
WattsUp Power A/S

Sydholmen 8, DK-2650 Hvidovre

Annual Report for 1 January - 31 December 2020

CVR No 35 82 70 48

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
14/07 2021

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 2020.

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 2020 of the Company and of the results of the Company operations for 2020.

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

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

Hvidovre, 14 July 2021

Executive Board

Martin Speiermann
CEO

Board of Directors

Nicolai Reedtz Funder
Chairman

Martin Speiermann

Fredie Speiermann

Andreas Færgemann Tycho

Independent Auditor's Report

To the Shareholders of WattsUp Power A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 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 2020, 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 misstate-

Independent Auditor's Report

ment, 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.

Hellerup, 14 July 2021

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
Andreas Færgemann Tycho

Executive Board

Martin Speiermann

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

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 2020 shows a loss of DKK 11,048,732, and at 31 December 2020 the balance sheet of the Company shows negative equity of DKK 5,497,749.

Capital resources

Due to the loss for the year the Company has lost its share capital and is therefore subject to legislation regarding capital loss. Management expects the share capital to be reestablished due to continued operations and external funding. Refer to description in note 1.

Unusual events

The financial position at 31 December 2020 of the Company and the results of the activities of the Company for the financial year for 2020 have not been affected by any unusual events.

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	2020 DKK	2019 DKK
Gross profit/loss		-1.760.456	121.562
Staff expenses	2	-7.062.540	-3.920.688
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-2.084.533	-1.209.448
Other operating expenses		-31.010	-13.960
Profit/loss before financial income and expenses		-10.938.539	-5.022.534
Financial income	3	173.833	0
Financial expenses	4	-510.000	-163.944
Profit/loss before tax		-11.274.706	-5.186.478
Tax on profit/loss for the year	5	225.974	1.114.638
Net profit/loss for the year		-11.048.732	-4.071.840

Distribution of profit

Proposed distribution of profit

Retained earnings		-11.048.732	-4.071.840
		-11.048.732	-4.071.840

Balance Sheet 31 December

Assets

	Note	2020 DKK	2019 DKK
Completed development projects		4.862.590	2.344.001
Acquired patents		0	71.660
Development projects in progress		0	0
Intangible assets	6	4.862.590	2.415.661
Other fixtures and fittings, tools and equipment		1.404.158	1.971.875
Property, plant and equipment	7	1.404.158	1.971.875
Investments in subsidiaries	8	100	0
Fixed asset investments		100	0
Fixed assets		6.266.848	4.387.536
Inventories	9	955.065	3.163.335
Trade receivables		705.300	9.258.489
Receivables from group enterprises		74.400	0
Receivables from associates		0	14.420
Claim for payment of company capital		0	750.000
Other receivables		533.503	1.303.039
Deferred tax asset		0	661.815
Corporation tax		887.789	0
Prepayments		424.283	0
Receivables		2.625.275	11.987.763
Cash at bank and in hand		1.487.798	1.251.370
Currents assets		5.068.138	16.402.468
Assets		11.334.986	20.790.004

Balance Sheet 31 December

Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital	10	1.000.000	1.000.000
Reserve for unpaid share capital and share premium		0	750.000
Share premium account		0	5.750.000
Reserve for development costs		2.886.683	601.431
Retained earnings		-9.384.432	-2.550.448
Equity		-5.497.749	5.550.983
Other payables		546.555	185.734
Long-term debt	11	546.555	185.734
Credit institutions		904.826	5.200.000
Trade payables		1.197.273	164.415
Payables to group enterprises		0	616.708
Payables to associates		1.365.757	0
Payables to owners and Management		2.318.278	1.414.235
Payables to group enterprises relating to corporation tax		0	974.423
Other payables	11	10.500.046	634.914
Deferred income		0	6.048.592
Short-term debt		16.286.180	15.053.287
Debt		16.832.735	15.239.021
Liabilities and equity		11.334.986	20.790.004
Going concern	1		
Contingent assets, liabilities and other financial obligations	12		
Accounting Policies	13		

Statement of Changes in Equity

	Share capital	Reserve for unpaid share capital and share premium	Share premium account	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	1.000.000	750.000	5.750.000	601.431	-2.550.448	5.550.983
Payment of unpaid share capital	0	-750.000	0	0	750.000	0
Development costs for the year	0	0	0	3.015.300	-3.015.300	0
Depreciation, amortisation and impairment for the year	0	0	0	-730.048	730.048	0
Net profit/loss for the year	0	0	0	0	-11.048.732	-11.048.732
Transfer from share premium account	0	0	-5.750.000	0	5.750.000	0
Equity at 31 December	1.000.000	0	0	2.886.683	-9.384.432	-5.497.749

Notes to the Financial Statements

1 Going concern

Due to the loss for the year the Company has lost its share capital and is therefore subject to legislation regarding capital loss.

The Entity, has in 2021, received a high value purchase order as well as external funding. Therefore based on the financial position, budget and strategic plans, Management is convinced that the Entity's capital resources are sufficient to ensure that the Entity is able to continue as a going concern.

	<u>2020</u> DKK	<u>2019</u> DKK
2 Staff expenses		
Wages and salaries	6.768.899	3.868.279
Pensions	28.803	0
Other social security expenses	36.258	13.532
Other staff expenses	228.580	38.877
	<u>7.062.540</u>	<u>3.920.688</u>
 Average number of employees	 <u>12</u>	 <u>6</u>
 3 Financial income		
Other financial income	<u>173.833</u>	<u>0</u>
	<u>173.833</u>	<u>0</u>
 4 Financial expenses		
Interest paid to group enterprises	0	26.250
Interest paid to associates	64.533	0
Other financial expenses	445.467	137.694
	<u>510.000</u>	<u>163.944</u>
 5 Tax on profit/loss for the year		
Current tax for the year	-887.789	-16.325
Deferred tax for the year	661.815	-1.098.313
	<u>-225.974</u>	<u>-1.114.638</u>

Notes to the Financial Statements

6 Intangible assets

	Completed development projects <u>DKK</u>	Acquired pa- tents <u>DKK</u>	Development projects in progress <u>DKK</u>
Cost at 1 January	3.548.672	89.575	0
Additions for the year	0	33.750	4.035.405
Disposals for the year	0	-123.325	0
Transfers for the year	4.035.405	0	-4.035.405
Cost at 31 December	<u>7.584.077</u>	<u>0</u>	<u>0</u>
Impairment losses and amortisation at 1 January	1.204.672	17.915	0
Amortisation for the year	1.516.815	0	0
Reversal of amortisation of disposals for the year	0	-17.915	0
Impairment losses and amortisation at 31 December	<u>2.721.487</u>	<u>0</u>	<u>0</u>
Carrying amount at 31 December	<u>4.862.590</u>	<u>0</u>	<u>0</u>
Amortised over	<u>5 years</u>	<u>5 years</u>	

Development projects relates to the development of electromagnetic solutions in which energy can be stored. All development projects were finalised during 2020. 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.

Notes to the Financial Statements

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	2.838.581
Cost at 31 December	2.838.581
Impairment losses and depreciation at 1 January	866.706
Depreciation for the year	567.717
Impairment losses and depreciation at 31 December	1.434.423
Carrying amount at 31 December	1.404.158
Depreciated over	5 years

	2020	2019
	DKK	DKK
8 Investments in subsidiaries		
Cost at 1 January	0	0
Additions for the year	100	0
Carrying amount at 31 December	100	0

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
WattsUp IP IVS	Hvidovre	DKK 100	100%

9 Inventories

Raw materials and consumables	955.065	0
Work in progress	0	3.163.335
	955.065	3.163.335

Notes to the Financial Statements

10 Equity

The share capital is broken down as follow:

	<u>Number</u>	<u>Nominal value</u> DKK
F-shares	180.000	180.000
A-shares	210.000	210.000
I-shares	460.000	460.000
E-shares	150.000	150.000
		<u>1.000.000</u>

The Company owns a total of 350.000 treasury shares with a nominal value of DKK 350.000 corresponding to 35% of the total share capital. The shares have been acquired as part of the Company's strategy.

11 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:

	<u>2020</u> DKK	<u>2019</u> DKK
Other payables		
Between 1 and 5 years	546.555	185.734
Long-term part	546.555	185.734
Other short-term payables	10.500.046	634.914
	<u>11.046.601</u>	<u>820.648</u>

Notes to the Financial Statements

	<u>2020</u> DKK	<u>2019</u> DKK
12 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.	15.800.000	5.200.000
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	595.585	443.180
Between 1 and 5 years	<u>372.000</u>	<u>748.758</u>
	<u>967.585</u>	<u>1.191.938</u>

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 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 un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

13 Accounting Policies

The Annual Report of WattsUp Power A/S for 2020 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 2020 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.

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.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Notes to the Financial Statements

13 Accounting Policies (continued)

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.

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.

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, work on own account recognised in assets, 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.

Notes to the Financial Statements

13 Accounting Policies (continued)

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.

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	5	years
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Notes to the Financial Statements

13 Accounting Policies (continued)

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

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.

Investments in subsidiaries

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

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

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 insurance premiums etc.

Notes to the Financial Statements

13 Accounting Policies (continued)

Equity

Treasury shares

Purchase and sales prices for treasury shares are recognised directly in retained earnings under equity. A reduction of capital by cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the shares and increases retained earnings. Dividend on treasury shares is recognised directly in equity under retained earnings.

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.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.