WattsUp Power A/S

Sydholmen 8, DK-2650 Hvidovre

Annual Report for 1 January - 31 December 2018

CVR No 35 82 70 48

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 26/6 2019

Nicolai Reedtz Funder
Chairman of the General Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of WattsUp Power A/S for the financial year 1 January - 31 December 2018.

The Annual Report is 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 at 31 December 2018 of the Company and of the results of the Company operations for 2018.

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

Hvidovre, 26 June 2019

Executive Board

Martin Speiermann
CEO

Board of Directors

Nicolai Reedtz Funder Chairman	Martin Speiermann	Fredie Speiermann

Independent Auditor's Report

To the Shareholder of WattsUp Power A/S

Report on the Financial Statements

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of WattsUp Power A/S for the financial year 1 January - 31 December 2018, 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' 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.

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.

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 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 Report

- 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.

Reporting obligations under section 7(2) of the Danish Executive Order on Approved Auditors' Reports

Non-compliance with the Danish Bookkeeping Act
In our opinion, the Company has not complied with the requirements of the Danish Bookkeeping Act in respect of the bookkeeping being planned and conducted in accordance with generally accepted accounting practice with due consideration of the nature and size of its business.

Company Management may incur liability on the basis of the non-compliance with the Danish Bookkeeping Act.

Hellerup, 26 June 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Niels Henrik B. Mikkelsen
State Authorised Public Accountant
mne16675

Company Information

The Company	WattsUp Power A/S Sydholmen 8 DK-2650 Hvidovre CVR No: 35 82 70 48 Financial period: 1 January - 31 December Incorporated: 19 March 2014 Municipality of reg. office: Hvidovre
Board of Directors	Nicolai Reedtz Funder, Chairman Martin Speiermann Fredie Speiermann
Executive Board	Martin Speiermann
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Management's Review

Financial Statements of WattsUp Power A/S for 2018 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 Annual Report has been prepared under the same accounting policies as last year.

Key activities

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

Development in the year

The income statement of the Company for 2018 shows a profit of DKK 1,553,931, and at 31 December 2018 the balance sheet of the Company shows equity of DKK 2,622,825.

Capital resources

The Company's current debt amounts to DKK 3,349,105 and the current assets amounts to DKK 2,295,409. To finance the Company's operations, the Company has entered an agreement with a new investor who will invest approximately DKK 22,350,000 during 2019.

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

	Note	2018	2017
		DKK	DKK
Gross profit/loss		**5.617.737**	**139.391**
Staff expenses	1	-1.014.641	-516.205
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-879.844	0
Other operating expenses		-750.000	0
Profit/loss before financial income and expenses		**2.973.252**	**-376.814**
Financial expenses	3	-131.528	-7.554
Profit/loss before tax		**2.841.724**	**-384.368**
Tax on profit/loss for the year	4	-1.287.793	81.000
Net profit/loss for the year		**1.553.931**	**-303.368**

Distribution of profit

Proposed distribution of profit

Retained earnings	1.553.931	-303.368
	1.553.931	**-303.368**

Balance Sheet 31 December

Assets

	Note	2018	2017
		DKK	DKK
Completed development projects		2.323.426	0
Development projects in progress		0	2.904.282
Intangible assets	5	**2.323.426**	**2.904.282**
Other fixtures and fittings, tools and equipment		2.539.593	0
Property, plant and equipment	6	**2.539.593**	**0**
Fixed assets		**4.863.019**	**2.904.282**
Trade receivables		1.491.486	1.176.772
Receivables from associates		5.000	0
Other receivables		790.979	31.486
Receivables		**2.287.465**	**1.208.258**
Cash at bank and in hand		**7.944**	**0**
Currents assets		**2.295.409**	**1.208.258**
Assets		**7.158.428**	**4.112.540**

Balance Sheet 31 December

Liabilities and equity

	Note	2018	2017
		DKK	DKK
Share capital		500.000	500.000
Retained earnings		2.122.825	-281.106
Equity		**2.622.825**	**218.894**
Provision for deferred tax		436.498	214.000
Other provisions		750.000	0
Provisions		**1.186.498**	**214.000**
Credit institutions		0	393.778
Prepayments received from customers		254.000	1.923.983
Trade payables		0	37.114
Payables to group enterprises		525.000	0
Payables to owners and Management		1.479.906	58.049
Corporation tax		0	72.747
Payables to group enterprises relating to corporation tax		990.748	0
Other payables		99.451	1.193.975
Short-term debt		**3.349.105**	**3.679.646**
Debt		**3.349.105**	**3.679.646**
Liabilities and equity		**7.158.428**	**4.112.540**
Contingent assets, liabilities and other financial obligations	7		
Accounting Policies	8		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	500.000	-281.106	218.894
Other equity movements	0	850.000	850.000
Net profit/loss for the year	0	1.553.931	1.553.931
Equity at 31 December	**500.000**	**2.122.825**	**2.622.825**

Notes to the Financial Statements

		2018	2017
		DKK	DKK
1	**Staff expenses**		
	Wages and salaries	1.005.458	516.205
	Other social security expenses	7.384	0
	Other staff expenses	1.799	0
		1.014.641	**516.205**
	Average number of employees	**3**	**2**

2	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**		
	Amortisation of intangible assets	580.856	0
	Depreciation of property, plant and equipment	298.988	0
		879.844	**0**

3	**Financial expenses**		
	Interest paid to group enterprises	25.000	0
	Other financial expenses	106.528	7.554
		131.528	**7.554**

4	**Tax on profit/loss for the year**		
	Current tax for the year	990.748	0
	Deferred tax for the year	222.498	-81.000
	Adjustment of tax concerning previous years	74.547	0
		1.287.793	**-81.000**

Notes to the Financial Statements

5 Intangible assets

	Completed development projects	Development projects in progress
	DKK	DKK
Cost at 1 January	0	2.904.282
Transfers for the year	2.904.282	-2.904.282
Cost at 31 December	2.904.282	0
Impairment losses and amortisation at 1 January	0	0
Amortisation for the year	580.856	0
Impairment losses and amortisation at 31 December	580.856	0
Carrying amount at 31 December	**2.323.426**	**0**

Development projects relates to the development of electromagnetic solutions in which energy can be stored. All development projects were finalised during 2018. It is expected that the completed development projects will be sold to the existing market to the existing customers as well as new customers. The amortisation period for completed development projects is 5 years. Further, development costs incurred during 2018 has been expensed.

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	0
Additions for the year	2.838.581
Cost at 31 December	2.838.581
Impairment losses and depreciation at 1 January	0
Depreciation for the year	298.988
Impairment losses and depreciation at 31 December	298.988
Carrying amount at 31 December	**2.539.593**

Notes to the Financial Statements

	2018	2017
	DKK	DKK
7 Contingent assets, liabilities and other financial obligations		
Charges and security		
The following assets have been placed as security with bankers:		
Floating charge on intangible assets, property, plant and equipment and trade receivables.	2.000.000	2.000.000

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 Clean World Innovation Invest IVS, 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

8 Accounting Policies

The Annual Report of WattsUp Power A/S for 2018 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 2018 are presented in DKK.

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.

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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods 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 sales

Cost of sales include costs incurred to achieve revenue for the year. Cost of sales include development cost.

Notes to the Financial Statements

8 Accounting Policies (continued)

Other external expenses

Other external expenses comprise expenses for premises, sales, and advertising 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, other operating income, expenses for raw materials and consumables 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.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company.

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 the Danish parent company. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

8 Accounting Policies (continued)

Balance Sheet

Intangible assets

Capitalised development costs are measured at cost with deduction of accrued amortisation or at the recoverable value, if this is lower.

After completion of the development work, capitalised development costs are amortised on a straight line-basis over the estimated financial useful life. The amortisation period is 5 years.

Depreciation period and residual value are reassessed annually.

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

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,500 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of fixed assets 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.

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.

Notes to the Financial Statements

8 Accounting Policies (continued)

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

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.