	1.290.000
Deposits		94.758	274.397
Fixed asset investments		**1.384.758**	**1.564.397**
Fixed assets		**1.600.054**	**1.830.653**
Trade receivables		2.411.754	1.304.776
Receivables from group enterprises		13.422.543	7.680.525
Other receivables		0	658.156
Prepayments		46.319	91.692
Receivables		**15.880.616**	**9.735.149**
Cash at bank and in hand		**202.188**	**420.986**
Currents assets		**16.082.804**	**10.156.135**
Assets		**17.682.858**	**11.986.788**

Balance Sheet 31 December 2022

Liabilities and equity

	Note	2022 DKK	2021 DKK
Share capital		135.000	135.000
Retained earnings		8.172.237	7.048.208
Equity		**8.307.237**	**7.183.208**
Other payables		1.189.776	1.427.466
Long-term debt	9	**1.189.776**	**1.427.466**
Trade payables		4.415.008	1.844.531
Payables to group enterprises		2.437.413	136.036
Payables to group enterprises relating to corporation tax		323.097	0
Other payables	9	1.010.327	1.395.547
Short-term debt		**8.185.845**	**3.376.114**
Debt		**9.375.621**	**4.803.580**
Liabilities and equity		**17.682.858**	**11.986.788**
Going concern	1		
Contingent assets, liabilities and other financial obligations	10		
Accounting Policies	11		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	135.000	7.048.208	7.183.208
Net profit/loss for the year	0	1.124.029	1.124.029
Equity at 31 December	**135.000**	**8.172.237**	**8.307.237**

Notes to the Financial Statements

1 Going concern

As per 31 December 2022 the Company's equity is positive with MDKK 8,3. However, most of the Company's receivable items are towards other group companies. If these balances cannot be paid in full or partial, the Company's equity could be lost.

The Company is therefore dependent on the generation of sufficient liquidity in the Group.

During 2022 the Group continued to significantly reduce the operating expenses to bring in line with revenue expectation for 2023 and forward. Furthermore, Management is currently in process of restructuring the Group structure and the internal financing setup.

As of the issuance date of these Financial Statements, the Ultimate Parent Company does not have adequate cash on hand to sustain its operations until 31 December 2023. The Group will run out of money in August 2023 but is currently negotiating with an existing investor about additional funding of MUSD 1,5, the additional funding is expected to fund operations until the Group expects to become profitable in Q4 2024. There are no binding agreements, however Management expects that the negotiations will succeed and at least receive a bridge loan to finance the remaining of the financial year.

Therefore, Management’s expectation is that the cash position will come to fruition, which will allow the Parent Company to operate for the foreseeable future and resume negotiations with potential investors to complete an equity offering.

Management therefore submits and approves the Annual Report for 2022 on assumption of going concern. However, the above uncertainty in generating sufficient cash indicates that a material uncertainty exists, which may cast significant doubt on the Company's ability to continue as going concern.

2 Staff expenses

	2022	2021
	DKK	DKK
Wages and salaries	8.159.128	6.768.555
Other social security expenses	21.585	17.230
Other staff expenses	45.344	68.621
	8.226.057	**6.854.406**
Average number of employees	**10**	**8**

Notes to the Financial Statements

		2022	2021
		DKK	DKK
3	**Financial income**		
	Interest received from group enterprises	119.836	6.252
	Other financial income	11	0
	Exchange gains	1.342.396	0
		1.462.243	**6.252**
4	**Financial expenses**		
	Interest paid to group enterprises	6.595	27.847
	Other financial expenses	5.426	16.149
	Exchange loss	0	8.507
		12.021	**52.503**
5	**Tax on profit/loss for the year**		
	Current tax for the year	323.097	0
	Adjustment of tax concerning previous years	3.096	0
		326.193	**0**

6 Intangible assets

	Software
	DKK
Cost at 1 January	350.353
Cost at 31 December	350.353
Impairment losses and amortisation at 1 January	345.936
Amortisation for the year	4.417
Impairment losses and amortisation at 31 December	350.353
Carrying amount at 31 December	**0**

Notes to the Financial Statements

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	2.599.417
Additions for the year	84.515
Cost at 31 December	2.683.932
Impairment losses and depreciation at 1 January	2.337.578
Depreciation for the year	131.058
Impairment losses and depreciation at 31 December	2.468.636
Carrying amount at 31 December	**215.296**

8 Investments in subsidiaries

	2022	2021
	DKK	DKK
Cost at 1 January	16.170.932	16.170.932
Cost at 31 December	16.170.932	16.170.932
Value adjustments at 1 January	-14.880.932	0
Impairment losses for the year	0	-14.880.932
Value adjustments at 31 December	-14.880.932	-14.880.932
Carrying amount at 31 December	**1.290.000**	**1.290.000**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Greenwave Mobile IoT ApS	Copenhagen	50.000	100%	1.287.564	-1.278

Notes to the Financial Statements

9 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2022	2021
	DKK	DKK
Other payables		
After 5 years	1.189.776	1.082.055
Between 1 and 5 years	0	345.411
Long-term part	1.189.776	1.427.466
Other short-term payables	1.010.327	1.395.547
	2.200.103	**2.823.013**

10 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations, period of terminability 12 months	129.495	168.603

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Greenwave Denmark Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

Notes to the Financial Statements

11 Accounting Policies

The Annual Report of Greenwave Systems ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in DKK.

Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. 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 flow 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 will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Notes to the Financial Statements

11 Accounting Policies (continued)

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

11 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods and services is recognised when the risks and rewards relating to the goods and services sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of goods sold

Cost of goods sold comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, cost of goods sold and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Impairment losses for the year is recognised in the income statement, when cost exceeds the recoverable amount of investments in subsidiaries.

Notes to the Financial Statements

11 Accounting Policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with other Danish group companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Software and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Licences and software are amortised over the licence period; however not exceeding 5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5	years

The fixed assets' residual values are determined at nil.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Notes to the Financial Statements

11 Accounting Policies (continued)

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums and subscriptions.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.