

# **Annual Report**

for

## **Innoventum AB**

556807-5229

Financial Year

2014

This financial report is a translation from the official Swedish annual report.

The Board of Directors and the managing director for Innoventum AB hereby submit the annual financial statement for the financial year 2014.

All amounts in the annual report are given in Swedish kronor, SEK.

## Directors' Report

### Operations

#### *General Information about the Enterprise*

We develop, patent-protect and commercialise wind-solar hybrid solutions with beautiful and smart design for decentralised production of renewable energy. Our product portfolio targets two segments by offering exclusive design to those who desire and affordable design to those who need. Exclusivity customers are eco-farms, green companies in general and EV-related companies in particular. Affordability customers are global banks and organisations like Asian Development Bank and UNDP. Both segments require modular solutions with high energy delivery and energy density, resilience against all weather conditions and silence of operation. Customers in the exclusivity segment appreciate our activities in the affordability segment, which gives volume for economies of scale and increasing margins over time. In this spirit, we deliver power to all people by continually opening new doors across both segments.

#### *Forward-Looking Statements*

Our operating income has doubled each of three consecutive years, while our operating results have improved by 50% each year. Therefore, we plan to reach the break-even point within 2015 after five years of design, patent-protection and validation.

Our affordability customers like ADB and UNDP have excellent credit-ratings by any standards, but challenge us with long payment terms. Therefore, we will execute a stock-issue to acquire working capital and growth capital amounting to 6 MSEK in 2015 and 9 MSEK in 2016. This will support the development of a sales organisation and an online sales platform while also extending our over-the-air performance monitoring for all products across all geographies.

#### *Important Occurrences during and after the Fiscal Year*

Our supply-chain was strengthened by digitalising the full process from design to manufacturing. We were selected to be lead-user by Autocad making their leading-edge CAD software available for free. This makes CNC (Computer Numeric Control) manufacturing possible by any well-equipped glue laminate manufacturer in the world. To date, we have a dozen selected and validated manufacturers covering Europe, Asia and the US. During this time, we also took modularity several steps ahead for example by reducing the number of unique parts of the Giraffe by factor six from 66 to 11. This supports ease of manufacturing and installation. Design input by Santiago Calatrava and his Chief Designer Mike Pfisterer helped us reach the halls of fame at the Hong Kong Business of Design Week, where the official design release of Giraffe 2.0 took place in December 2014. This triggered a stream of proposals to be requested by potential multiplier customers such as Inter IKEA Asia, Walmart Asia and Hong Kong Electric with ongoing negotiations.

The intense development and IP protection work on the Giraffe and the Dalifant was partly funded by the Swedish governmental energy agency and VINNOVA, which explains why net sales were lower for 2014 than for 2013 although our operating income doubled in the same time-period. For the first half-year of 2015, our net sales exceed those for the whole 2014. This is partly thanks to an order by ADB for six windturbines to be installed on Eluvaitivu Island in Sri Lanka. Both ADB and UNDP are

very impressed with the fact that our Dali Tower has survived several extreme typhoons in the Philippines without any damage. Possibly as a consequence, UNDP changed their requirement specification for small-scale wind solutions, which now need to be modular for transportability and ease of installation without use of heavy equipment ideally using a winch. These are the very USPs of the Dali Tower and UNDP subsequently asked us to submit proposals for Long Term Agreements (LTAs) for this solution.

In the first half of 2015, both our PCT patent application for the Dali Tower and the design patent application for the Giraffe were granted, which opens up the doors for licensing revenues.

<b>Multi-year overview (tkr)</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net turnover	503	1 098	426	26
Profit/loss after financial items	-458	-789	-1 939	-56
Equity/assets ratio (%)	76	69	84	92

#### **Allocation of profits**

The Board of Directors recommends that the profit/loss and brought forward profits available for disposition (SEK):

accumulated loss	-2 802 738
share premium fund	4 957 530
year's loss	-457 930
	<b>1 696 862</b>
be distributed so that they are carried over	1 696 862
	<b>1 696 862</b>

The company's earnings and financial position in general are indicated in the following income statement and balance sheet with supplementary Information.

<b>Income Statement</b>	<b>Note</b>	<b>2014-01-01</b>	<b>2013-01-01</b>
	<b>1</b>	<b>-2014-12-31</b>	<b>-2013-12-31</b>
<b>Revenue, changes in stock etc</b>			
Net turnover		503 393	1 097 588
Other operating income		2 161 246	291 011
<b>Total operating income, change of stock goods etc.</b>		<b>2 664 639</b>	<b>1 388 599</b>
<b>Operating expenses</b>			
Goods for resale		-286 909	-134 965
Other external costs		-1 353 770	-1 063 705
Personnel costs	2	-1 227 894	-725 202
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets		-250 000	-250 000
<b>Total operating costs</b>		<b>-3 118 573</b>	<b>-2 173 872</b>
<b>Operating profit/loss</b>		<b>-453 934</b>	<b>-785 273</b>
<b>Financial items</b>			
Other interest income and similar profit/loss items		395	63
Interest expense and similar profit/loss items		-4 391	-4 548
<b>Total profit/loss from financial items</b>		<b>-3 996</b>	<b>-4 485</b>
<b>Profit/loss after financial items</b>		<b>-457 930</b>	<b>-789 758</b>
<b>Pre-tax profit/loss</b>		<b>-457 930</b>	<b>-789 758</b>
<b>Net profit/loss for the year</b>		<b>-457 930</b>	<b>-789 758</b>

<b>Balance Sheet</b>	<b>Note</b>	<b>2014-12-31</b>	<b>2013-12-31</b>
	1		
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Intangible fixed assets</i>	3		
Franchise, patents, licences, trademarks and other similar rights	3	4 697 603	4 047 603
<i>Tangible fixed assets</i>			
Machinery and other technical facilities	4	319 400	0
<b>Total fixed assets</b>		<b>5 017 003</b>	<b>4 047 603</b>
<b>Current assets</b>			
<i>Inventories etc</i>			
Goods in process		363 100	0
<i>Current receivables</i>			
Accounts receivable		584 068	599 318
Other receivables		56 586	53 243
Deferred expenses and accrued income		26 885	13 635
<b>Total current receivables</b>		<b>667 539</b>	<b>666 196</b>
<i>Cash on hand and in bank</i>			
Cash on hand and in bank		745 122	4 348
<b>Total current assets</b>		<b>1 775 761</b>	<b>670 544</b>
<b>TOTAL ASSETS</b>		<b>6 792 764</b>	<b>4 718 147</b>

<b>Balance Sheet</b>	<b>Note</b>	<b>2014-12-31</b>	<b>2013-12-31</b>
	1		
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	5		
<i>Restricted reserves</i>			
Share capital		69 600	69 600
Unregistered share capital		3 364 545	1 030 618
<b>Total restricted reserves</b>		<b>3 434 145</b>	<b>1 100 218</b>
<i>Non-restricted equity</i>			
Premium Fund		4 957 530	4 957 530
Accumulated profit/loss		-2 802 738	-2 012 980
Profit/loss for the year		-457 930	-789 758
<b>Total non-restricted reserves</b>		<b>1 696 862</b>	<b>2 154 792</b>
<b>Total equity</b>		<b>5 131 007</b>	<b>3 255 010</b>
<b>Current liabilities</b>			
Accounts payable		520 735	459 113
Other liabilities		677 877	728 441
Accrued expenses and deferred income		463 145	275 583
<b>Total current liabilities</b>		<b>1 661 757</b>	<b>1 463 137</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6 792 764</b>	<b>4 718 147</b>
<b>COLLATERAL PLEDGED AND CONTINGENT LIABILITIES</b>			
<b>Collateral pledged</b>		None	None
<b>Contingent liabilities</b>		None	None

## Supplementary Information

### Note 1 Accounting principles

#### General Information

The annual report is drawn up in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 Annual Reporting and consolidated reports.

The annual report is drawn up for the first time in accordance with BFNAR 2012:1 Annual Reporting and consolidated reports. The transition to BFNAR 2012:1 has not led to any changes in income statement, balance sheet or notes.

Receivables and liabilities in foreign currencies have been valued at the closing rate of exchange. Profit on exchange and exchange loss on operating receivables and liabilities are reported in the operating result while profit on exchange and exchange loss on financial receivables and liabilities are recorded as financial items.

#### Depreciation

The following depreciation time is applied:

Capitalized expenditures for research and development work	10%
Franchise, patents, licences, trademarks	10%
Machinery and other technical facilities	20%

### Note 2 Employees and Personnel Costs

	2014	2013
<b>Average number of employees</b>		
Women	2	2
Men	1	1
	3	3
<b>Salaries and other remunerations and social security expenses incl. pension costs</b>		
Salaries and other remunerations	827 881	552 960
Social security expenses and pension costs (of which pension costs)	329 291 (87 800)	156 463 0)
	49 422	44 069
<b>Total salaries, other remunerations, social security expenses and pension costs</b>	<b>1 206 594</b>	<b>753 492</b>

**Note 3 Franchise, Patents, Licences, Trademarks and Similar Rights**

	<b>2014-12-31</b>	<b>2013-12-31</b>
Acquisition value, opening balance	4 547 603	2 500 000
Purchasing	900 000	2 047 603
<b>Accumulated acquisition value, closing balance</b>	<b>5 447 603</b>	<b>4 547 603</b>
Depreciation, opening balance	-500 000	-250 000
Depreciation for the year	-250 000	-250 000
<b>Accumulated depreciation, closing balance</b>	<b>-750 000</b>	<b>-500 000</b>
<b>Book value, closing balance</b>	<b>4 697 603</b>	<b>4 047 603</b>

**Note 4 Machinery and Other Technical Facilities**

	<b>2014-12-31</b>	<b>2013-12-31</b>
Purchasing	319 400	0
<b>Accumulated acquisition value, closing balance</b>	<b>319 400</b>	<b>0</b>
<b>Book value, closing balance</b>	<b>319 400</b>	<b>0</b>



**Note 5 Changes in Equity**

Number of shares: 696

	<b>Share capital</b>	<b>Retained profit/loss</b>	<b>Profit/loss this year</b>
Amount at the opening of the year	69 600	3 975 168	-789 758
New issue		2 333 927	
Appropriation of earnings as per decision of the Annual General Meeting:		-789 758	789 758
Profit/loss for the year			-457 930
<b>Amount at the closing of the year</b>	<b>69 600</b>	<b>5 519 337</b>	<b>-457 930</b>

Malmö 30/6 2015

Sigvald Harryson  
Managing Director

Our auditor's report was submitted

30/6 2015.

Rödl & Partner Nordic AB

Lars-Göran Larsson  
Authorized Public Accountant