Greenwave Denmark Holding ApS

Vesterbrogade 149, st. b1, DK-1620 København V

Annual Report for 1 January - 31 December 2022

CVR No 38 21 90 81

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 13/7 2023

Sune Wendelboe Spiegelhauer
Chairman of the General Meeting

Contents

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 2022.

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 2022 of the Company and of the results of the Company operations for 2022.

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

Copenhagen, 13 July 2023

Executive Board

Sune Wendelboe Spiegelhauer
Executive Officer

Independent Auditor’s Report

To the Shareholder of Greenwave Denmark Holding ApS

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company’s operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Greenwave Denmark Holding ApS for the financial year 1 January - 31 December 2022, 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’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
Without making modifications to our opinion, we draw attention to the information in note 1, in which the management explains significant uncertainty regarding the circumstances and events that could rise significant doubts about the Company's ability to continue its operations. This uncertainty is attributed to the Company's ability to obtain the necessary funding.

The Management believes that it is possible to acquire sufficient capital, and in accordance with this, the Annual Report is presented as going concern.

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

In preparing the Financial Statements, Management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor’s 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 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.

- 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, 13 July 2023
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 Vesterbrogade 149, st. b1 DK-1620 København V CVR No: 38 21 90 81 Financial period: 1 January - 31 December Municipality of reg. office: København
Executive Board	Sune Wendelboe Spiegelhauer
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Income Statement 1 January - 31 December

	Note	2022	2021
		USD	USD
Income from investments in subsidiaries		100.000	-1.363.672
Other external expenses		-9.946	-10.532
Gross profit/loss		**90.054**	**-1.374.204**
Staff expenses		0	0
Profit/loss before financial income and expenses		**90.054**	**-1.374.204**
Other financial expenses	3	-1.460.804	-107.403
Profit/loss before tax		**-1.370.750**	**-1.481.607**
Tax on profit/loss for the year	4	45.659	0
Net profit/loss for the year		**-1.325.091**	**-1.481.607**

Distribution of profit

Proposed distribution of profit

Retained earnings	-1.325.091	-1.481.607
	-1.325.091	**-1.481.607**

Balance Sheet 31 December

	Note	2022 USD	2021 USD
Assets			
Investments in subsidiaries	5	1.200.000	1.100.000
Fixed asset investments		**1.200.000**	**1.100.000**
Fixed assets		**1.200.000**	**1.100.000**
Corporation tax		0	5.086
Corporation tax receivable from group enterprises		50.745	0
Receivables		**50.745**	**5.086**
Currents assets		**50.745**	**5.086**
Assets		**1.250.745**	**1.105.086**

Liabilities and equity

	Note	2022 USD	2021 USD
Share capital		35.649	35.649
Retained earnings		-30.997.930	-29.672.839
Equity		**-30.962.281**	**-29.637.190**
Payables to group enterprises		32.200.533	30.736.792
Other payables		12.493	5.484
Short-term debt		**32.213.026**	**30.742.276**
Debt		**32.213.026**	**30.742.276**
Liabilities and equity		**1.250.745**	**1.105.086**
Going concern	1		
Key activities	2		
Contingent assets, liabilities and other financial obligations	6		
Accounting Policies	7		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	USD	USD	USD
Equity at 1 January	35.649	-29.672.839	-29.637.190
Net profit/loss for the year	0	-1.325.091	-1.325.091
Equity at 31 December	**35.649**	**-30.997.930**	**-30.962.281**

Notes to the Financial Statements

1 Going concern

As at 31 December 2022 the Company's equity is negative with USD 31.0 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 moment, the Company will not be able to repay its payables, and therefore it is dependent on the generation of sufficient liquidity in the Parent Company in the US.

During 2022 the Group continued to significantly reduce the operating expenses to bring in line with revenue expectation for 2023 and forward. Furthermore, Management is currently in process of restructuring the Group structure and the internal financing setup.

As of the issuance date of these Financial Statements, the Ultimate Parent Company does not have adequate cash on hand to sustain its operations until 31 December 2023. The Group will run out of money in August 2023 but is currently negotiating with an existing investor about additional funding of MUSD 1,5, the additional funding is expected to fund operations until the Group expects to become profitable in Q4 2024. There are no binding agreements, however Management expects that the negotiations will succeed and at least receive a bridge loan to finance the remaining of the financial year.

Therefore, Management’s expectation is that the cash position 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.

Management therefore submits and approves the Annual Report for 2022 on assumption of going concern. However, the above uncertainty in generating sufficient cash indicates that a material uncertainty exists, which may cast significant doubt on the Company's ability to continue as going concern.

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 expenses

	2022 USD	2021 USD
Interest paid to group enterprises	1.459.085	105.535
Other financial expenses	48	133
Exchange loss	1.671	1.735
	1.460.804	**107.403**

Notes to the Financial Statements

	2022	2021
	USD	USD

4 Tax on profit/loss for the year

	2022 USD	2021 USD
Current tax for the year	-45.659	0
	-45.659	**0**

5 Investments in subsidiaries

	2022 USD	2021 USD
Cost at 1 January	13.200.000	66.100.000
Disposals for the year	0	-52.900.000
Cost at 31 December	13.200.000	13.200.000
Value adjustments at 1 January	-12.100.000	-53.210.000
Disposals for the year	0	43.650.000
Impairment losses for the year	0	-2.540.000
Reversals for the year of revaluations in previous years	100.000	0
Value adjustments at 31 December	-12.000.000	-12.100.000
Carrying amount at 31 December	**1.200.000**	**1.100.000**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Greenwave Systems ApS	Copenhagen	DKK 135.000	100%	1.192.089	158.844

Notes to the Financial Statements

6 Contingent assets, liabilities and other financial obligations

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 by the Group amounts to USD 0. 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

7 Accounting Policies

The Annual Report of Greenwave Denmark Holding ApS for 2022 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 2022 are presented in USD.

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, 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.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Notes to the Financial Statements

7 **Accounting Policies** (continued)

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Business acquisitions carried through before 1 July 2018

Subject to some exemptions, acquisitions carried through before 1 July 2018 are accounted for under the same accounting policies as those applying to business combinations carried through on or after 1 July 2018. The most material exemptions are:

- Identifiable assets and liabilities of the entity acquired are recognised only if they are probable.
- Identifiable contingent liabilities of the entity acquired are not recognised in the consolidated balance sheet.
- Where the purchase price allocation is not final, positive and negative differences due to changes to the recognition and measurement of the acquired net assets may be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.
- Transaction costs directly attributable to the acquisition of subsidiaries are included as part of cost.
- After the initial recognition, adjustment of contingent consideration is recognised directly with its counter entry in initial purchase price, thus correcting the value of goodwill or negative goodwill.
- In respect of step acquisitions, the carrying amount of the existing investments is recognised in cost.

Notes to the Financial Statements

7 Accounting Policies (continued)

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

Other external expenses

Other external expenses comprise administration expenses etc.

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.

Gain and losses from the sale of investments in subsidaries is recognised when the sale is completed and the Company no longer exercises control over the subsidiary.

Impairment losses for the year is recognised in the income statement, when cost exceeds the recoverable amount of investments in subsidiaries.

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

7 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 other Danish group companies. 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.

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, including the tax base of tax loss carry-forwards, 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

7 Accounting Policies (continued)

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.