
Greenwave Denmark Holding ApS

Bregnerødvej 96, DK-3460 Birkerød

Annual Report for 1 January - 31 December 2017

CVR No 38 21 90 81

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
6 /7 2018

Alice Dahl
Chairman



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Management's Statement

The Executive Board has today considered and adopted the Annual Report of Greenwave Denmark Holding ApS for the financial year 1 January - 31 December 2017.

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 2017 of the Company and of the results of the Company operations for 2017.

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

Birkerød, 6 July 2018

Executive Board

Peter Wilmar Christensen

Independent Auditor's Report

To the Shareholder of Greenwave Denmark Holding ApS

Disclaimer of opinion

We do not express an opinion on the Financial Statements. Because of the significance of the matter described in the Basis for disclaimer of opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on the Financial Statements.

We were engaged to audit the Financial Statements of Greenwave Denmark Holding ApS for the financial year 1 January - 31 December 2017, 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 disclaimer of opinion

The Company has recognised its investments in group enterprises at the cost of USD 66,100k in the balance sheet. As the value of the equity investments depends on future earnings which cannot be estimated reliably at this time, Management has been unable to make a reliable assessment of the value of the equity investments.

Due to this matter, we have not been able to determine whether an adjustment might be required, nor have we been able to determine the potential effect of this on the income statement, balance sheet and statement of changes in equity.

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 responsibility is to conduct our audit of the Financial Statements in accordance with International Standards on Auditing and additional requirements applicable in Denmark and to provide an auditor's report. Because of the matter described in the Basis for disclaimer of opinion section, we have not, however, been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Financial Statements.

Independent Auditor's Report

We are independent of the Company in accordance with the international ethical requirements for accountants (IESBA's Code of Ethics for Professional Accountants) and additional requirements applicable in Denmark. Furthermore, we have fulfilled our other ethical responsibilities in accordance with these requirements.

Hellerup, 6 July 2018

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 Denmark Holding ApS
Bregnerødvej 96
DK-3460 Birkerød

CVR No: 38 21 90 81
Financial period: 1 January - 31 December
Municipality of reg. office: Rudersdal

Executive Board

Peter Wilmar Christensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Income Statement 1 January - 31 December

	Note	2017 USD	2016 USD
Other external expenses		-4.058	-735
Gross profit/loss		-4.058	-735
Other financial income	3	588.113	0
Other financial expenses	4	-970.064	-57
Profit/loss before tax		-386.009	-792
Tax on profit/loss for the year	5	85.096	0
Net profit/loss for the year		-300.913	-792

Distribution of profit

Proposed distribution of profit

Retained earnings		-300.913	-792
		-300.913	-792

Balance Sheet 31 December

	Note	2017 USD	2016 USD
Assets			
Investments in subsidiaries	6	66.100.000	0
Fixed asset investments		66.100.000	0
Fixed assets		66.100.000	0
Receivables from group enterprises		129.045	0
Other receivables		0	7.064
Corporation tax		85.096	0
Receivables		214.141	7.064
Currents assets		214.141	7.064
Assets		66.314.141	7.064
Liabilities and equity			
Share capital		35.649	7.147
Retained earnings		27.005.841	-792
Equity		27.041.490	6.355
Payables to group enterprises		39.268.711	0
Other payables		3.940	709
Short-term debt		39.272.651	709
Debt		39.272.651	709
Liabilities and equity		66.314.141	7.064
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Statement of Changes in Equity

	Share capital USD	Share premium account USD	Retained earnings USD	Total USD
Equity at 1 January	7.147	0	-792	6.355
Cash capital increase	28.502	27.307.546	0	27.336.048
Net profit/loss for the year	0	0	-300.913	-300.913
Transfer from share premium account	0	-27.307.546	27.307.546	0
Equity at 31 December	35.649	0	27.005.841	27.041.490

Notes to the Financial Statements

1 Uncertainty on recognition and measurement

As per 31st December 2017 the company's equity is positive with MUSD 27.4 and holds a liquidity ratio of 1.69. However, most of the company's balance sheet items are investments in subsidiaries. Most of the subsidiaries' balance sheet items are towards other group companies. If these balances cannot be paid in fully or partial, the company's equity could be lost.

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

During the third quarter of 2017, the parent company's largest customer postponed or cancelled several major projects which the parent company expected would generate a significant portion of the parent company's revenues in late 2017 and beyond. Also during 2017, the parent company was in the process of finalizing an equity offering to current and potential new investors. However, due to the large customer's cancellation of its multiple major projects, the parent company's investors decided not to proceed with participating in the parent company's equity offering. As of the issuance date of these financial statements, the parent company does not have adequate cash on hand or forecasted revenue to sustain its operations until December 31, 2018. As such, there exists significant doubt about the parent company's ability to continue as a going concern until December 31, 2018.

The parent company has been in the process of implementing and finalizing plans to significantly reduce its operating expenses and obtain financing to extend its operations. Management's expectation is that these plans 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. As such, these financial statements have not been prepared on the liquidation basis of accounting.

2 Key activities

The Company's activity is to own shares in Companies of the Greenwave Systems Group and to provide loans and funding thereto, as well as other related activities.

3 Other financial income

	2017 USD	2016 USD
Interest received from group enterprises	587.191	0
Exchange adjustments, income	922	0
	<u>588.113</u>	<u>0</u>

Notes to the Financial Statements

	<u>2017</u>	<u>2016</u>
	USD	USD
4 Other financial expenses		
Interest paid to group enterprises	970.064	0
Exchange adjustments, expenses	<u>0</u>	<u>57</u>
	<u>970.064</u>	<u>57</u>
5 Tax on profit/loss for the year		
Current tax for the year	<u>-85.096</u>	<u>0</u>
	<u>-85.096</u>	<u>0</u>
6 Investments in subsidiaries		
Cost at 1 January	0	0
Additions for the year	<u>66.100.000</u>	<u>0</u>
Carrying amount at 31 December	<u>66.100.000</u>	<u>0</u>

Notes to the Financial Statements

7 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the Danish 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.

8 Related parties

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Ultimate Parent Company

<u>Name</u>	<u>Place of registered office</u>
Greenwave Holdings Inc	Irvine, CA, USA

Notes to the Financial Statements

9 Accounting Policies

The Annual Report of Greenwave Denmark Holding ApS for 2017 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 2017 are presented in USD.

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.

Translation policies

US dollars 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.

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

9 Accounting Policies (continued)

Income Statement

Other external expenses

Other external expenses comprise administration expenses etc.

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

Balance Sheet

Investments in subsidiaries

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

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.

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.