Greenwave Denmark Holding ApS

Bryggervangen 55, 4, DK-2100 København Ø

Annual Report for 1 January - 31 December 2018

CVR No 38 21 90 81

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 15/1 2020

Peter Thomas Brandt
Chairman of the General Meeting

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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 2018.

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

In my opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2018.

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, 15 January 2020

Executive Board

Peter Thomas Brandt

Independent Auditor's Report

To the Shareholder of Greenwave Denmark Holding ApS

Adverse Opinion
In our opinion, because of the significance of the matters discussed in the Basis for adverse opinion paragraph, the Consolidated Financial Statements and the Parent Company Financial Statements do not give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2018 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Greenwave Denmark Holding ApS 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, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Adverse Opinion
The Group has a negative equity of USD 77.3 million as of 31 December 2018 and most of the Group's balance sheet items are receivables and payables to group enterprises. At the moment, the Group will not be able to repay its payables, and therefore the Group is dependent on the generation of sufficient liquidity in the Ultimate Parent Company in the US. Negotiations with banks and the Group's current investors and potential new investors are being conducted about contribution of capital, making financing available for the continued operations of the Group. No binding capital or financing agreements have been entered into. Thus, the assumption that Group is able to continue on a going concern basis is subject to material uncertainty.

Furthermore, the the Parent Company has recognised its investments in group enterprises at the cost of USD 4,600k in the balance sheet after an impairment adjustment of 61,500k as at 31 December 2018. Since the value of the equity investments depends on future earnings, which cannot be estimated reliably at this time due to the material uncerntainty related to going concern, as described above.

Due to the above 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.

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 Group 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 adverse opinion.

Independent Auditor’s Report

Emphasis of Matter
After instructions from the Danish Business Authorities, the Company's Management has corrected significant matters in the Annual Report for 2018, including the preparation of Consolidated Financial Statements for 2018 and the corresponding comparative figures for 2017. Please refer to note 1 for a detailed description.

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.

As the Basis for Adverse Opinion section shows, we express a modified opinion on the financial statements due to significant doubt on the Group’s ability to continue as a going concern. We conclude, for the same reason, that Management’s Review is not free from material misstatement in relation to the amounts and other elements affected by significant doubt on the Group’s ability to continue as a going concern.

Management’s responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company 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 Group’s and 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 Group or the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report

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 and the Group'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 Group's and 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 Group and 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.

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

Independent Auditor's Report

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, 15 January 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

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

Company Information

The Company	Greenwave Denmark Holding ApS Bryggervangen 55, 4 DK-2100 København Ø CVR No: 38 21 90 81 Financial period: 1 January - 31 December Municipality of reg. office: København
Executive Board	Peter Thomas Brandt
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a two-year period, the development of the Group is described by the following financial highlights:

	Group	
	2018	2017
	TUSD	TUSD
Key figures		
Profit/loss		
Operating profit/loss	-8.778	-17.156
Profit/loss before financial income and expenses	-8.765	-17.140
Net financials	-2.914	-8
Net profit/loss for the year	-11.692	-17.319
Balance sheet		
Balance sheet total	8.128	28.855
Equity	-77.327	-66.048
Cash flows		
Cash flows from:		
- operating activities	7.860	7.189
- investing activities	2	-164
including investment in property, plant and equipment	0	-39
- financing activities	-8.288	-7.644
Change in cash and cash equivalents for the year	-426	-619
Number of employees	109	166
Ratios		
Return on assets	-107,8%	-59,4%
Solvency ratio	-951,4%	-228,9%
Return on equity	16,3%	52,4%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Key activities

The main activity of the Group is to operate with development, production and distribution of technology solutions, as well as other related activities.

Development in the year

The income statement of the Group for 2018 shows a loss of USD 11,691,617, and at 31 December 2018 the balance sheet of the Group shows negative equity of USD 77,327,288.

Management is not satisfied with the development and the financial results of the Group in 2018.

Capital resources

We draw attention to the information in note 2.

Special risks - operating risks and financial risks

Foreign exchange risks

The Financial Statements are presented in USD and the Group is exposed to the development in SGN, KRW and DKK.

Interest rate risks

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets.

Credit risks

Credit risk refers to the risk that a counterpart will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are bank deposits, receivables from group enterprises and other receivables.

For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Targets and expectations for the year ahead

The Group expects a negative EBIT in 2019 in the range of USD 5 - 7 million.

Research and development

Due to uncertainty about the future earnings of projects, research and development costs are recognised as an expense in the income statement when incurred.

Management's Review

Uncertainty relating to recognition and measurement

We draw attention to the information in note 2.

Unusual events

The financial position at 31 December 2018 of the Group and the results of the activities and cash flows of the Group for the financial year for 2018 have not been affected by any unusual events.

Income Statement 1 January - 31 December

	Note	Group 2018	Group 2017	Parent company 2018	Parent company 2017
		USD	USD	USD	USD
Gross profit/loss		**1.320.085**	**-2.395.539**	**0**	**-4.058**
Staff expenses	3	-9.879.033	-14.415.848	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-205.955	-329.090	0	0
Profit/loss before financial income and expenses		**-8.764.903**	**-17.140.477**	**0**	**-4.058**
Income from investments in subsidiaries	4	0	0	-61.500.000	0
Financial income	5	93.201	1.957.813	3.197	588.113
Financial expenses	6	-3.007.498	-1.965.951	-1.086.767	-970.064
Profit/loss before tax		**-11.679.200**	**-17.148.615**	**-62.583.570**	**-386.009**
Tax on profit/loss for the year	7	-12.417	-170.874	0	85.096
Net profit/loss for the year		**-11.691.617**	**-17.319.489**	**-62.583.570**	**-300.913**

Balance Sheet 31 December

Assets

		Group		Parent company	
	Note	2018	2017	2018	2017
		USD	USD	USD	USD
Software		119.854	166.099	0	0
Intangible assets	8	**119.854**	**166.099**	**0**	**0**
Other fixtures and fittings, tools and equipment		70.308	231.974	0	0
Property, plant and equipment	9	**70.308**	**231.974**	**0**	**0**
Investments in subsidiaries	10	0	0	4.600.000	66.100.000
Other receivables	11	55.949	58.758	0	0
Fixed asset investments		**55.949**	**58.758**	**4.600.000**	**66.100.000**
Fixed assets		**246.111**	**456.831**	**4.600.000**	**66.100.000**
Trade receivables		0	845.127	0	0
Receivables from group enterprises		6.684.873	25.284.943	8.225	129.045
Other receivables		248.649	270.382	0	0
Deferred tax asset	14	0	12.636	0	0
Corporation tax receivable from group enterprises		85.096	85.096	85.096	85.096
Prepayments	12	151.775	763.587	0	0
Receivables		**7.170.393**	**27.261.771**	**93.321**	**214.141**
Cash at bank and in hand		**711.117**	**1.136.664**	**0**	**0**
Currents assets		**7.881.510**	**28.398.435**	**93.321**	**214.141**
Assets		**8.127.621**	**28.855.266**	**4.693.321**	**66.314.141**

Balance Sheet 31 December

Liabilities and equity

		Group		Parent company	
	Note	2018	2017	2018	2017
		USD	USD	USD	USD
Share capital		35.649	35.649	35.649	35.649
Retained earnings		-77.362.937	-66.083.238	-35.577.729	27.005.841
Equity		**-77.327.288**	**-66.047.589**	**-35.542.080**	**27.041.490**
Trade payables		587.097	476.081	0	0
Payables to group enterprises		82.868.137	91.156.001	40.231.461	39.268.711
Payables to owners and Management		289.132	274.868	0	0
Corporation tax		152.847	298.744	0	0
Other payables		1.136.440	2.587.549	3.940	3.940
Deferred income	15	421.256	109.612	0	0
Short-term debt		**85.454.909**	**94.902.855**	**40.235.401**	**39.272.651**
Debt		**85.454.909**	**94.902.855**	**40.235.401**	**39.272.651**
Liabilities and equity		**8.127.621**	**28.855.266**	**4.693.321**	**66.314.141**

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Statement of Changes in Equity

Group

	Share capital	Share premium account	Retained earnings	Total
	USD	USD	USD	USD
2018				
Equity at 1 January	35.649	0	-66.083.238	-66.047.589
Exchange adjustments	0	0	411.918	411.918
Net profit/loss for the year	0	0	-11.691.617	-11.691.617
Equity at 31 December	**35.649**	**0**	**-77.362.937**	**-77.327.288**

Group

	Share capital	Share premium account	Retained earnings	Total
2017				
Equity at 1 January	7.147	0	-791	6.356
Net effect from acquisition under the uniting of interests method	28.502	0	-23.487.539	-23.459.037
Adjusted equity at 1 January	35.649	0	-23.488.330	-23.452.681
Extraordinary dividend paid	0	0	-25.563.952	-25.563.952
Exchange adjustments	0	0	288.533	288.533
Net profit/loss for the year	0	0	-17.319.489	-17.319.489
Equity at 31 December	**35.649**	**0**	**-66.083.238**	**-66.047.589**

Parent company

	Share capital	Share premium account	Retained earnings	Total
2018				
Equity at 1 January	35.649	0	27.005.841	27.041.490
Net profit/loss for the year	0	0	-62.583.570	-62.583.570
Equity at 31 December	**35.649**	**0**	**-35.577.729**	**-35.542.080**

Parent company

	Share capital	Share premium account	Retained earnings	Total
2017				
Equity at 1 January	7.147	0	-792	6.355
Cash capital increase	28.502	52.871.498	0	52.900.000
Transfer from share premium account	0	-52.871.498	52.871.498	0
Extraordinary dividend paid	0	0	-25.563.952	-25.563.952
Net profit/loss for the year	0	0	-300.913	-300.913
Equity at 31 December	**35.649**	**0**	**27.005.841**	**27.041.490**

Cash Flow Statement 1 January - 31 December

	Note	Group 2018	Group 2017
		USD	USD
Net profit/loss for the year		-11.691.617	-17.319.489
Adjustments	16	3.132.669	508.102
Change in working capital	17	19.064.557	23.928.001
Cash flows from operating activities before financial income and expenses		**10.505.609**	**7.116.614**
Financial income		93.201	2.034.675
Financial expenses		-2.592.772	-1.965.951
Cash flows from ordinary activities		**8.006.038**	**7.185.338**
Corporation tax paid		-145.678	3.647
Cash flows from operating activities		**7.860.360**	**7.188.985**
Purchase of intangible assets		0	-125.709
Purchase of property, plant and equipment		0	-38.716
Sale of intangible assets		1.956	0
Cash flows from investing activities		**1.956**	**-164.425**
Repayment of payables to group enterprises		-8.287.863	0
Raising of loans from group enterprises		0	17.891.801
Cash capital increase		0	28.502
Dividend paid		0	-25.563.952
Cash flows from financing activities		**-8.287.863**	**-7.643.649**
Change in cash and cash equivalents		**-425.547**	**-619.089**
Cash and cash equivalents at 1 January		1.136.664	1.755.753
Cash and cash equivalents at 31 December		**711.117**	**1.136.664**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		711.117	1.136.664
Cash and cash equivalents at 31 December		**711.117**	**1.136.664**

Notes to the Financial Statements

1 Subsequent amendment of the Annual Report for 2018

Following the instructions from the Danish Business Authority, the Company's Management has adjusted the Annual Report for 2018, as a result of an updated valuation of the Company's investments in subsidiaries, so these are recognised and measured at an expected recoverable amount.

The change has resulted in corrections to the following items:

Change in loss for the year, USD -61,500k
Change in investment in subsidiaries, USD -61,500k
Change in equity, USD -61,500k

Furthermore, Management has prepared Consolidated Financial Statements for 2018 with corresponding comparative figures for 2017.

2 Going concern

As at 31 December 2018 the Company's equity is negative with USD 35.5 million, and due to the loss of more than 50% of the share capital the Company is subject to section 119 of the Danish Companies Act.

At the same time, the Group has an negative equity of USD 77.3 million as of 31 December 2018 and most of the Group's balance sheet items are receivables and payables to group enterprises. At the moment, the Group will not be able to repay its payables, and therefore the Group is dependent on the generation of sufficient liquidity in the Parent Company in the US.

The Group has had a significant decline in revenue since 2017 due to the loss of contracts with a large customer. During 2018 the Group significantly reduced the operating expenses to bring them in line with revenue expectation for 2019.

In May 2019 an agreement was signed between the Ultimate Parent Company and it’s lenders that significantly reduced the debt of the Group via conversion to equity, and lowered the valuation of the Ultimate Parent Company to ease the raise of fresh capital.

As of the issuance date of these Financial Statements, the Ultimate Parent Company does not have adequate cash on hand or forecasted revenue to sustain its operations. Negotiations with the Group’s current investors and potential new investors are being conducted about contribution of capital, making financing available for the continued operations of the Group. No binding capital or financing agreements have been entered into. As such there exists significant doubt about the Group’s ability to continue as a going concern.

Management’s expectation is that the Group will be able to obtain bridge funding and enter into new customer contracts, which will allow the Ultimate 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.

Notes to the Financial Statements

	Group		Parent company	
	2018	2017	2018	2017
	USD	USD	USD	USD
3 Staff expenses				
Wages and salaries	9.588.316	13.885.357	0	0
Pensions	23.218	34.159	0	0
Other social security expenses	66.109	105.613	0	0
Other staff expenses	201.390	390.719	0	0
	9.879.033	**14.415.848**	**0**	**0**
Average number of employees	**109**	**166**	**0**	**0**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

	Parent company	
	2018	2017
	USD	USD
4 Income from investments in subsidiaries		
Impairment	-61.500.000	0
	-61.500.000	**0**

	Group		Parent company	
	2018	2017	2018	2017
	USD	USD	USD	USD
5 Financial income				
Interest received from group enterprises	93.117	52.626	150	587.191
Other financial income	84	260	0	0
Exchange adjustments, income	0	1.904.927	3.047	922
	93.201	**1.957.813**	**3.197**	**588.113**

Notes to the Financial Statements

	Group		Parent company	
	2018	2017	2018	2017
	USD	USD	USD	USD
6 Financial expenses				
Interest paid to group enterprises	2.218.892	1.945.680	1.086.767	970.064
Interest paid to owners and Management	29.802	13.018	0	0
Other financial expenses	12.625	7.253	0	0
Exchange adjustments, expenses	746.179	0	0	0
	3.007.498	**1.965.951**	**1.086.767**	**970.064**
7 Tax on profit/loss for the year				
Current tax for the year	0	138.654	0	-85.096
Deferred tax for the year	12.417	32.220	0	0
	12.417	**170.874**	**0**	**-85.096**

8 Intangible assets

Group

	Software
	USD
Cost at 1 January	337.548
Cost at 31 December	337.548
Impairment losses and amortisation at 1 January	171.449
Amortisation for the year	46.245
Impairment losses and amortisation at 31 December	217.694
Carrying amount at 31 December	**119.854**

Notes to the Financial Statements

9 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment
	USD
Cost at 1 January	783.216
Disposals for the year	-1.956
Cost at 31 December	781.260
Impairment losses and depreciation at 1 January	551.242
Depreciation for the year	159.710
Impairment losses and depreciation at 31 December	710.952
Carrying amount at 31 December	**70.308**

10 Investments in subsidiaries

	Parent company	
	2018	2017
	USD	USD
Cost at 1 January	66.100.000	0
Additions for the year	0	66.100.000
Cost at 31 December	66.100.000	66.100.000
Revaluations for the year, net	-61.500.000	0
Value adjustments at 31 December	-61.500.000	0
Carrying amount at 31 December	**4.600.000**	**66.100.000**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Greenwave Systems Pte. Ltd	Singapore	SGD 10.000	100%
Greenwave Systems ApS	Copenhagen	DKK 135.000	100%
Greenwave Systems Korea LTD	Korea	KRW 100.000.000	100%

Notes to the Financial Statements

11 Other fixed asset investments

	Group
	Other receiv-ables
	USD
Cost at 1 January	58.758
Disposals for the year	-2.809
Cost at 31 December	55.949
Carrying amount at 31 December	**55.949**

12 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

13 Distribution of profit

	Parent company	
	2018	2017
	USD	USD
Extraordinary dividend paid	0	25.563.952
Retained earnings	-62.583.570	-25.864.865
	-62.583.570	**-300.913**

14 Provision for deferred tax

	Group		Parent company	
	2018	2017	2018	2017
	USD	USD	USD	USD
Provision for deferred tax at 1 January	-12.636	-39.497	0	0
Amounts recognised in the income statement for the year	12.417	32.220	0	0
Foreign currency exchange adjustments	219	-5.359	0	0
Provision for deferred tax at 31 December	**0**	**-12.636**	**0**	**0**

Notes to the Financial Statements

15 Deferred income

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

16 Cash flow statement - adjustments

	Group 2018 USD	Group 2017 USD
Financial income	-93.201	-1.957.813
Financial expenses	3.007.498	1.965.951
Depreciation, amortisation and impairment losses, including losses and gains on sales	205.955	329.090
Tax on profit/loss for the year	12.417	170.874
	3.132.669	**508.102**

17 Cash flow statement - change in working capital

	2018 USD	2017 USD
Change in receivables	20.078.742	23.013.499
Change in trade payables, etc	-1.014.185	914.502
	19.064.557	**23.928.001**

18 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 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

19 Related parties

	Basis
Controlling interest	
Greenwave Holdings Inc.	Ultimate Parent Company

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm’s length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

All transactions have been made on an arm's length basis.

20 Subsequent events

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

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of Greenwave Denmark Holding ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2018 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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Greenwave Denmark Holding ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

21 Accounting Policies (continued)

Business combinations

Pooling of interests

Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The pooling-of-interests method is applied as if the two enterprises had always been combined by restating comparative figures.

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.

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 Group.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of

Notes to the Financial Statements

21 Accounting Policies (continued)

discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise administration 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 Group, including gains and losses on the sale 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.

Financial income and expenses

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

Notes to the Financial Statements

21 Accounting Policies (continued)

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

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

Depreciation period and residual value are reassessed annually.

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.

Investments in subsidiaries

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

Notes to the Financial Statements

21 Accounting Policies (continued)

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, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

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.

Notes to the Financial Statements

21 Accounting Policies (continued)

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.

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

21 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Return on assets	$\dfrac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\dfrac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\dfrac{\text{Net profit for the year x 100}}{\text{Average equity}}$