

WattsUp Power A/S

CVR-no. 35 82 70 48

Sydholmen 8
2650 Hvidovre

Annual Report 2016

(Financial year 1 January 2016 - 31 December 2016)

The Annual Report is presented and
adopted at the Annual General Meeting of
shareholders on the 19 June 2017



Nicolai Reedtz Funder
Chairman of the meeting

Table of Contents

	<u>Page</u>
Statements and reports	
Management's Statement	1
Independent Auditor's Reports	2
Management's Review	
Corporate information	5
Management's Review	6
Financial Statements	
Income Statement	7
Balance Sheet	8
Notes	10
Accounting policies	12

Management's Statement

The Board of Directors and the Executive Board have today considered and approved the Annual Report of 1 January 2016 - 31 December 2016 for WattsUp Power A/S.

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

In our opinion the Financial Statements give a true and fair view of the Company's assets and liabilities, financial position and results of operations for the financial year ended 31 December 2016.

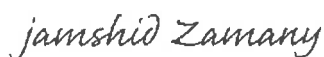
In our opinion the Management's Review gives a true and fair statement regarding the content in the Management's Review.

We recommend the Annual Report approved at the Annual General Meeting.

Hvidovre, 19 June 2017



Martin Speiermann

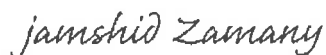


Jamshid Zamany

Executive Board:

Nicolai Reedtz Funder

Chairman



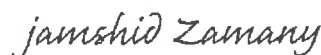
Parvin Zamany



Martin Speiermann

Fredie Speiermann

Rolf Stribolt Andersen



Jamshid Zamany

Management's Statement

The Board of Directors and the Executive Board have today considered and approved the Annual Report of 1 January 2016 - 31 December 2016 for WattsUp Power A/S.

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

In our opinion the Financial Statements give a true and fair view of the Company's assets and liabilities, financial position and results of operations for the financial year ended 31 December 2016.

In our opinion the Management's Review gives a true and fair statement regarding the content in the Management's Review.

We recommend the Annual Report approved at the Annual General Meeting.

Hvidovre, 19 June 2017

Board of Directors:

Martin Speiermann

Jamshid Zamany

Executive Board:



Nicolai Reedtz Funder

Chairman

Parvin Zamany

Martin Speiermann

Fredie Speiermann



Rolf Stribolt Andersen

Jamshid Zamany

Management's Statement

The Board of Directors and the Executive Board have today considered and approved the Annual Report of 1 January 2016 - 31 December 2016 for WattsUp Power A/S.

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

In our opinion the Financial Statements give a true and fair view of the Company's assets and liabilities, financial position and results of operations for the financial year ended 31 December 2016.

In our opinion the Management's Review gives a true and fair statement regarding the content in the Management's Review.

We recommend the Annual Report approved at the Annual General Meeting.

Hvidovre, 19 June 2017

Board of Directors:

Martin Speiermann

Jamshid Zamany

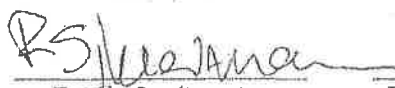
Executive Board:

Nicolaï Reedtz Funder

Parvin Zamany

Martin Speiermann

Chairman



Frede Speiermann

Rolf Stribolt Andersen

Jamshid Zamany

Independent Auditor's Reports

To the Shareholders of WattsUp Power A/S

Opinion

We have audited the Financial Statements of WattsUp Power A/S for the financial year 1 January 2016 - 31 December 2016, which comprise the income statement, balance sheet, notes and accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the operations for the financial year 1 January 2016 - 31 December 2016, in accordance with the Danish Financial Statements Act.

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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the 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.

Independent Auditor's Reports (-continued)

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 judgment and maintain professional skepticism 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 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.

Independent Auditor's Reports (-continued)

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on 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.

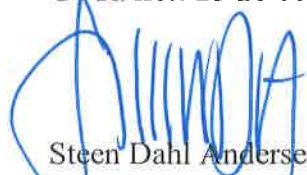
In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not identify any material misstatement of Management's Review.

Birkerød, 19 June 2017

Piaster Revisorerne,
statsautoriseret revisionsaktieselskab
CVR. no.: 25 16 00 37



Steen Dahl Andersen
State Authorized Public Accountant

Corporate information

Company details	WattsUp Power A/S Sydholmen 8 2650 Hvidovre	
	CVR no.:	35 82 70 48
	Founded:	19 March 2014
	Registered office:	Hvidovre
	Financial year:	1 January - 31 December
Board of Directors	Martin Speiermann Jamshid Zamany	
Executive Board	Nicolai Reedtz Funder Parvin Zamany Martin Speiermann Fredie Speiermann Rolf Stribolt Andersen Jamshid Zamany	
Auditor	Piaster Revisorerne, Statsautoriseret Revisionsaktieselskab	

Management's Review

Primary activities of the Company

The Company's objective is to develop and sell electromagnetic solutions in which energy can be stored.

Development in activities and financial affairs

The company's financial performance is considered satisfying.

Significant events occurred after the end of the financial year

No events materially affecting the financial position of the company have occurred after the end of the financial year.

Income Statement 1 January - 31 December

DKK	<u>Notes</u>	<u>2016</u>	<u>2015</u>
Revenue		3.498.484	2.244.511
Cost of sales		-2.781.682	-517.619
Other income		78.913	0
Other external expenses		-250.665	-377.655
Gross profit		545.050	1.349.237
Staff costs	1	-367.709	-637.358
Operating profit		177.341	711.879
Financial expenses		-142.787	-93.304
Profit before tax		34.554	618.575
Tax expense	2	-10.978	106.792
Profit for the year		23.576	725.367
 Proposed distribution of results			
Retained earnings		23.576	725.367
Proposed dividend recognised in equity		0	0
Total distribution		23.576	725.367

Balance Sheet at 31 December

Assets

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
Development projects in progress		1.340.756	1.340.756
Intangible assets		1.340.756	1.340.756
Fixed assets		1.340.756	1.340.756
Trade receivables		2.241.062	1.381.613
Other receivables		0	165.574
Corporation Tax		0	168.561
Receivables		2.241.062	1.715.748
Cash and cash equivalents		420.037	0
Current assets		2.661.099	1.715.748
Assets		4.001.855	3.056.504

Balance Sheet at 31 December

Equity and liabilities

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
Share capital		500.000	500.000
Retained earnings		317.262	293.686
Proposed dividend recognised in equity		0	0
Equity	4	<u>817.262</u>	<u>793.686</u>
Short-term debt to other credit institutions		0	1.387.818
Trade payables		98.852	0
Tax payables		72.747	0
Other payables		3.012.994	875.000
Short-term liabilities other than provisions		<u>3.184.593</u>	<u>2.262.818</u>
Liabilities other than provisions		<u>3.184.593</u>	<u>2.262.818</u>
Equity and liabilities		<u>4.001.855</u>	<u>3.056.504</u>

Notes

	<u>2016</u>	<u>2015</u>
1 Staff costs		
Wages and salaries	363.761	637.358
Social security contributions	3.948	0
	<u>367.709</u>	<u>637.358</u>
Average number of full time employees	<u>2</u>	<u>2</u>
2 Tax expense		
Tax expense on ordinary activities	10.978	106.792
Adjustment of deferred tax	0	0
	<u>10.978</u>	<u>106.792</u>
3 Development projects in progress		
Cost at 1 January	<u>1.340.756</u>	
Cost at 31 December	<u>1.340.756</u>	
Amortisations at 1 January	0	
Amortisation for the year	<u>0</u>	
Amortisations at 31 December	<u>0</u>	
Carrying amount at 31 December	<u>1.340.756</u>	

Notes

	<u>2016</u>	<u>2015</u>
4 Equity		
Share capital 1. januar	500.000	100
Capital increase	0	499.900
Share capital 31. december	<u>500.000</u>	<u>500.000</u>
Retained earnings at 1 January	293.686	68.219
Capital increase	0	-499.900
Proposed distribution of results this year	23.576	725.367
Retained earnings at 31 December	<u>317.262</u>	<u>293.686</u>
Proposed dividend recognised in equity at 1 January	0	0
Dividend paid	0	0
Proposed distribution of results	0	0
Proposed dividend recognised in equity at 31 December	<u>0</u>	<u>0</u>
Equity 31 December	<u>817.262</u>	<u>793.686</u>

Accounting policies

The Annual Report has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with election from reporting class C.

There has been no changes in accounting policies.

General

Reporting currency

The Annual Report is presented in Danish kroner (DKK).

In general regarding accounting and measuring

Income is recognized in the income statement when they are earned. Furthermore are all costs, depreciations and write downs recognized in the income statement when incurred.

Assets are recognized in the balance sheet when it is probable that future economical benefits will accrue to the company and the assets value can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economical benefits will be deducted from the company and the value can be measured reliably.

On initial recognition assets and liabilities are measured to cost price. Thereafter assets and liabilities are measured as described for each entry.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income statement

Revenue

Revenue includes invoiced sales of goods and rendering of services, recognition is done, when

- delivery and transfer of risk to the buyer has taken place before year end
- a committing sales agreement exists
- sales price is determined, and
- payment is received, or there are reasonable security that it will be received

Accounting policies

Revenue is recognized excluding value added tax and after deduction of provisions rebates and trade discounts relating to the sale.

Revenue also includes grants for development.

Cost of sales

Cost of sales include costs incurred to achieve revenue for the year. Cost of sales include development cost, freight and forwarding costs.

Other external expenses

Other external expenses include expenses related to sale, advertising, administration, premises etc.

Staff costs

Staff costs comprise costs such as wages and salaries, pension costs and other social security benefits ect. to the company's employees.

Financial items

Financial income and expenses are recognized in the income statement with the amounts related to the year. Financial income and expenses comprise interest receivable and payable, realised and unrealised capital gains on securities and currency translation adjustments.

Tax expense

Tax on income for the year, consisting of the year's current tax and deferred tax, is recognized in the income statement to the extent that it relates to the income or loss for the year and on equity to the extent that it relates there to.

Balance sheet

Intangible assets

Development costs for the initial development are measured at cost pris with deducted depreciations. Development costs are depreciated ove the expected economical lifetime, measured to be 3-5 years. The timeframe for depreciations is measured from expectations on the technological development of the initial investment.

The initial development cost is expected to be finalized in 2017 or 2018 and ordinary depreciations will begin.

Development costs related to grants recived are recognized as cost of sales in the profit and loss account at the time where they occur.

Accounting policies

Impairment of intangible assets

The carrying amount of intangible assets is every year reviewed in order to determine if there are indications of impairment exceeding the amount expressed by amortisations. If this is the case a impairment test is carried out in order to determine if the recoverable amount is lower than the carrying amount. The assets are written down to this lower value.

Recoverable amount for the asset is determined as the highest value of net sales price and the capital value. If it is not possible to determine the recoverable amount for the individual asset, assets are assessed together with the smallest group of assets where it is possible to determine a reliable evaluation of the recoverable amount.

Assets where it is not possible to determine an individual capital value because the asset does not generate future cash flows is assessed together with the group of assets which they can be attributed to.

Receivables

Receivables are measured at amortized cost which corresponds in all material respects to nominal value. The value is reduced with provisions for expected bad debts.

Cash and bank balances

Cash comprises cash balances and bank balances.

Dividends

Dividends expected to be paid in respect of the year are stated as a separate line item under equity.

Current tax and current deferred tax

Current tax liabilities and current tax assets are recognized in the balance sheet as estimated tax on the taxable income for the year, adjusted for change in tax on prior years' taxable income and for tax paid under the on-account tax scheme.

Deferred tax is measured according to the balance sheet liability method on all timing differences between the tax and accounting value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Accounting policies

Deferred income tax is measured using tax rules and tax rates that apply by the balance sheet date when the deferred tax asset is realised or the deferred income tax liability is settled. The change in deferred tax as a result of changes in tax rates is recognized in the income statement.

Liabilities

Other liabilities are measured at amortized cost, corresponding to the nominal value.