



Changing the World One Wave at a Time

ANNUAL REPORT **2019**

EWPG Holding AB (publ)

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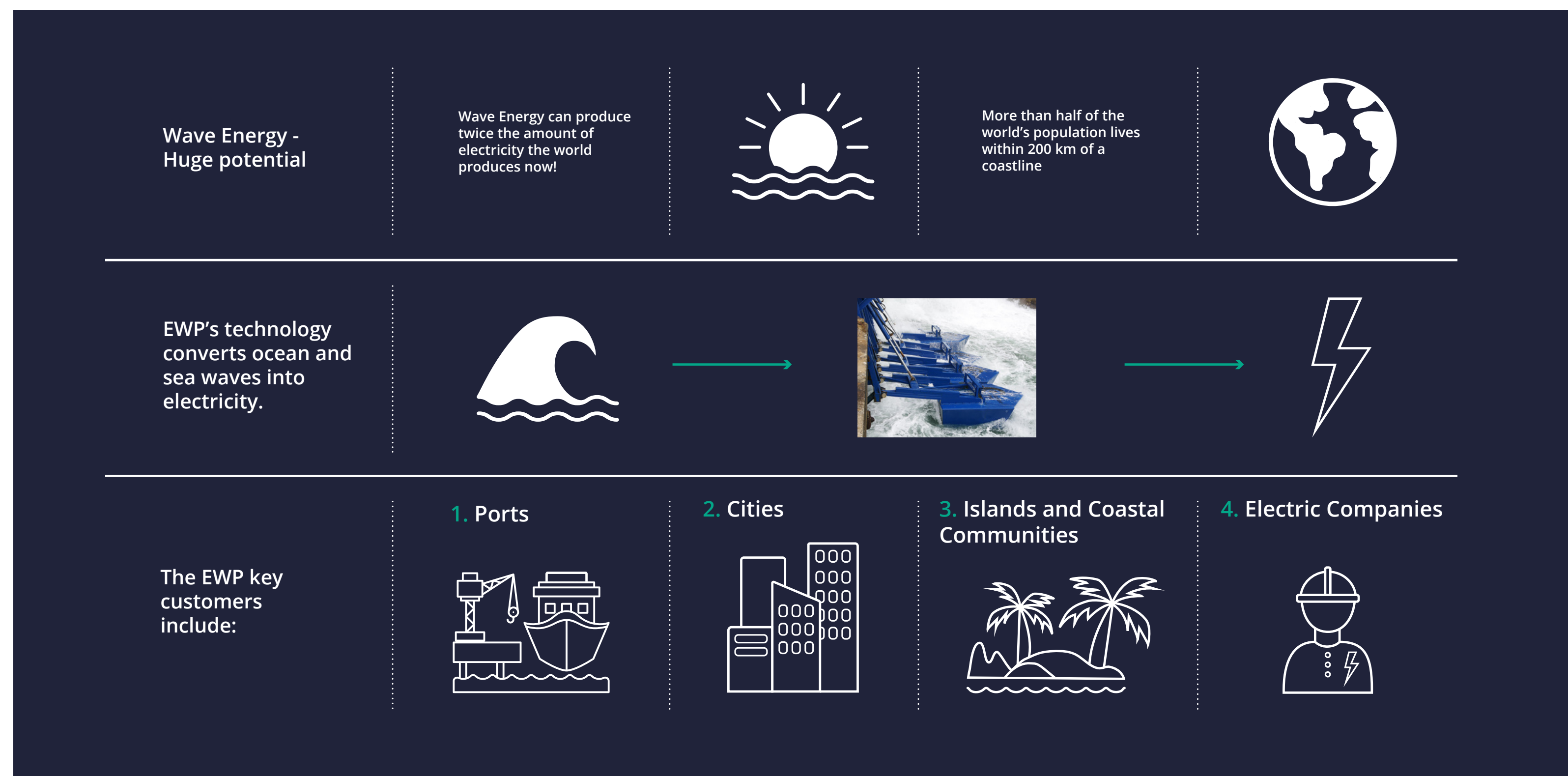


This is Eco Wave Power

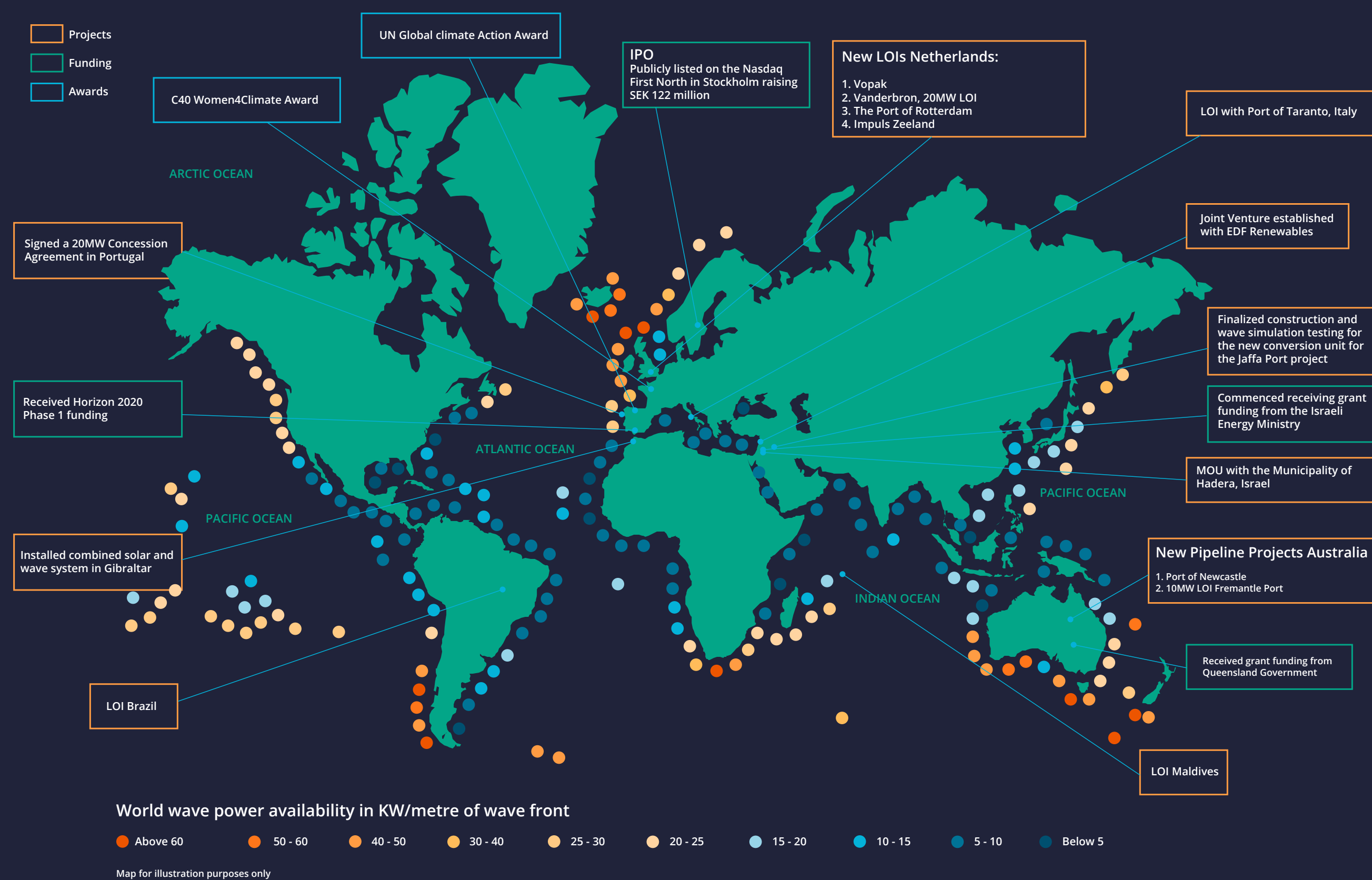
EWPG Holding AB (publ) ("Eco Wave Power") is a leading onshore wave energy technology company that developed a patented, smart and cost-efficient technology for turning ocean and sea waves into green electricity. Eco Wave Power's mission is to assist in the fight against climate change by enabling commercial power production from sea and ocean waves.

EWP is recognized as a "Pioneering Technology" by Israel's Ministry of Energy and was labelled as an "Efficient Solution" by the Solar Impulse Foundation. Furthermore, EWP's project in Gibraltar has received funding from the European Union Regional Development Fund and from the European Commission's HORIZON2020 framework program. The company was also recently recognized by the United Nations in receiving the "Climate Action Award", which was granted to the company during COP25 in Madrid, Spain.

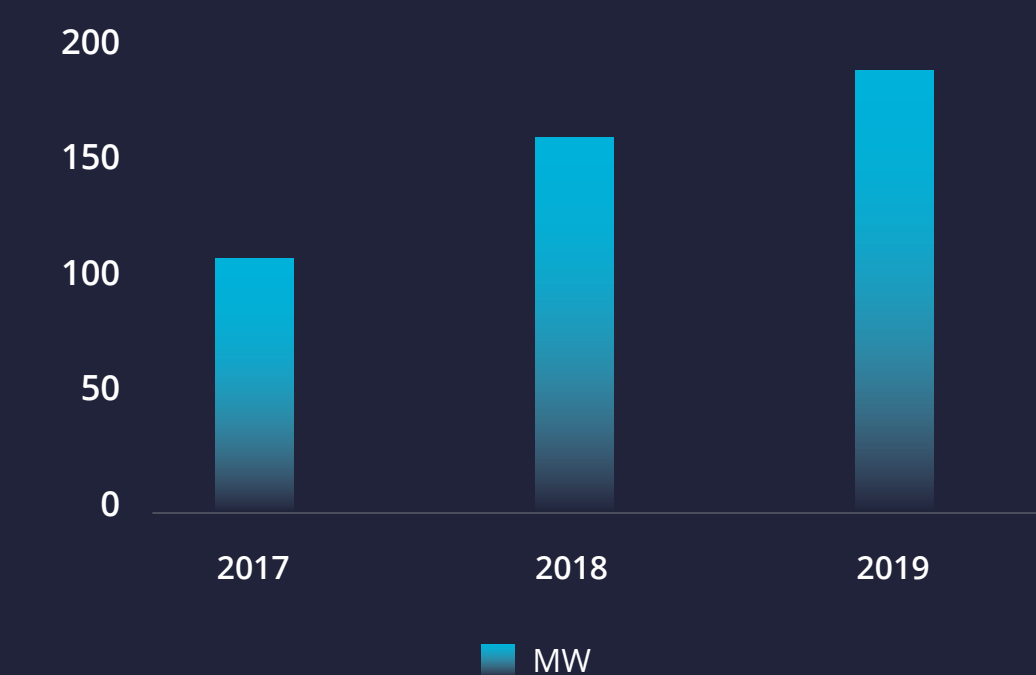
Eco Wave Power was founded in 2011 and has operations in Sweden, Gibraltar, Australia, Mexico, China and Israel. The major Swedish shareholders in EWPG Holding AB are AP4 and Skandia Fonder. The Eco Wave Power share (EWP, EWPG) is traded on Nasdaq First North.



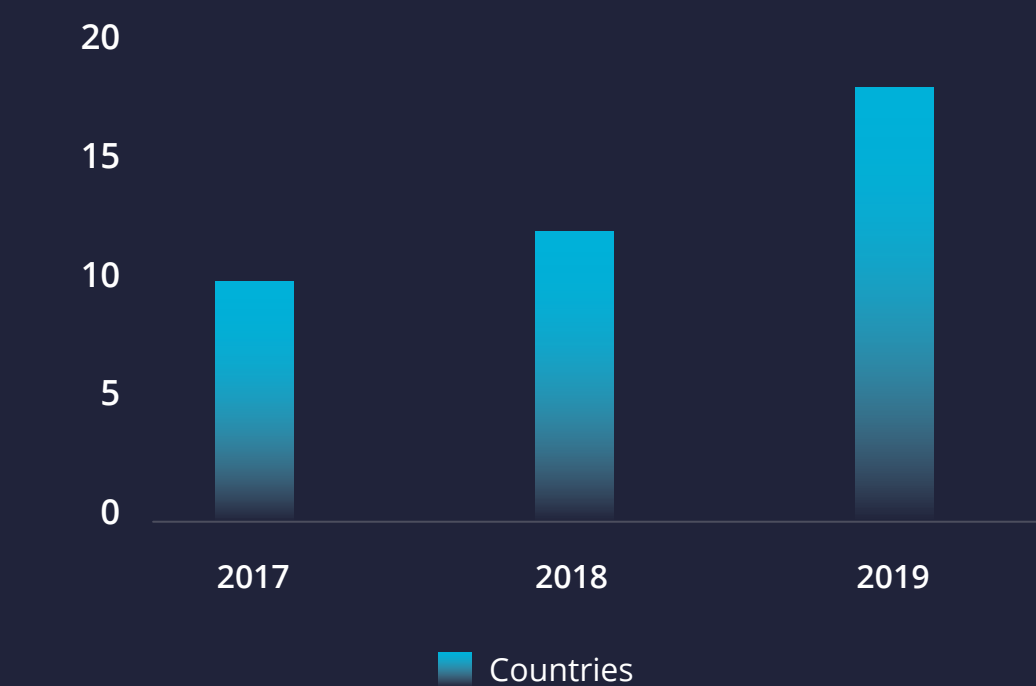
Highlights 2019



EWP Projects Pipeline



Projects Pipeline Countries



Message from the CEO

2019 was a significant step in the Eco Wave Power journey. Like all journeys, the company has gone through exciting and tough times, breakthroughs and struggles. One of the most significant events in 2019, was the company's public listing on Nasdaq First North. This has brought a huge growth and scale-up opportunity for Eco Wave Power, but also presented unique challenges for the company to overcome.

In a short period of time, our relatively small company had to adopt proper policies, expand the team, and adapt to the process of being a publicly listed company, in a foreign market. These were added to the day to day activities of developing and upgrading the EWP technology, signing new partnerships, constructing and operating projects, maintaining and registering new IP, going through lengthy and complicated licensing procedures and adding new projects to the company's pipeline.

Eco Wave Power is the first Israeli company to list on Nasdaq Stockholm and while being the first is very exciting, it is not always easy as you cannot rely on a third party's experience or turn to more experienced companies for advice.

A new market also means a whole new introductory process, new trust building procedures, different communication strategies and a whole new learning curve for Eco Wave Power and its' executive team.

We admit that it might take us some time to properly convey our vision and aspirational goals, but we are sure that we will be able to achieve it, as we have a great technology and our hearts (and intentions) are in the right place. Even though our beginning wasn't a smooth sailing, we truly believe that we are advancing in the right direction, and as time goes by, we are hoping to create trust and pride in our journey and achievements.

"One of the most significant events in 2019, was the company's public listing on Nasdaq First North. This has brought a huge growth and scale-up opportunity for Eco Wave Power, but also presented unique challenges for the company to overcome."

From the humble beginning of Eco Wave Power, in 2011, the company has always been a bit of an underdog. There were always companies which had more capital, a fatter marketing budget and significantly larger human-resources. However, Eco Wave Power was always beating the odds, as being an underdog allows you to see a bigger clearer picture. There



is so much more to do, and starting from the bottom gives you a unique perspective about what it takes to move your business to the next level.

We have been in the bottom many times during our journey, and we always persisted and overcame any challenges. When we have registered the EWP first patent, people said that it is great in theory, but does it work in real conditions? As a reply, we have built our first off-grid wave energy power station in Jaffa Port, in 2014. When people came to visit the power station, they have said that now they are sure that it

works, but can we connect it to the grid? So, in 2016, we beat the odds again, and with a small team and a small budget of 450,000 USD, we have built the Gibraltar 100 KW wave energy array and successfully connected it to the grid, while some of our competitors spent budgets of USD 100-150 million for offshore solutions, which did not survive the stormy weather. Now, that we have made the public listing in Stockholm, we are being told that it is great that we have a grid-connected technology, however, can we build it in commercial scale and prove that we can become profitable?

Some people are doubting that we can, but as I said, we are experts at beating the odds, and my team and I will do anything within our possibilities, to prove that we can!

Don't forget that David beat Goliath.

Yes, it will take us some time to find the right path, and we will have some difficulties, and delays, which are common in growth companies. However, our history proved that eventually we deliver what we promise, and that we never give up.

How are we going to do it?

The EWP board of directors and executive team have come up with an overall responsible and gradual plan for the commercialization of the EWP technology. The first step of such plan is finalizing the execution of the EWP-EDF one project. This project is important for us as it will entail two valuable aspects; the certification of the EWP technology by EDF, one of the largest electric producers in the world and a significant upgrade to the EWP technology by the EDF Renewables IL experts, which will enable more operational time, less maintenance and an even more efficient energy production, to yield enhanced IRR and ROI to the EWP projects.

Upon the finalization of the EWP-EDF project, the company will move forward to commercial installation in Gibraltar (where we have signed a PPA) and/or Portugal (where we have recently entered a Concession Agreement) and/or other European locations, with the best waves and financial conditions for our technology. In our IPO, we have raised enough capital for the execution of one commercial scale project. As a result, we decided to take the time, to responsibly decide

“We have taken the time to reinforce our team, build proper sales, licensing and engineering processes, enter collaboration with large scale utilities, and reinforce our suppliers base, in order to properly achieve our main goal which is the commercialization of wave energy.”

where such project will be built, and make sure we can deliver a great product. In the same time, we are submitting to multiple grant opportunities to leverage on such financing and achieve additional projects execution possibilities.

Upon the execution of our first commercial scale wave farm, our goal will be to secure debt financing, which will enable the company to execute several projects in parallel and create a resilient, self-sufficient wave energy business. Originally we have aspired to achieve all the above promptly and in parallel, however, the experience gained and expert advice that we have received made us understand that a more gradual and responsible plan will yield much better results for the company and its shareholders in the short and long run.

We are pacing the speed of our work and slowing down to speed up. An article in Harvard Business Review, presented a study of 343 businesses showing that the companies that embraced initiatives and chose to go, go, go to try to gain an edge ended up with lower sales and operating profits than those that paused at key moments to make sure they were on the right track. What's more, the firms that “slowed down to speed up” improved their top and bottom lines, averaging 40 percent higher sales and 52 percent higher operating profits over a three-year period.

We understand that we must not confuse operational speed (moving quickly) with strategic speed (reducing the time it takes to deliver value)—and the two concepts are quite different. Simply increasing the pace of production, for example, may be one way to try to close the speed gap. But that often

leads to decreased value over time, in the form of lower-quality products and services.

In conclusion, we have taken the time to reinforce our team, build proper sales, licensing and engineering processes, enter collaboration with large scale utilities, and reinforce our suppliers base, in order to properly achieve our main goal which is the commercialization of wave energy.

2020 is going to be a great year!

Kind Regards
Inna Braverman
CEO

Stockholm, June 2020

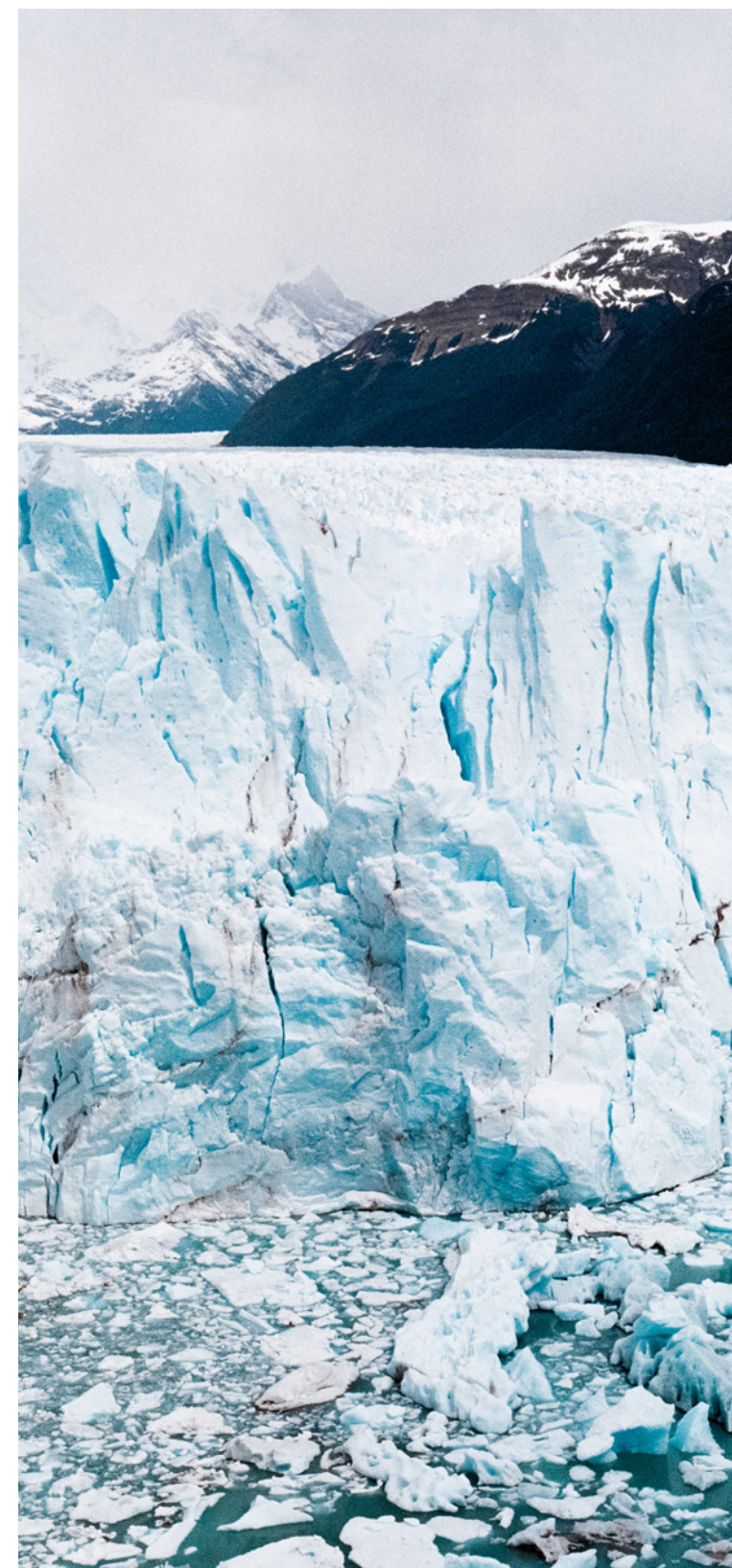
Trends in Renewable and Wave Energy

The Year of Climate Emergency

2019 will go down in history as the year of the climate emergency. In May, the United Kingdom was the first national government in history to declare a climate emergency. In November, the European Parliament followed the U.K.'s example and became one of twelve countries to declare a climate emergency throughout the year. The climate emergency was such a prevalent issue in 2019, that Oxford Dictionaries named it as the word of the year.

In the background, the world experienced several climate disasters in 2019 such as the burning of the Amazon in Brazil, record heatwaves in France, and the widespread wildfires in Australia. All these spurred thousands to take to the streets in protest in order to push their governments to do more in combating and mitigating climate change. Protests were seen around the world from Sweden to the Philippines and have highlighted our responsibility for the continuity of our planet.

The climate emergency has led us to the realization that there is an immediate need for higher levels of investment in renewable energy technologies to stave off the impending climate disaster. Energy is the leading contributor to climate change today, as according to the United Nations it accounts for 60 percent of global greenhouse gas (GHG) emissions worldwide¹. For the world to successfully transition to a zero-carbon future and to overcome the current climate emergency,



there must be widespread adoption of new renewable energy technologies, which are able to produce energy with minimal to no greenhouse gas emissions.

Growth in the Energy Sector

Global energy production is expected to see continued growth. Although the global population is expected to grow by approximately 25 percent, from 7.4 billion people today to 9.2 billion people in 2040, global economic output is expected to nearly double in the same time period. To put this in perspective, if world energy demand grew as fast as estimated GDP, energy demand growth could be about four times the projected amount. Most of the growth will be in non-OECD countries, led by India and China. The demand is expected to increase about 40 percent in this area of the world. Such increase in energy demand corresponds to the amount of energy used by the Americas today².

Emerging markets in non-OECD countries will account for essentially all growth in energy demand growth, primarily due to expanding economies and increased standards of living. By 2030, the world's economic middle class will likely expand from 3 billion people to 5 billion people. In addition to a significant expansion of the middle class, continuing urbanization will result in vastly improved living standards. People in many

1. <https://www.un.org/sustainabledevelopment/energy/>

2. EXXONMOBIL, 2018 Outlook for Energy: A View to 2040

developing countries will start modern businesses at a larger scale, increasing industrial demand. Furthermore, increased access to cars, appliances and air-conditioned homes will all contribute to a rising use of energy.

The increase in electricity demand will primarily drive the increase in energy consumption. Human activity continues to be dependent on reliable supplies of electricity. Global electricity demand will rise by 60 percent between 2016 and 2040. Like total energy use, the increase in electricity demand will be led by non-OECD countries. Power demand in these countries is expected to nearly double during that specific time period³.

Global Shift Towards Renewable Energy

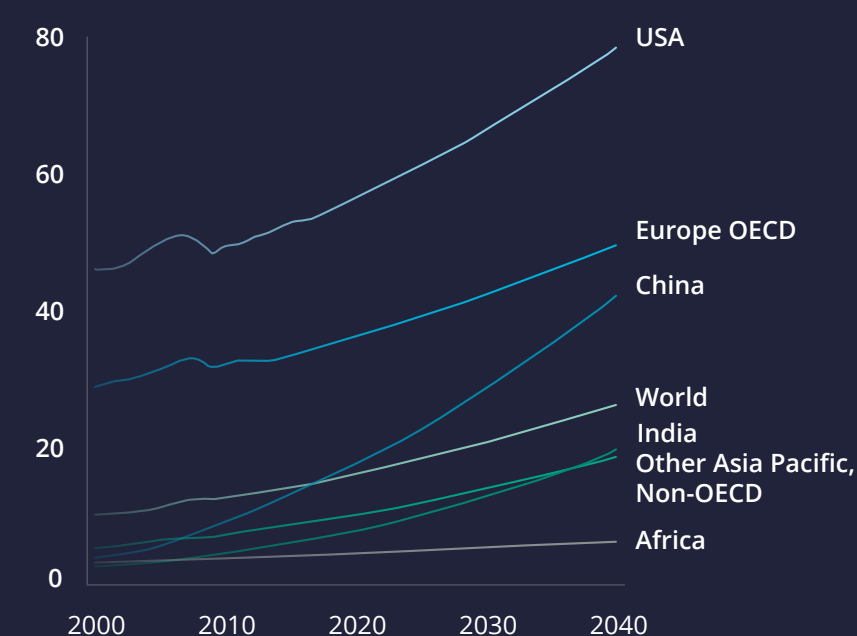
Renewable energy is clean energy that is generated from natural processes that are constantly replenished, including sunlight, geothermal heat, water, wind, tides, and various forms of biomass. Solar and Wind energy are two of the most rapidly expanding energy supplies. Together these sectors are expected to grow by about 400 percent by 2040, meaning that the combined share of solar and wind energy's total contribution to global electricity supply is likely to triple by 2040. The increase in production from renewable energy sources would help the carbon dioxide intensity of delivered electricity to fall by more than 30 percent⁴.

3. EXXONMOBIL, 2018 Outlook for Energy: A View to 2040

4. EXXONMOBIL, 2018 Outlook for Energy: A View to 2040

Purchasing power expands

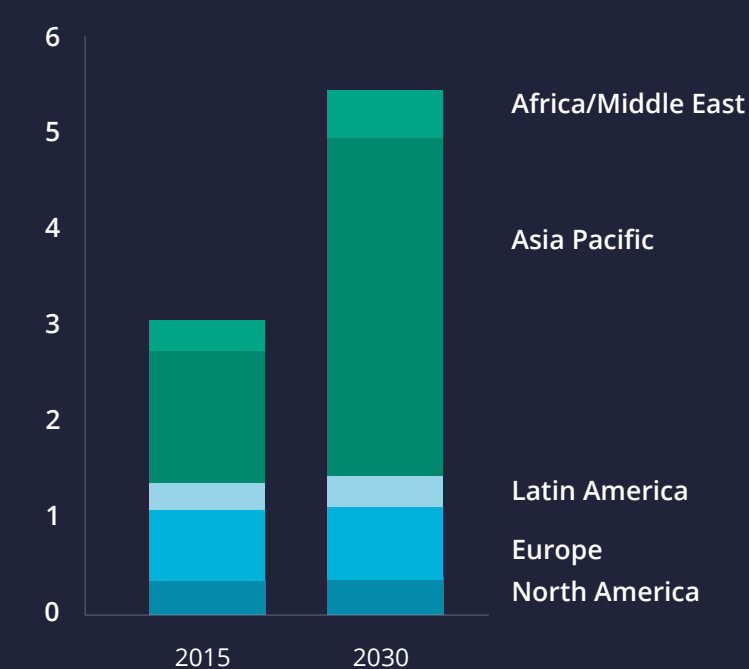
GDP per capita – thousands of purchasing power parity dollars



Source: EXXONMOBIL, 2018 Outlook for Energy: A View to 2040.

Unprecedented middle-class growth

Global middle class - billions of people



Source: EXXONMOBIL, 2018 Outlook for Energy: A View to 2040.

While the increase in global energy consumption has to be met, there is a need for reduced pollution from the energy sector. Unless global warming is not limited, the average temperature on earth in 2021 will exceed the average temperature in 1900 by more than 2 degrees Celsius, according to IPCC, the UN's climate panel. In case the 2-degree Celsius goal is unmet, there is a significant risk the world's climate and eco system will face irreversible consequences⁵.

The scenario has resulted in several political efforts to assume responsibility and provide solutions to a sustainable future. These political efforts are a largely contributing factor to the increased demand in renewable energy. Political initiatives include, but are not limited to:

- The Paris climate agreement which was agreed upon at the UN's annual climate conference in 2015. By signing the agreement countries agree to take specific measures to reduce emissions and slow down global warming⁶ To this date, 185 Parties have ratified of 197 Parties to the Convention⁷.
- The European Union's climate and energy goal states that GHG emissions by 2030 shall be reduced by 40 percent by the end of 2030 compared to 1990. In 2030, 27 percent of total energy consumption shall originate from renewable energy sources.

5. Intergovernmental Panel on Climate Change, IPCC Fourth Assessment Report & IPCC Fifth Assessment Report

6. <https://unfccc.int/process-and-meetings/the-paris-agreement/what-is-the-paris-agreement>

7. <https://unfccc.int/process/the-paris-agreement/status-of-ratification>

- China has committed to have 20 percent of its total energy consumption to be produced from renewable energy resources by 2030. The Chinese government deposited approximately EUR 320 billion in 2017 to be invested in renewable energy by the end of 2020. This was an initiative to assist in accelerating the shift from using coal to renewable energy resources. Approximately EUR 38 billion was earmarked solely for investments in tidal and geothermal energy⁸.

- India has set up goals to significantly expand capacity from renewable energy sources. It is estimated that 57 percent of India's total energy consumption will be generated from renewable energy sources by 2027⁹.

The convergence of cheaper renewable energy technologies, digital applications and the rising role of electricity is a crucial vector change. It is central to the prospects for meeting many of the world's sustainable development goals. Momentum in the power sector is positive, but the power sector alone will not deliver the emission reductions demanded by the Paris climate agreement. Neither can it fulfill the aspirations of Sustainable Development Goal 7. Policies continue to remain critically important for the future of renewables. The heat, electricity and transport sectors together account for 80 percent of the global total final energy demand. In order to meet long term climate and other sustainable goals, renewable energy development in these sectors must accelerate. If progress continues at the currently forecasted pace, renewables will only have an approximately 18 percent share

8. <https://uk.reuters.com/article/us-china-energy-renewables/china-to-plow-361-billion-into-renewable-fuel-by-2020-idUKBN14P06P>

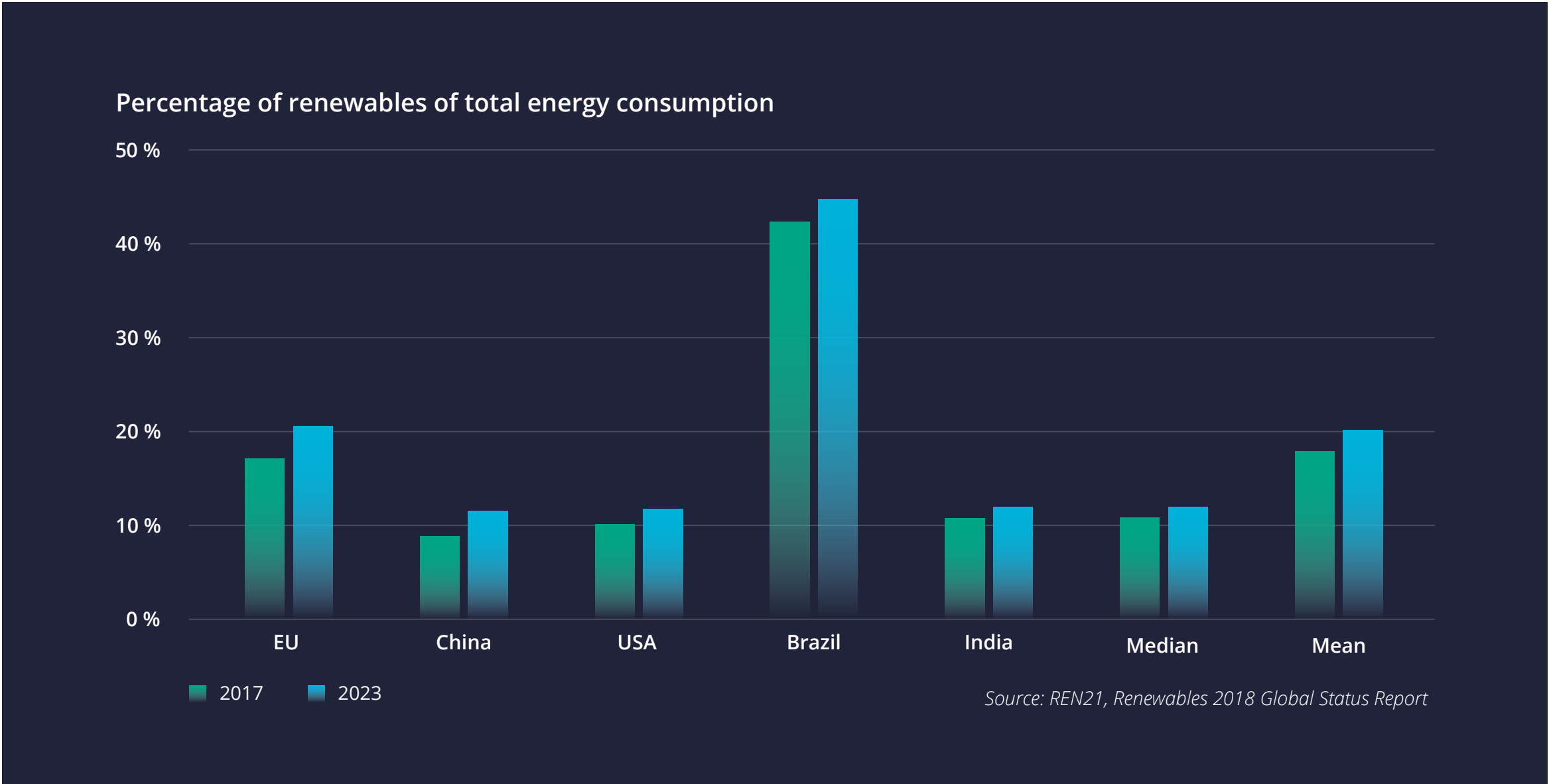
9. http://cea.nic.in/reports/committee/nep/nep_dec.pdf



in final energy consumption by 2040. This is well below the International Energy Agency (IEA) Sustainable Development Scenario's benchmark, where the share of renewables in final energy consumption is 28 percent. Should governments introduce measures to tackle policy and regulatory uncertainties as well as grid integration and financing challenges before 2020, growth in renewable energy can be accelerated. If the expansion of renewable energy is accelerated, China, the European Union, India, and the United States together will account for nearly two thirds of the potential growth. As a result, renewable capacity growth could reach 1.3 TW over the period 2018-2023, putting the renewable electricity sector fully on track to meet long-term climate and sustainability goals.¹⁰

Wind and solar power are two established renewable energy sources. These have continuously been successful in lowering the energy cost per produced kilowatt hour (kWh). In combination with several political efforts, these renewable energy resources have become attractive to investors from a financial perspective. The possibility of long-term returns is higher compared to fossil fuels. In 2017, the Norwegian Sovereign Wealth Fund, the world's largest state fund, recommended the Norwegian government to divest all the fund's holdings in oil and gas companies. Such holdings amounted to approximately SEK 300 billion¹¹. One of the world's largest insurance groups, AXA, announced divestments of holdings in coal assets equivalent to approximately SEK 6.7 billion^{12,13}. Sweden's pension funds are actively working towards divesting and opting out companies who have a negative impact

10. International Energy Agency, Renewables 2018
11. <https://www.di.se/nyheter/norska-oljefonden-vill-dumpa-olje-och-gasaktier/>
12. <https://www.ft.com/content/f349dbb0-0072-11e5-b91e-00144feabdc0>
13. <https://www.reuters.com/article/axa-coal/axas-fund-management-arm-to-cut-investment-in-coal-companies-idUSL8N1HX4ZZ>



on the environment. AP4 has been using strategies including low carbon dioxide to minimize the environmental risk in its investments¹⁴ and AP2 has used analysis on financial environmental risks. As a result, the fund has divested 83 of its holdings because of financial environmental risks¹⁵.

At a meeting in Paris, in 2019, the Network for Greening the System, an alliance of 34 central banks and financial regula-

14. <http://www.ap4.se/hallbarhet-och-agarstyrning/klimat-och-miljo/>
15. <http://www.ap2.se/sv/hallbarhet-och-agarstyrning/klimat/finanssiella-klimatrisker/>

tors, published a letter in which they clarified that they can no longer ignore the obvious threat and risk that comes from climate change. The Bank of England announced that it will require the banks and insurance companies it monitors to disclose how they handle the economic risks associated with climate change¹⁶.

16. <http://fortune.com/2019/05/08/data-sheet-green-investing-startups-beyond-meat/>

“AP4 has been using strategies including low carbon dioxide to minimize the environmental risk in its investments and AP2 has used analysis on financial environmental risks. As a result, the fund has divested 83 of its holdings because of financial environmental risks.”

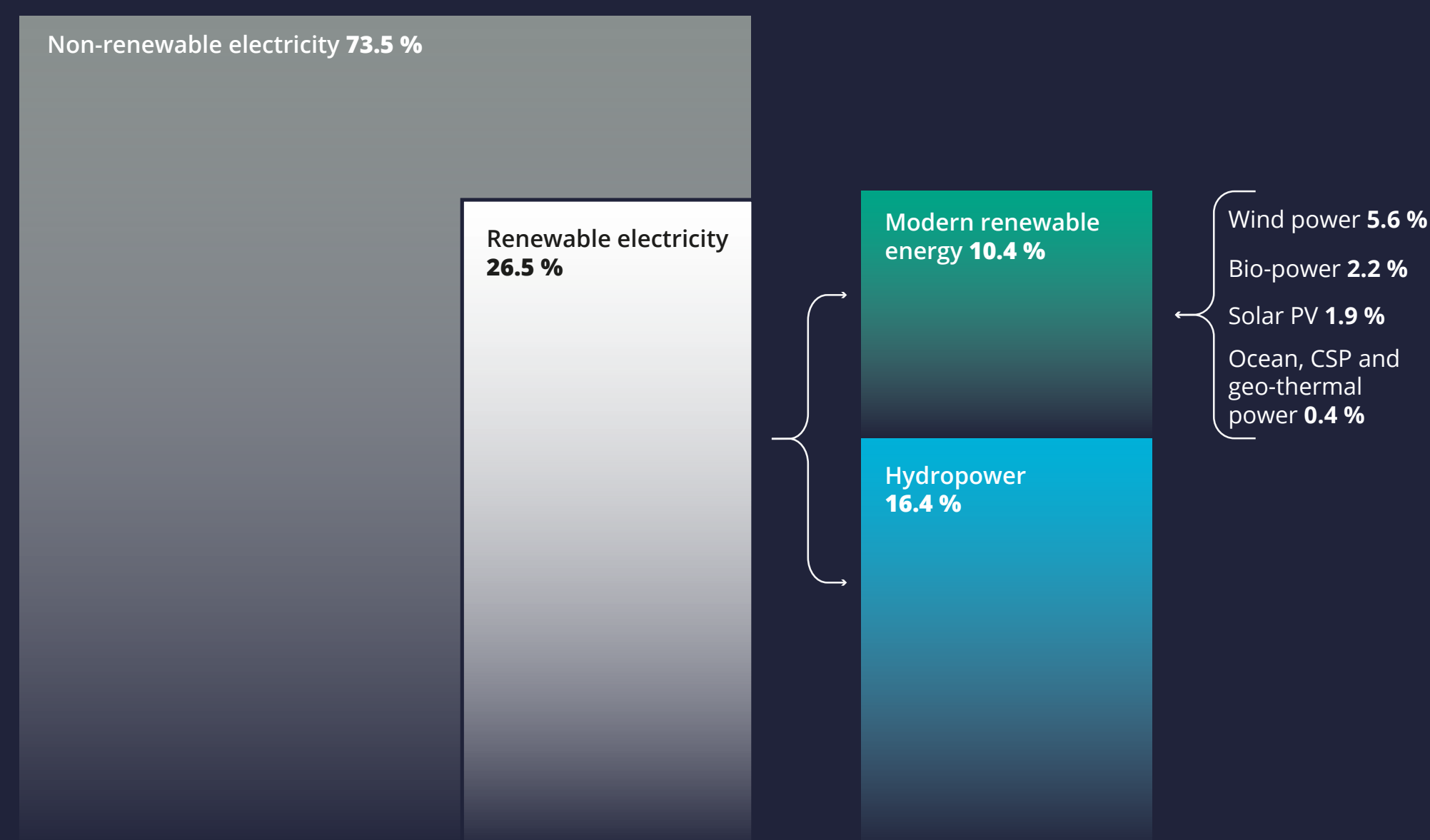
Investment in Renewable Energy

The global renewable energy market was valued at USD 1,406 billion in 2016 and is projected to reach a value of USD 2,153 billion by 2025. The past decade has seen a trend of significant global investment in renewable energy technologies, between 2010-2019 an estimated 2.6 trillion USD were invested worldwide in new renewable power capacity (excluding hydropower) which corresponds to about 1.2 terawatts of new

renewable energy capacity¹⁷. Significant resources are already being committed worldwide into the expansion of energy production from renewable sources, however, according to the International Renewable Energy Agency (IRENA), for the world to meet the Paris Agreement goals (mentioned above), the share of renewables worldwide needs to double by 2030. This will require ten trillion USD of current global investment in fossil fuels to be redirected into renewables and the annual investment in renewables will need to rise from 329 billion dollars at the end of 2018 to 737 billion dollars by 2030. If this were to happen, renewable energy will be able to supply 57 percent of global power by 2030, an increase of 26 percent from today¹⁸.

No renewable energy resource has the capability or capacity to replace fossil fuel alone and solve the world's energy consumption needs. To replace fossil fuels completely, the world will need to produce energy from a variety of renewable energy sources. By combining solar, wind and water energy sources, global energy consumption can effectively be met. According to the Renewables 2018 Global Status Report (REN21), globally today, fossil fuel consumption is 79.5 percent of the total share of energy consumption, followed by renewable energy sources with 18.2 percent. If recent progress from the renewable energy sector is taken into account, the gap between fossil fuel consumption and the renewable market can be closed in the near future.

Global energy consumption



Source: REN21, Renewables 2018 Global Status Report.

Wave Energy Potential

Today, the renewable energy landscape is dominated by solar and wind energy which have seen considerable growth in the past decade. They are large but intermittent sources of renewable power, which are highly dependent on our complex and diverse global environment. For example, Solar power is unable to produce energy at night and there are very few places around the world that are windy at all hours of the day. There are also many countries around the world which have little sun and large amounts of wind, vice versa, or little of both. As a result, in order to successfully make the transition to an emission-free future, the world will need to use a diverse array of renewable energy sources, which are suited to each region's specific climate and environment. Therefore, today there is a clear need to adopt new renewable energy sources alongside more established ones, to allow the world to generate larger amounts of renewable energy from its available resources.

One such resource is our oceans and seas which cover 71 percent of our planet's surface and are an abundant source of renewable power. According to the Intergovernmental Panel on Climate Change, our oceans can produce twice the amount of energy that the world produces today¹⁹ with potential global energy production from the waves estimated at 29,500 TWh of electricity²⁰. Wave energy is an abundant renewable energy source, which has several significant advantages over other renewable energy sources, for example,

17. <https://wedocs.unep.org/bitstream/handle/20.500.11822/29752/GTR2019.pdf>

18. <https://www.rechargenews.com/transition/renewables-growth-must-increase-fourfold-by-2030-to-meet-climate-targets/2-1-736294>

19. https://www.ipcc.ch/site/assets/uploads/2018/03/SRREN_Full_Report-1.pdf Edenhofer, O., Pichs-Madruga, R., Sokona, Y., Seyboth, K., Matschoss, P., Kadner, S., ... & von Stechow, C. (2011) IPCC special report on renewable energy sources and climate change mitigation

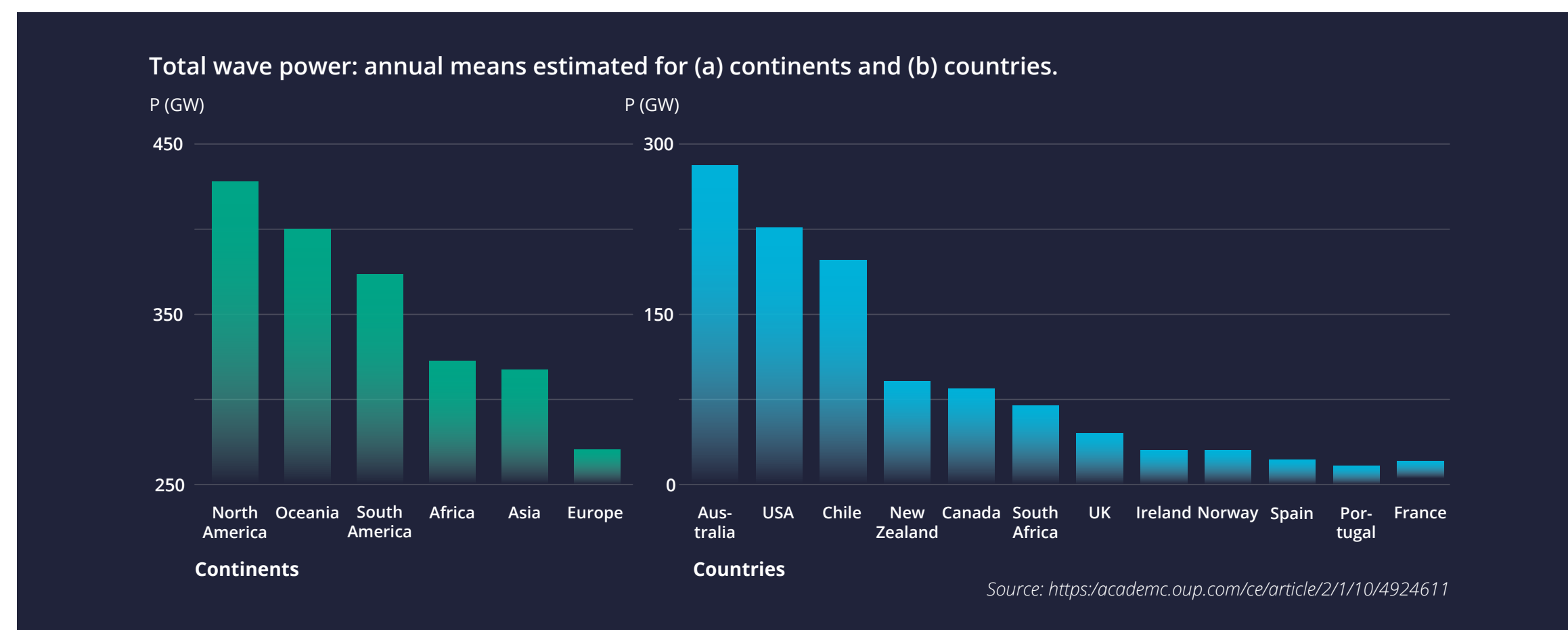
20. <https://academic.oup.com/ce/article/2/1/10/4924611>

it is available at night. In many wavy locations around the world, power can be produced around the clock. Another advantage of wave energy is that it contains large amounts of kinetic energy, as it is 832 times as dense as air, and thus holds much more kinetic energy, allowing larger electricity to be produced by smaller production devices²¹, which occupy less space.

One of the greatest benefits of wave energy is that it allows for power generation in proximity to population centers. Nearly 2.4 billion people, about 40 percent of the global population lives within 100KM of a coast²². In addition, most of the world's megacities are located near the coastline, with eight out of the ten largest cities in the world being located by the coast²³. Current population growth and migratory patterns which are seeing more people living the urban inland for life in cities is making wave energy an increasingly attractive source of power generation.

Opportunities are expanding as the wave energy field evolves. The successful development of wave technology in the European wave market can generate 188 GW (10 percent) of Europe's electricity needs by 2050²⁴. For this to occur, successful development and operation of new wave generation systems need to be planned for 2022-2040.

In the 2019 European Green Deal, the European Commission identified the Blue Economy as having a central role to play in mitigating and adapting to climate change²⁵. To boost the



European Blue Economy, the European Commission and European Investment Fund launched a EUR 75 million Blue Invest Fund that provides financing to equity funds that strategically target and support companies and technologies in the blue economy sector. As more sources of renewable power are sought, governments and entrepreneurs are increasingly looking to our oceans and wave energy as a source of clean power.

Competition and Competitors

A wide range of methods have been developed to capture energy through Wave Energy Converters. To date, six main distinct types of WECs have been developed. These include: Attenuator; Point absorber; Oscillating wave surge converter; Oscillating water column; Overtopping/terminator device; and Submerged Pressure Differential. Most of these technologies were installed in the offshore, due to the belief that in the offshore there are more significant wave heights.

In search of the high energy potential available in offshore waves, several wave energy developers have located their

systems offshore. However, these systems struggled to commercialize due to:

- **High costs:** The CAPEXs associated with offshore systems are high, as there are high costs implicit in the installation, maintenance, and connection to the electrical-grid of such systems. Since their offshore deployment requires the use of ships, divers, underwater electrical transmission cables, and underwater mooring.
- **Low Reliability:** Off-shore ocean climates are often extremely harsh and can experience wave heights as high as twenty meters. Stationary man-made machinery struggles to survive in these types of conditions for extended periods of time. This why the offshore systems deployed by the Scottish wave developer Pelamis and the Australian developer OCEANLINX ultimately failed.²⁶
- **Lack of insurability surrounding off-shore systems:** The high-costs and low reliability associated with offshore wave energy systems, created an issue with getting insurance for the offshore wave energy power stations.
- **Negative environmental impact of offshore systems:** Environmental organizations have considerable say in the deployment of new technologies. However, many have objected to the deployment of offshore wave energy systems as many of them require mooring to the ocean floor, which disturbs local marine habitats and potentially impedes marine migration.

21. <https://academic.oup.com/ce/article/2/1/10/4924611#118560458>
 22. <https://www.un.org/sustainabledevelopment/wp-content/uploads/2017/05/Ocean-fact-sheet-package.pdf>
 23. <http://www.oceansatlas.org/subtopic/en/c/114/>
 24. <http://www.climateaction.org/news/wave-powers-share-of-global-electricity-demand-to-reach-10-by-2050>
 25. https://ec.europa.eu/info/sites/info/files/european-green-deal-communication_en.pdf

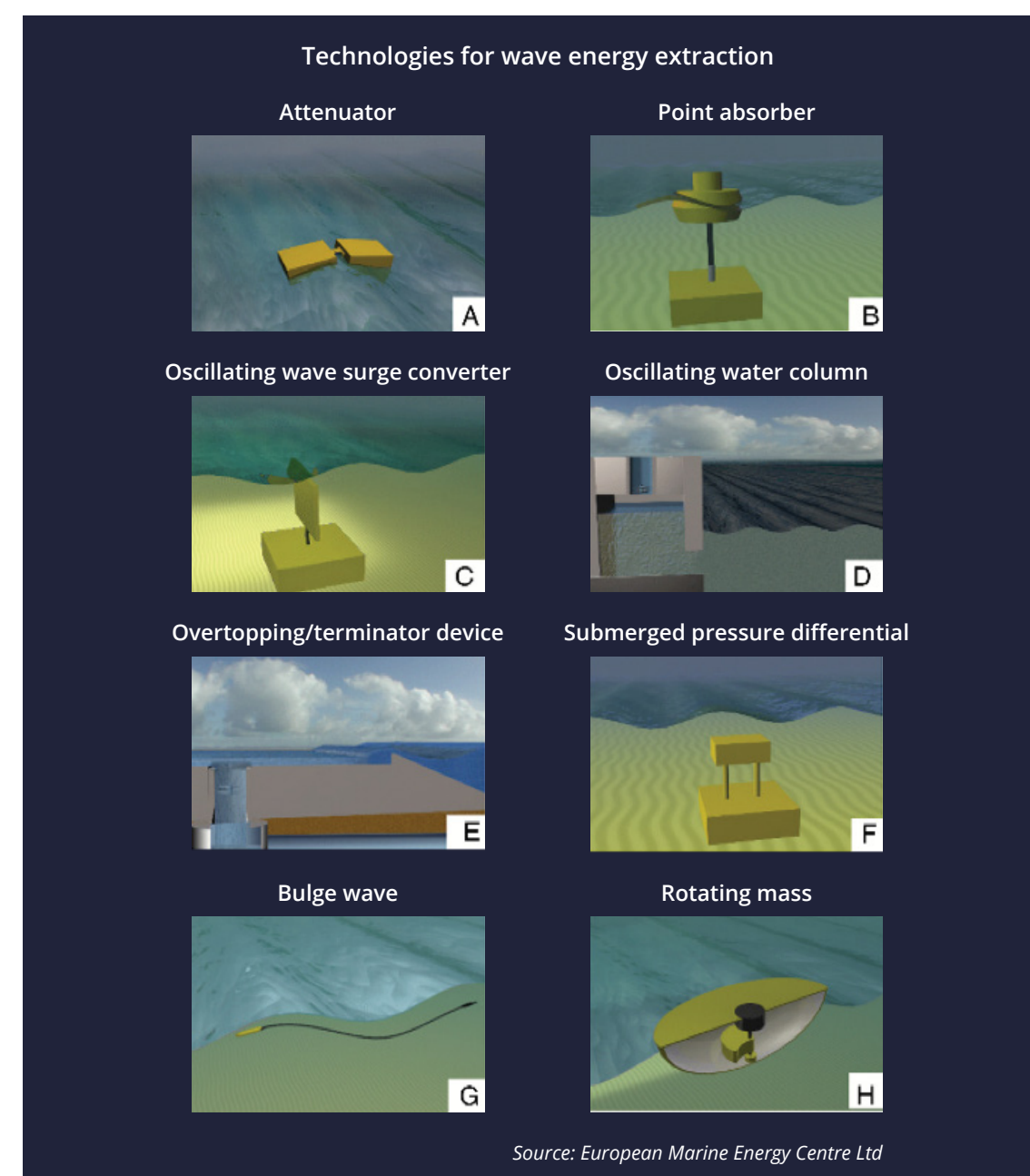
26. <https://www.abc.net.au/news/2010-05-25/oceanlinx-told-to-clean-up-sunken-energy-generator/839928>; <http://www.scottishenergynews.com/orkney-council-buys-wreck-of-once-pioneering-pelamis-wave-power-machine-for-1/>

Resulting from the difficulties experienced by the offshore competitors in the wave energy sector, Eco Wave Power decided to take a different approach by installing its' systems in the onshore and nearshore environment and attaching it to marine structures, such as breakwaters.

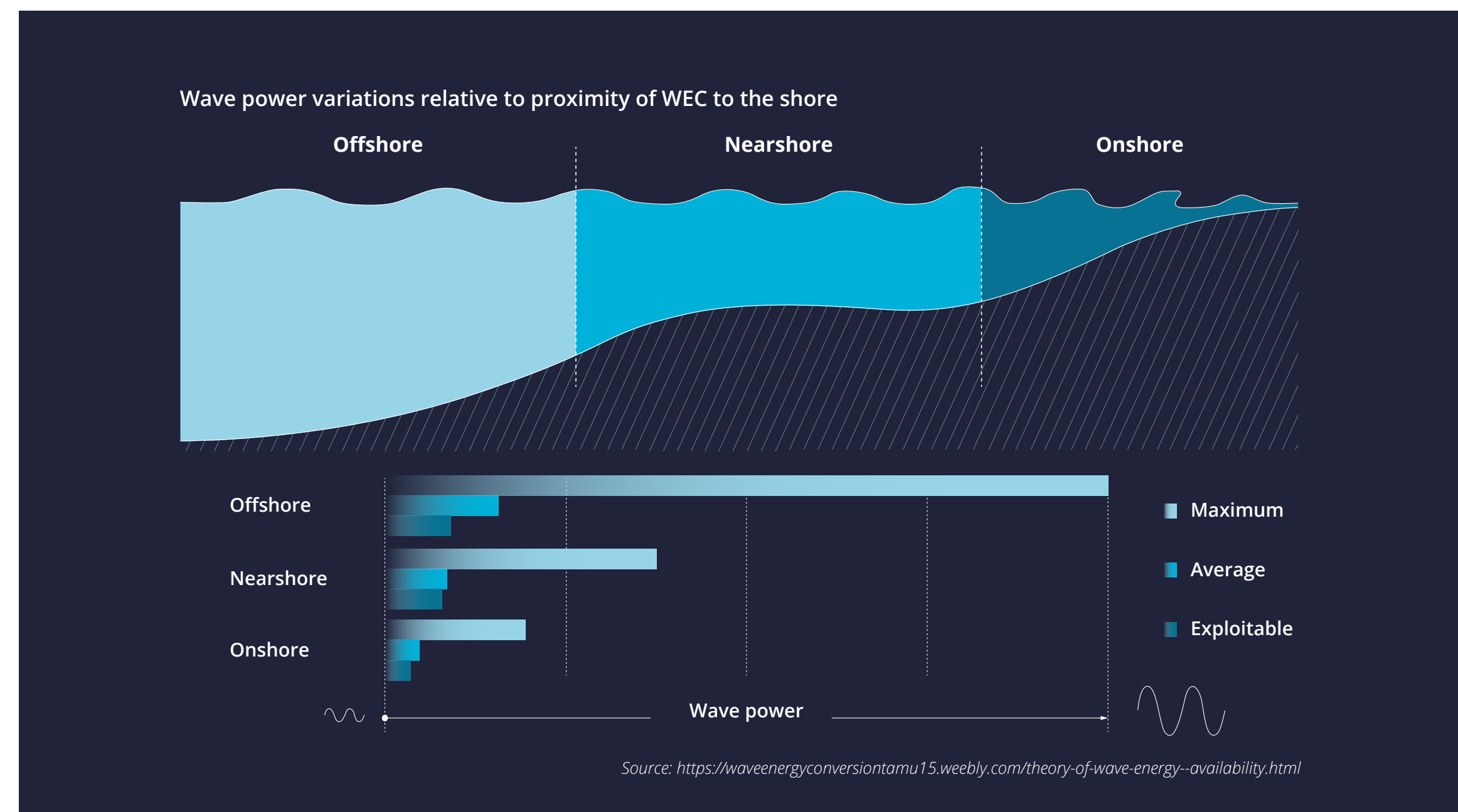
Several new studies in the wave energy sector, can be used to support Eco Wave Power's approach. For example, in the Figure below, we can see that although the maximum wave power is higher offshore, the exploitable level of power in the offshore and nearshore is practically the same, due to the following:

In deep water, waves can travel in almost any direction, making it difficult to extract energy. As they approach the shore, they turn towards it, so WECs positioned in near-shore locations almost always encounter waves coming from the same direction. This significantly boosts the quantity of energy captured. Furthermore, wave profiles are usually milder closer to shore: maximum wave heights in near-shore areas are closer to average wave heights – implying that **WECs in near-shore areas tend to encounter more stable sea states** – providing highly exploitable wave energy resources compared to offshore locations.

Moreover, Eco Wave Power appeared in a recent study by Dr. Peter Harrop which finds that interest in waterpower is on the rise again as large orders are landed.²⁷ The new vibrancy primarily concerns avoiding huge infrastructure and putting simpler devices particularly in the sea. At last, marketing led



approaches satisfy new needs, particularly in a vast number of cases where cost of electricity is not key. He also mentioned Eco Wave Power in his detailed study as one of the most dominant technologies and provides deep technology analysis. In his study, he is forecasting that the market will rise to at least USD 100 billion.



Currently, Eco Wave Power is on track to install its second grid-connected power station in Jaffa Port to be followed by the installation of a first commercially viable wave farm in Europe. These projects will constitute a significant step in Eco Wave Power's development and the development of the wave energy field and will allow the company to seize a significant share of the wave energy market. As most wave

energy developers in the market are geared for installation in the offshore (3-5 kilometres into the ocean), the Company does not see its technology as being in direct competition with those technologies.

27. Dr. Peter Harrop, Wave, Tidal and Hydro Power 1W-10MW 2018-2038

Strategy

Vision

EWP's vision is to introduce wave energy as a commercial renewable energy source, with the goal of creating an emission free planet.

Our Business

EWP's innovative, reliable and cost-efficient wave energy technology will significantly contribute to the future of renewable energy.

Strategic Long-term Goals

Eco Wave Power is set to become the first company to commercialize wave energy and aims to become the market leader by offering a competitive, commercially viable wave energy technology to its customers, by achieving the following milestones:

- Constantly optimizing the technology and its sub-systems to increase efficiency and durability.
- Reducing Capex, Opex and LCOE in commercial scale installations
- Executing multiple wave farms under competitive terms
- Integrating the EWP wave energy technology in all new planned marine structures in ports, islands and coastal cities.



Growth Strategy

Eco Wave Power's goal is to become the first company to commercialize wave energy. Wave energy commercialization will enable the standardization of wave energy, and its' incorporation in all future marine structures in coastal cities, countries, ports, and islands, which will in turn significantly enhance the world's renewable energy mix, while decreasing emissions.

Geographical Focus

The Company's expansion activities are prioritized within geographical areas which present significant business opportunities for project development. Prioritized countries include those with significant wave heights, governmental support for renewable energy projects, favorable feed-in-tariffs or subsidy schemes, high electricity demand, strong promotion of renewable energy, lack of electricity access and available grid-capacity. In the coming years, Eco Wave Power will prioritize growth in specific high-potential target markets, without excluding growth in other relevant markets. Primarily, Eco Wave Power is focusing on growth in Europe, North America, and Oceania, where there is high wave energy potential and established support for renewable energy technologies.

While new geographical areas are being secured, potential local investors and development partners, such as electric companies are being engaged for new project collaborations. Presently, business development activities are conducted



directly with the relevant potential customers to create a more efficient project development process and to ensure project success. Target customers, such as national electric companies and ports are selected and targeted in order to produce additional reference customers and to establish a robust market presence, with strategic partners.

“The Eco Wave Power wave energy technology is fully modular, allowing the Company to easily produce and deploy projects in diverse project climates.”

Increased Value for Clients

Eco Wave Power is focused on the continued build-up of the company's projects pipeline, with the goal of establishing itself as an expert technology provider and a project developer.

The Eco Wave Power wave energy technology is fully modular, allowing the Company to easily produce and deploy projects in diverse project climates.

Due to the principle of economies of scale, as production increases the cost per unit is expected to be reduced. The Company primarily uses standard, off the shelf, components for its technology and works with prominent manufacturers such as Siemens, Bosch and Parker for component and sub-system procurement. Working with off-the-shelf components allows for increased flexibility and rapid project development as well as ensures supplier presence in most countries around the world.

Eco Wave Power also believes it can expand its product offering by providing increased project development products and services for its wave energy technology such as feasibility studies, power plant design, project management, and project planning. These activities generate more revenue opportunities for the company and will allow for increased flexibility in project development and collaboration.

Project Development

The basis for every project includes the securing of a Power Purchase Agreement (PPA) or production quotas from the end customer, and an agreement for the use of a project site.

Use of project sites are provided to the Company by organizations such as Ports and Municipalities, through site concession agreements, or are secured by the partner.

The high availability and predictability of wave energy alongside established Concession Agreements and PPAs or Feed-in-Tariff rates allows for streamlined revenue calculation and enables efficient project development. Therefore, the Company is allocating more sales and marketing resources into securing additional site concessions and PPAs to expand its customer base and product offering.

In conclusion, the growth strategy of the company will be achieved through the targeting of key customers, strategic partners and project co-developers, among which are:

1. **Ports, coastal cities and islands** – which provide the concession for the necessary sites.
2. **Electric companies** – which can enhance product's efficiency, certify the technology for each specific market and create significant market spread for the EWP technology. In many markets, electric companies are also the direct buyers of the clean energy generated.

Currently, the Company has ongoing negotiations and in-depth discussions with seven large scale electric companies, the majority of which are operational in multiple countries. In 2019, Eco Wave Power, entered a joint venture collaboration with EDF Renewables IL. Eco Wave Power views the collaboration as a strategic partnership, since EDF has business in more than 25 countries and is one of the largest renewable energy developers in the world.

Access to Debt Financing

A significant part for large scale commercialization of wave energy is the availability of debt financing, under similar conditions of debt financing available for wind and solar. Debt financing will enable EWP or its clients to access necessary investment and loans for the construction and installation of the Eco Wave Power wave energy arrays, and will enable the parallel execution of multiple projects, which is necessary for the creation of a resilient and self-sufficient wave energy industry.



Eco Wave Power's Business

Eco Wave Power is a Swedish technology company that was founded in Tel-Aviv, Israel in 2011 by founders Inna Braverman (CEO and Member of the board of directors) and the serial entrepreneur David Leb (Member of the board of directors). The Eco Wave Power technology utilizes the power of ocean and sea waves for the generation of clean electricity.

The Company has reached a stage of an operational and grid-connected power station, which is operating since 2016 in Gibraltar, in accordance with a Power Purchase Agreement entered between Eco Wave Power and the Government of Gibraltar and the Gibraltar National Electric Company. With the commissioning of the Gibraltar power station, the com-

pany has proved that it can construct reliable, cost-efficient, insurable and environmentally friendly wave energy arrays, and is ready for wider market roll-out. The next goal of the company is the executed an upgraded modular unit of the EWP technology with EDF Renewables IL, to be followed by installation of commercial scale units, in locations where the company holds relevant concessions or PPA Agreement.

Customer Offering

Eco Wave Power developed an innovative wave energy technology, combined of simple (and cost-efficient) hardware and smart control software. EWP is offering the installation and O&M of the EWP modular wave energy units in turnkey collaboration or the selling of the electricity in a BOO or BOT collaboration structure. Moreover, the company is planning to commence a new service of detailed feasibility studies for our potential clients, which will add customer value and provide an additional revenue stream for the company.

“With the commissioning of the Gibraltar power station, the company has proved that it can construct reliable, cost-efficient, insurable and environmentally friendly wave energy arrays, and is ready for wider market roll-out.”

Customer Segments



Innovative Technology

Eco Wave Power's technology is comprised of tailor-made floaters, which are attached to marine structures such as piers, breakwaters, and jetties.

The floaters draw energy from incoming waves by converting the rising and falling motion of the waves into a clean energy. More precisely, the up and down movement of the floaters compresses and decompresses hydraulic pistons which transmit bio-degradable hydraulic fluid into land located accumulators. In the accumulators, pressure is being built, which is used to rotate a hydraulic motor, which rotates the generator, and then the electricity is transferred into the electrical grid, via an inverter. The fluid, after decompression, flows back into the hydraulic fluid tank, where it is then re-used by the pistons, thus creating a closed circular system.

The whole operation of the system is controlled and monitored by a smart automation system. In real-time, the system collects all the operation information into a central control system which continuously monitors the information and automatically optimizes the electricity production in order to ensure optimal and continuous power generation.

The technology is also equipped with a storm protection mechanism. In the case of severe storms or extreme weather conditions, the floaters automatically lift to an upward position and lock in such position, until the storm passes. When the storm passes, the floaters commence operation.

Most of the wave energy developers have chosen to install their systems offshore and as such, have historically struggled to commercialize their technologies, due to the following problems:

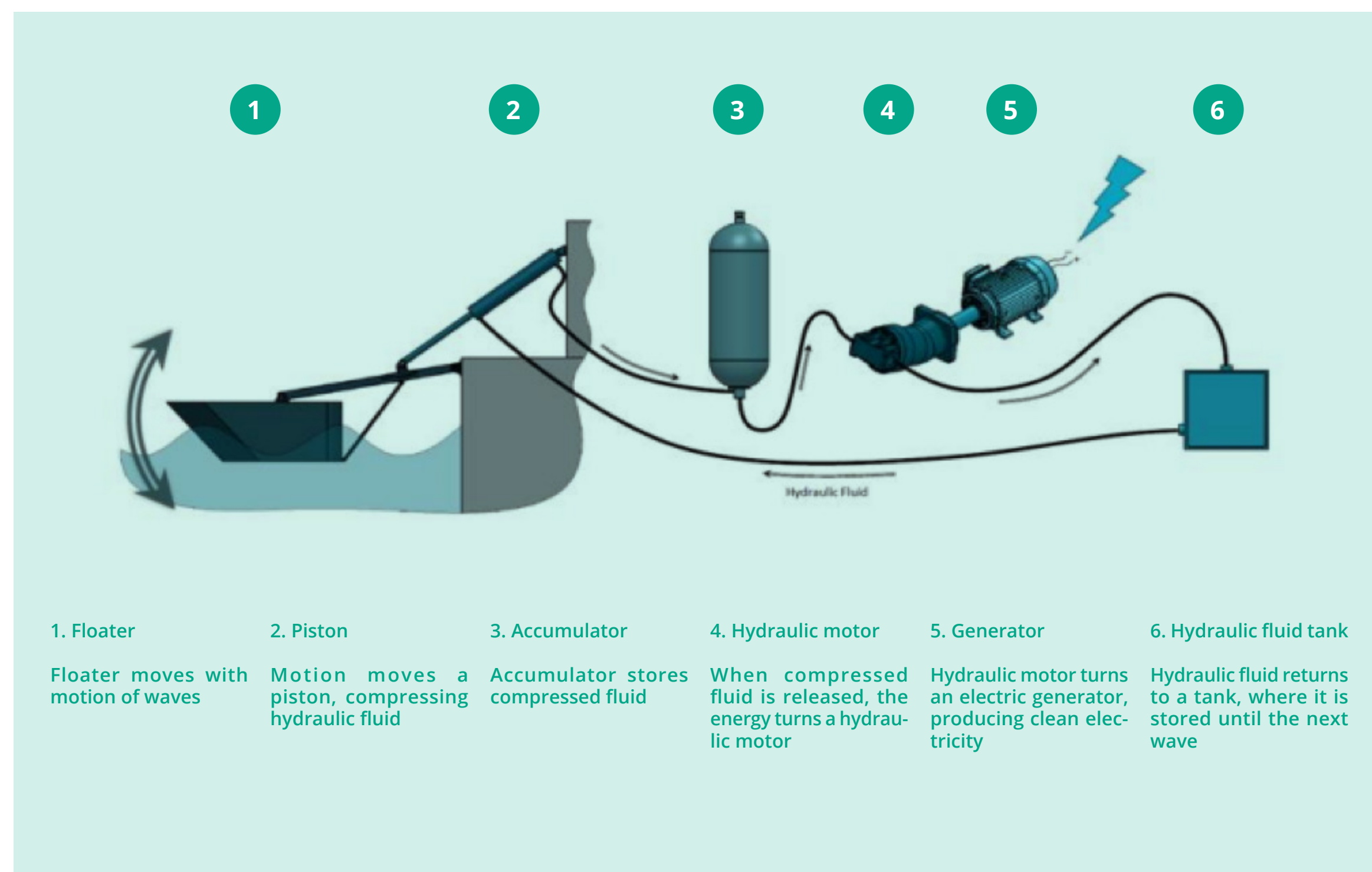
- 1. High Prices** – Offshore installation is extremely expensive and complicated. The process requires ships, divers, underwater cabling, and underwater mooring.
- 2. Low Reliability** – Offshore wave energy power stations are exposed to extreme wave heights which can reach up to 20 meters. Stationary man-made equipment struggles to survive in such environments.
- 3. Lack of Insurance** – Due to the high prices and low reliability of offshore wave energy technology, insurance companies do not insure such stations.
- 4. Environmental Impact** – Offshore wave energy power stations must connect to the ocean floor, which disturbs the marine environment and surroundings.

Eco Wave power EWP's nearshore/onshore wave energy system, which utilizes existing marine infrastructure, has allowed the company to avoid the above-mentioned difficulties. The EWP technology is:

- 1. Cost-Efficient** – The EWP technology has attractive construction and production prices and is significantly lower than offshore competition since the EWP installation and O&M activities don't require the use of ships, divers, underwater cabling and mooring.
- 2. Reliable** – Eco Wave Power's technology is highly reliable, as most of the cost of the system is located on land, and only the floater mechanisms are in the water. Therefore, the Eco Wave Power conversion unit is not subject to an aggressive marine environment. Furthermore, the Company utilizes a storm protection mechanism, which prevents damages to the floaters during storms.
- 3. Fully insurable** – The reduced CAPEX and high reliability associated with the Eco Wave Power system allowed EWP to receive insurance for its power stations. The Company's installations in Gibraltar and Israel are insured by notable insurance companies.
- 4. Environmentally friendly** – The Eco Wave Power system is environmentally friendly, as it does not connect to the ocean floor, and therefore does not create any new presence.



In addition, EWP technology is fully modular and scalable. The entire conversion unit is assembled in a standard-sized shipping container located on land, just like a traditional power station. The compact and portable design allows for simple and efficient transportation to the site. Furthermore, the operation and maintenance will be fully performed from the land side, with no need for divers, marine vessels, underwater mooring, cables, and other expensive marine installation, operation and maintenance methods which are necessary for offshore solutions. Moreover, due to the modular design, the system maintenance can be performed separately for each module, which reduces overall system downtime and the modular design enables an efficient scaling of the technology.



Fully Modular Technology

The Eco Wave Power technology is fully modular which results in several benefits:

- **The scalability** provided by the modularity of the technology allows for a gradual step by step expansion and increased application versatility. This means that a MW scale system is no more complex on a modular basis than a KW scale system.
- **The modularity** allows for cost reductions as the system size increases, due to reductions from purchase and manufacturing volume.
- **System maintenance** can be performed separately for each module, which reduces downtime for the overall system.
- **Provides financial flexibility** as it allows customers to begin a project with a set number of modules and begin generating electricity or revenues from the power station, the station can then be expanded, with the addition of more modules, once better financing conditions have been reached.

Short Payback Period in Compatible Locations

Due to the high availability of the wave energy resource in compatible regions, Eco Wave Power's technology can generate significant amounts of renewable energy. For example, a power station with an installed capacity of 1MW and a capacity factor of 40 percent will generate 3,504,000 KW/h of electricity annually. With an electricity sale price of 0.13 Euro cents per kW/h, the power station will generate 455,520 Euro a year which allows for a return on investment of approximately three years. It is important to note that each project's payback period will depend on several key factors such as the wave climate at the specific project site and thus the capacity factor, installation and grid-connection costs (in accordance with the condition of the marine structure and the distance from the nearest grid-connection point), as well as the Feed-in-Tariff or actual purchase price per Kw/h.



Extensive Patent Portfolio

Eco Wave Power recognizes the importance of the creation and protection of the company's intellectual property which it views as its most valuable asset. Therefore, the Company uses top experts in the field and invests significant resources in the maintenance of its global patent portfolio. The Company holds 14 Israeli Patents and Patents Pending, patents in the United States and Europe, as well as an International PCT on its proprietary technology.

APPLICATION / PATENT NUMBER	COUNTRY
16/762931	United States
17932991.7	Europe
274332	Israel
215739	Israel
246192	Israel
246193	Israel
246194	Israel
254987	Israel
254988	Israel
254989	Israel
254990	Israel
254991	Israel
254992	Israel
253993	Israel
254994	Israel
268942	Israel
PCT/IL2019/051015	International

The EWP Sales and Site Development Process

During 2019, Eco Wave Power conducted significant upgrade to its' sales and site development processes. The company has expanded the sales and marketing team and created a defined and efficient processes for sale and site development.

In the initial phase of potential client reaching out, the company verifies the probability and scale of the potential deal with such client. The verification is based on the compatibility of the proposed location, the scale of the power station, expansion possibilities and the market conditions.

Once the client passes the verification and validation phase, the senior sales team is negotiating the specific collaboration with the client, which can be in the form of a concession agreement for the use of the relevant space, turnkey project, JV or PPA agreement.

In case of a BOT collaboration, the process is as follows

- 1. Entering site concession agreement
- 2. Licensing and permitting
- 3. Project planning and design
- 4. Construction
- 5. Project commissioning and transference to customer

In the case that Eco Wave Power is the owner or developer of a wave energy project, prospective project sites (leads) are either selected through a rigorous internal process or converted from a potential customer lead to a potential partner lead. An example of such lead conversion is the case where the company receives a request from a port that is interested in a wave energy project in its facilities but does not want to be the project owner. The internal site selection process initially identifies the suitability of the site for the installation of a wave energy power station and includes an initial assessment of the available size of the station which can be installed, the suitability of the local wave climate, and the potential electricity sales price. In this way, preferred locations with strong profitability potential are targeted and advanced resources are not spent on locations with low project potential. Once a lead has been deemed suitable or a target site selected, advanced project development resources are assigned to the project, including resources from business development, engineering, and senior management.

At this stage, agreements, usually in the form of a concession agreement, are signed to allow Eco Wave Power the use of the selected site for a potential project.

Usually the licensing phase is the most time-consuming, as many countries did not yet adopt and finalized policies for wave energy construction and connection to the grid. Whereas, the actual construction, of MW-Scale installations is around 24 months for each project.

“Eco Wave Power recognizes the importance of the creation and protection of the company's intellectual property which it views as its most valuable asset. Therefore, the Company uses top experts in the field and invests significant resources in the maintenance of its global patent portfolio.”

Revenue Streams

The Company's main revenue streams are as follows:

- **Joint Venture or Turnkey:** Eco Wave Power either sells the project directly to third parties with a profit margin or collaborates with strategic or financial partners who are willing to share the project risk with the company in the form of a joint venture collaboration.
- **BOO (Build, Own, Operate):** EWP will own the project; this revenue model means that the company will finance and provide the operation and maintenance for its' power station. The electricity produced will be sold to the grid in-line with long-term PPA (up to 25 years). This model incurs a higher initial investment cost but gives a long-term recurring revenue stream from the electricity that the company will sell to the grid.
- **BOT (Build, Own, Transfer):** EWP will fund and construct the power station, and then sell it to a third party. The project's long-term fixed-price revenue under PPAs are expected to be attractive for institutional investors, who can pay a premium price to purchase the power stations.

Moreover, the company is planning to commence a new service of detailed feasibility studies for our potential clients, which will add customer value and provide an additional revenue stream for the company.

Award-Winning Technology

The Eco Wave Power wave energy technology has been recognized as a "Pioneering Technology" by Israel's Ministry of Energy and was labeled as an "Efficient Solution" by the Solar Impulse Foundation.

In December 2019, the Company was awarded the prestigious "Global Climate Action Award" from the United Nations, which was granted to the company during COP25 in Madrid, Spain. The Company was also recognized by Frost & Sullivan for its' product innovation.

According to Frost & Sullivan:

"Eco Wave Power efficiently handles the prominent challenges prevailing in the field and offers an all-round solution for effective energy harvesting"

This significant award is in continuity with the worldwide recognition of EWP's leadership, expertise, and innovation as shown through EWP's activities and innovative technology in the field of renewable energy. EWP has also received recognition with the following awards: the **Business Green Leaders Award**, the **Women4Climate Award** by C40, the **Energy Globe Award** for "Best Project in Israel" and "Best Project in Gibraltar" sponsored by UNESCO and UN Environment, the **MIXiii Innovation Award** by the Chief Scientist of Economy Government of Israel, the **Erasmus Energy Award**, the **New Energy Global Fest Award**, the **DIA (Design Intelligence) award**, **Shenzhen Innovation Award** and was also recognized as **Sustainable Energy Technology Top 100** by DENA and the World Energy Council.



Customer Segments



Ports

Ports (including harbours and marinas) are traditionally large consumers of energy and contribute heavily to global emissions. As a result, ports are increasingly playing a larger role in the generation of renewable energy and reducing their carbon footprint through clean energy generation. Ports have an integral part in the global energy transition by hosting renewable energy production facilities and promoting its uptake. A 2016 survey by the European Sea Ports Organisation found that 41 per cent of respondent port authorities secure land to generate or support clean energy¹.

For example, The Port of Newcastle (Australia) is known to be one of the most polluting ports in the world. Coal ships through the Port of Newcastle freely emit more than double the amount of sulphur dioxide coming from cruise ships that are being targeted with a new-low sulphur fuel regulation in Sydney Harbour, a new report shows. Newcastle also recorded higher levels of pollutants including carbon dioxide, nitrogen oxides and fine dust particles from all ships than those through Sydney's Port Jackson, according to the report from an international consultancy expert that the NSW Environment Protection Authority commissioned.

The report shows bulk carriers in Newcastle emitted 362 tonnes of sulphur dioxide, more than 21,000 tonnes of carbon

dioxide, 247 tonnes of nitrogen oxides and 36 tonnes of fine dust particles in 2013.

That compared with emissions from passenger ships in Port Jackson of 160 tonnes of sulphur dioxide, about 11,000 tonnes of carbon dioxide, 124 tonnes of nitrogen oxides and 16 tonnes of fine dust. Between 1984 and 2012 coal exports from Newcastle increased ten-fold from 21 million tonnes per annum (Mtpa) to 210 Mtpa. Newcastle residents routinely wipe coal dust from every horizontal surface inside and outside their homes. There are currently 25,000 children at-

“Following the entering of the LOI, in 2020, the Port of Leixões (APDL) entered an official Concession Agreement with EWP regarding the usage of an area potentially suitable for the construction, operation and maintenance of a wave energy power plant of up to 20 MW in four locations.”



tending schools within 500 metres of the coal corridor. The health and social harms of coal mining and transport are well documented. People living in coal-affected communities are more likely to suffer heart, lung and kidney cancer, respiratory and cardiovascular disease and birth defects. There is a direct link between long-term exposure to particle pollution and hospital admissions, emergency department attendance, asthma, respiratory and cardiovascular disease, congestive heart failure and premature death. The fine particles associated with coal mining, coal transport and the diesel emissions from coal trains are monitored at locations throughout the Hunter Valley. During the last year, monitoring stations recorded 98 exceedances of the national standard for PM₁₀ (particles of up to ten microns in diameter). Residents who subscribe to the EPA's air pollution alerts often receive more

than one each day, especially on dry, windy days when coal dust is blown from the valley's vast open cut mines.

As a result, already in 2017, the new chair of Newcastle Ports in Australia said that there is an urgent need to diversify the regional economy and the port's business. Newcastle, the world's largest coal export port, must “urgently” diversify its traffic, the port's incoming chairman has said, warning that the “long-term outlook for coal is a threat to the port”.

Meaning that the installation of a new, clean wave energy technology, will serve to: lower the pollution in the region, show a good will from the port in implementing climate conscious energy solutions and diversify the business of the port.

1. https://www.espo.be/media/Trends_in_EU_ports_governance_2016_FINAL_VERSION.pdf

In addition, it will position the state as an innovative and pioneering state, which is promoting a new and positive industry in line with the country's climate goals.

In general, ports are usually highly compatible locations for the installation of an Eco Wave Power wave energy power station as they often have substantial marine infrastructure, such as breakwaters, on which the EWP floaters can be installed. These structures are typically used to break the waves and protect boats and activities inside the port. However, with the installation of the EWP technology, these structures gain an additional role as they are converted into a source of clean energy while maintaining its original function.

Eco Wave Power primarily focuses on projects in ports in most compatible geographical locations. Specifically, the company focuses on ports that have large marine structures, are open to the sea or ocean, experience strong wave activity, and have favourable policies and electricity prices.

Currently, Eco Wave Power's main focus is on ports in Europe, North America, and Oceania, where profitability is considered to be highest. However, other regions such as East Asia, South America and Africa hold significant potential for future sales and projects.

Development 2019

In 2019, Eco Wave Power has signed LOIs with several ports including the Port of Taranto (Italy), the Port of Rotterdam (Netherlands), the Port of Newcastle (Australia), Fremantle Port (Australia) and the Port of Leixões (Portugal).

Significant Progress in 2020, due to an LOI in 2019

Following the entering of the LOI, in 2020, the Port of Leixões (APDL) entered an official Concession Agreement with EWP regarding the usage of an area potentially suitable for the construction, operation and maintenance of a wave energy power plant of up to 20 MW in four locations owned and operated by APDL. According to the agreement entered between the parties, APDL will provide EWP with the concession for its breakwaters for a period of 25 to 30 years, while Eco Wave Power will be responsible for securing all the licences, constructing and commissioning the power plant/s and selling the electricity to be generated by the power plant in accordance with an approved production quota, to be determined for each site.

The power plant is planned to be constructed and commissioned in two stages. At the first stage, Eco Wave Power will construct an up to 5MW project. Whereas in the second stage, Eco Wave Power will construct, operate and maintain the remaining capacity of the plant (15 to 19 additional MWs). APDL will have a right of first refusal (ROFR) to invest partially or fully in both stages of the project.

This agreement is in line with the plan previously adopted by the Government of Portugal for ocean energy buildout and its' industrial strategy to accelerate the development of Portugal's ocean renewable energy sector.

The major strategic objective is the creation of a competitive and innovative industrial export cluster for ocean renewable energies; Ocean renewable energies have the potential to



Illustration of Port of Leixões

supply 25 percent of Portugal's annual power consumption, while the sector could generate EUR 254 million in investment, EUR 280 million in gross value added, EUR 119 million in trade and 1,500 new jobs, the strategy states.

The strategy also contributes to the realization of Port Tech Clusters which suggests the development of ocean renewa-

ble energies could be accelerated by creating synergies with the naval sector which could open access for the industry to the demonstration sites in real operating environments near ports.



Coastal Cities

Cities are responsible for two-thirds of global final energy use and account for around 75 percent of global CO₂ emissions². They account for 55 percent of the global population and are concentrated locations for energy use and production³. The pollution generated by cities has a direct negative impact on the health and quality of life of the local population, as a result, cities are increasingly adopting the use of renewable energy technologies and are becoming locations for renewable energy generation.

Coastal cities, much like ports, are also highly compatible locations for the implementation of Eco Wave Power's technology as coastal cities own and operate extensive marine infrastructures such as piers and jetties, on which the Eco Wave Power technology can be installed. A distinct advantage of installing a wave energy power station in a city is that it allows for energy generation in proximity to high levels of energy consumption. Meaning, that the city's population can use clean electricity that is generated right next to where they live; reducing a lengthy transmission lines and ensuring supply of clean electricity.

The flexible design of the Eco Wave Power technology is also an advantage in the city setting as it does not interfere with the inhabitants or requires large amounts of space. As opposed to commercial solar and wind power farms, which, if installed in the midst of a city have a significant impact in terms of space requirements and interference in the lives

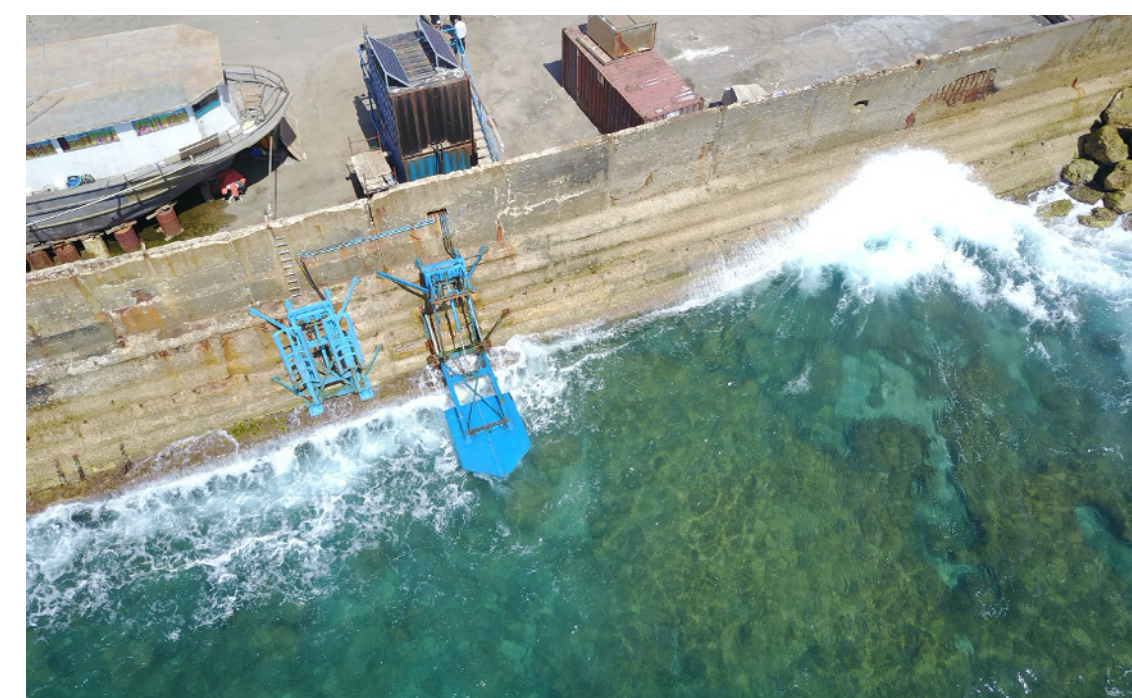
2. https://www.ren21.net/wp-content/uploads/2019/05/REC-2019-GSR_Full_Report_web.pdf
 3. https://www.ren21.net/wp-content/uploads/2019/05/REC-2019-GSR_Full_Report_web.pdf

“Since 2014, Eco Wave Power has been collaborating closely with the City of Tel-Aviv-Jaffa, first for the installation of an EWP R&D facility in the Port of Jaffa, and now for the expansion of such facility and its’ near-future connection to the electric grid, with the goal of becoming the first wave energy technology to officially connect to the grid, in Israel.”

of the local population, the Eco Wave Power technology is installed on the external side of a relevant existing marine structure and as such does not require significant space or cause living interference.

As cities increasingly adopt the use of renewable energy technologies Eco Wave Power believes that they will become one of the company's largest customer segments.

Eco Wave Power primarily focuses on projects in cities in most compatible geographical locations. Specifically, the company focuses on cities that have large marine structures, are open to the sea or ocean, experience strong wave activity, and have favourable policies and electricity prices.



Picture of Jaffa Port

Development 2019

In 2019, Eco Wave Power entered LOI agreements with the Municipality of Xangri-la (in Brazil) entered an MOU agreement with the Municipality of Hadera (Israel) and received a letter of support from the City of Rotterdam. In addition, since 2014, Eco Wave Power has been collaborating closely with the City of Tel-Aviv-Jaffa, first for the installation of an EWP R&D facility in the Port of Jaffa, and now for the expansion of such facility and its’ near-future connection to the electric grid, with the goal of becoming the first wave energy technology to officially connect to the grid, in Israel.



Islands and Micro-Grid Coastal Communities

Island and coastal communities are amongst the most vulnerable to climate change, which is predicted to increasingly impact these communities through rising sea levels, increased rainfall, and desertification. Sea levels are currently climbing by an average of three millimeters per year around the world due to climate change⁴. Whole islands in the Solomon Islands and Micronesia have already been swallowed by rising sea levels⁵.

Island and micro-grids coastal communities often suffer from a lack of electricity supply and high electricity costs. Many depend on costly and polluting diesel to meet their electricity needs. For example, in 2012 the average electricity price was USD 0.33KW/h in the Caribbean islands and Mauritius, and USD 0.43 KW/h in Hawaii⁶. This in comparison, to an average price of USD 0.26 KW/h in the mainland United States and USD 0.09KW/h in China and Canada⁷. High prices are due to the need to either send electricity over long distances or to transport raw fossil fuel materials such as barrels of oil or diesel.

On top of this, island and coastal communities usually have limited land space, thus, making it difficult to convert prime real estate which could be used for agricultural or industrial purposes for renewable energy production, meaning that such islands and communities struggle to allocate precious land for solar or wind projects.

4. <https://www.newscientist.com/article/2146594-eight-low-lying-pacific-islands-swallowed-whole-by-rising-seas/>
 5. <https://www.newscientist.com/article/2146594-eight-low-lying-pacific-islands-swallowed-whole-by-rising-seas/>
 6. https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2014/IRENA_RE_Island_Tourism_report_2014.pdf
 7. https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2014/IRENA_RE_Island_Tourism_report_2014.pdf



The above issues and the fact that these locations are fully surrounded by the ocean makes these communities highly compatible locations for the potential implementation of the Eco Wave Power technology. Wave energy is a huge renewable resource that can substantially benefit the island and coastal communities and help them achieve energy independence while reducing pollution and mitigating climate change.

As islands and coastal communities increasingly need renewable energy technologies, Eco Wave Power believes that they will become one of the Company's largest customer segments.

Eco Wave Power primarily focuses on projects in islands and coastal communities in most compatible geographical loca-

“In Gibraltar, we have proved that our technology does not harm the environment and that wave energy can be safely connected to the electrical grid.”

tions. Specifically, the company focuses on islands that have large marine structures, experience significant wave activity, and have favourable policies and electricity prices.

Development 2019

An example of the EWP first penetration steps to the market segment of islands and micro-grid coastal communities is the LOI entered with Ukulhas Council in the Maldives.

Another positive example of a collaboration with microgrid, diesel-dependent, coastal community is the Eco Wave Power wave energy array in Gibraltar. In the EWP Gibraltar's power plant, we reached an important milestone as we successfully carried out and completed long-term tests (carried since 2016) of our



Picture of Gibraltar

wave energy modules, which were enabled due to an effective collaboration with The Gibraltar Ministry of Environment and the local power company, GibElectric and with co-funding from the European Regional Development fund and Horizon2020. Among the conducted tests, we have examined the durability of our equipment during storms and tested our storm-protection mechanism. In addition, we have proved that our technology does not harm the environment and that wave energy can be safely connected to the electrical grid.

The long-term tests and continued operation are a confirmation that our power plants achieve the desired durability and stable electricity production with a reliable and renewable baseload power.

Innovation Spotlight

In 2019, Eco Wave Power applied for a new patent for combined wave and solar technology. As a result, EWP installed solar panels in its floaters in Jaffa Port, Israel and in Gibraltar to test the new patent. The long-term testing is being conducted with the vision of reviewing the possibility of integrating solar panels in all Eco Wave Power's future installations.

The idea for the combined solution was conceived from significant interest of several of EWP's potential clients in having a variety of renewable energy sources as part of their energy mix. However, due to space restrictions (especially experienced by islands), there is a limitation on the implementation of large-scale solar farms which often require significant land spaces. In order to ease the integration of the sources, without occupation of any land space (which often also comprises a significant part of the cost in commercial-scale solar farms), EWP developed a method for connection of the solar panels to the surface of its floaters.

As a result, in the same space, there would occur generation from both renewable energy sources; wave energy and solar power.





Electric Companies

Electricity generation and production stand as the core business of most large electric companies. The last decade has seen these companies lead the global transition to a carbon-free world. Electric companies are increasingly investing large amounts of resources in renewable energy generation infrastructure to provide their customers with clean electricity. This is reinforced by the fact that everyday electricity consumers are taking more interest than ever in how and where their electricity is generated and what are its environmental effects. Therefore, electric companies are following suit by expanding their renewable energy capacity year on year, which resulted in the growth of the global renewable energy generation capacity by 147 Gigawatts since 2015⁸.

Another reason for the shift towards renewables is that electric companies are increasingly being incentivized to include more renewable energy assets in their generation capacity by local and national governments who are setting emission standards and carbon reduction goals on producers. In 2019, approximately fifty large U.S. electric companies such as NextEra, Southern California Edison, and American Electric Power publicly committed to making significant carbon reduction goals⁹. European electric companies such as EDP, EDF, ENEL, and ENBW are also expanding their share of generation from renewables by establishing renewable arms that are tasked with further including renewables in their generation mix. As a result, electric companies are constantly looking to



adopt new renewable energy technologies to further diversify their energy production mix and to offset emissions from traditional fossil-fuel sources.

Wave Energy can be particularly attractive to electric companies, due to its high availability and constant nature, in compatible locations. Common renewable energy sources (such as wind and solar) are intermittent, which means that electric companies need to pair them with traditional energy generation methods in order to ensure constant electricity supply to its customers, while wave energy is much more available and in wavy locations allows almost constant energy production. This, in turn, allows electric companies to rely less on traditional and often polluting energy production sources for constant energy supply.

“In 2019, EWP announced the incorporation of a joint venture company with EDF Renewables in Israel.”

Eco Wave Power sees electric companies as early adopters of its technology as well as potential strategic long-term partners. Most large-scale electric companies have significant capability and resources in their countries of operation and as such Eco Wave Power sees them as natural project partners and developers.

Eco Wave Power is focused on collaborating with electric companies that offer long-term strategic potential for the Company. Mainly, the Company is focused on collaborating with electric companies in its target regions of Europe, North America, and Oceania that have significant renewable energy goals, have an established market presence, and have extensive operations in relevant markets.

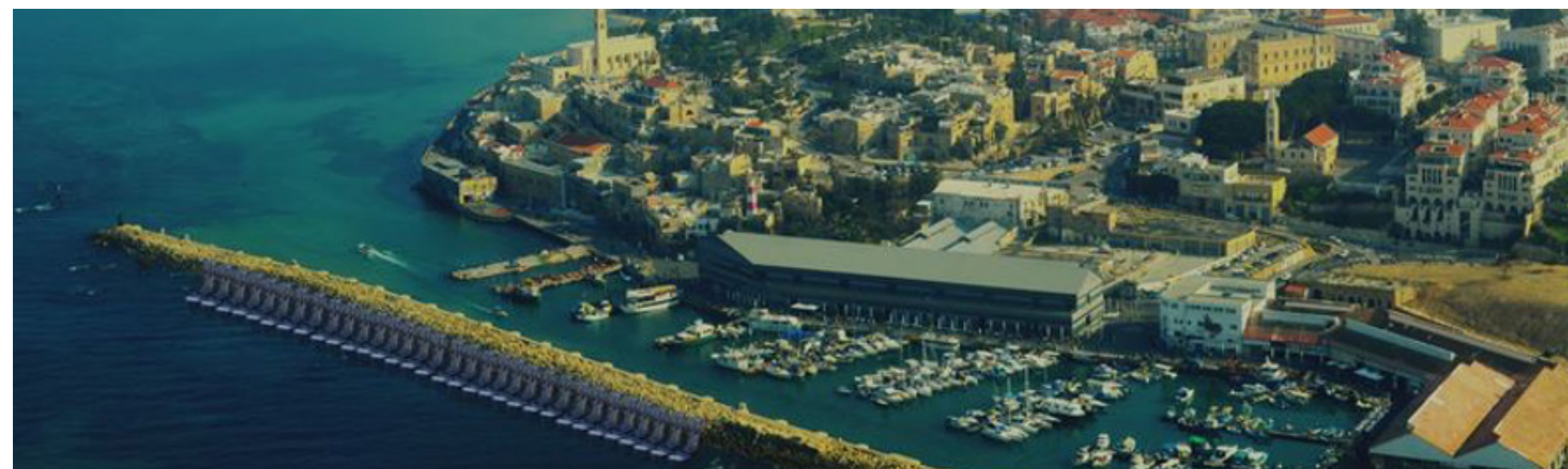
8. <https://home.kpmg/content/dam/kpmg/sg/pdf/2016/11/Global-Trends-in-Renewable-Energy.pdf>
9. <https://www.renewableenergyworld.com/2020/01/07/five-2020-trends-show-how-utilities-can-take-a-leadership-role-in-the-clean-energy-transition/#gref>

Development 2019

An example of the EWP first penetration steps to the market segment of electric companies is the 20 MW LOI entered with Vanderbron. In addition, in 2019, EWP announced the incorporation of a joint venture company with EDF Renewables in Israel. The joint venture bears the name EWP EDF One Ltd, and each of the parties holds 50 percent in the newly established company. The purpose of the SPV is to collaborate, on an exclusive basis, in the development, financing, engineering, procurement, construction and operation of a 100kW pilot project, using the Eco Wave Power's technology, to assess further possible collaborations in the wave energy field.

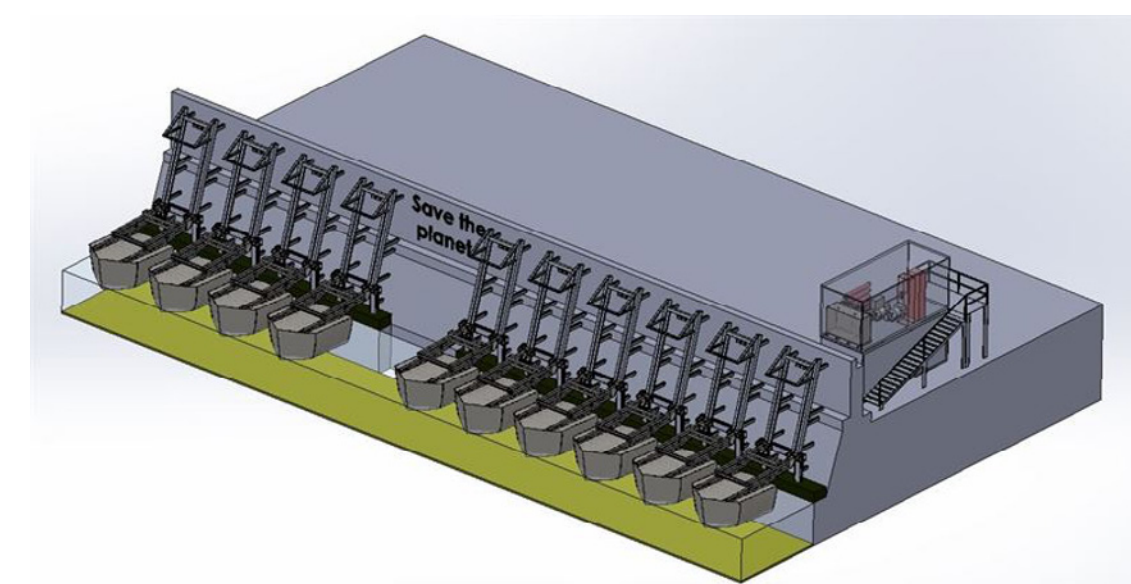
The incorporation of the new company is a step made in accordance with the Memorandum of Understanding (MOU) that was signed between the parties on the 2017-09-18, and the Joint Venture Agreement that was signed between the parties on the 2019-05-19.

In such collaboration, EDF Renewables contribution to the Project will be the support in the licensing and permitting process towards local authorities and its know-how, by making available some of its employees, its network of subcontractors and its supply chain in order to support the pilot project during industrialization phase, for its design, purchasing, and installation of equipment, commissioning, maintenance and repairs, data monitoring, and intermediary and final results analysis. In addition, EDF Renewables in Israel will fund 50 percent of the pilot project.



Whereas, EWP shall provide all relevant information, data, know-how from existing demonstrators, as well as license of the technology, including devices needed for the operation of the project, as well as maintenance and spare parts needed for the proper operation of said devices. EWP is also responsible for 50 percent of all project's costs.

The project will be EWP's second grid connected project after the launch of its Gibraltar project in 2016, and is a significant leap forward for EWP and for the wave energy industry.



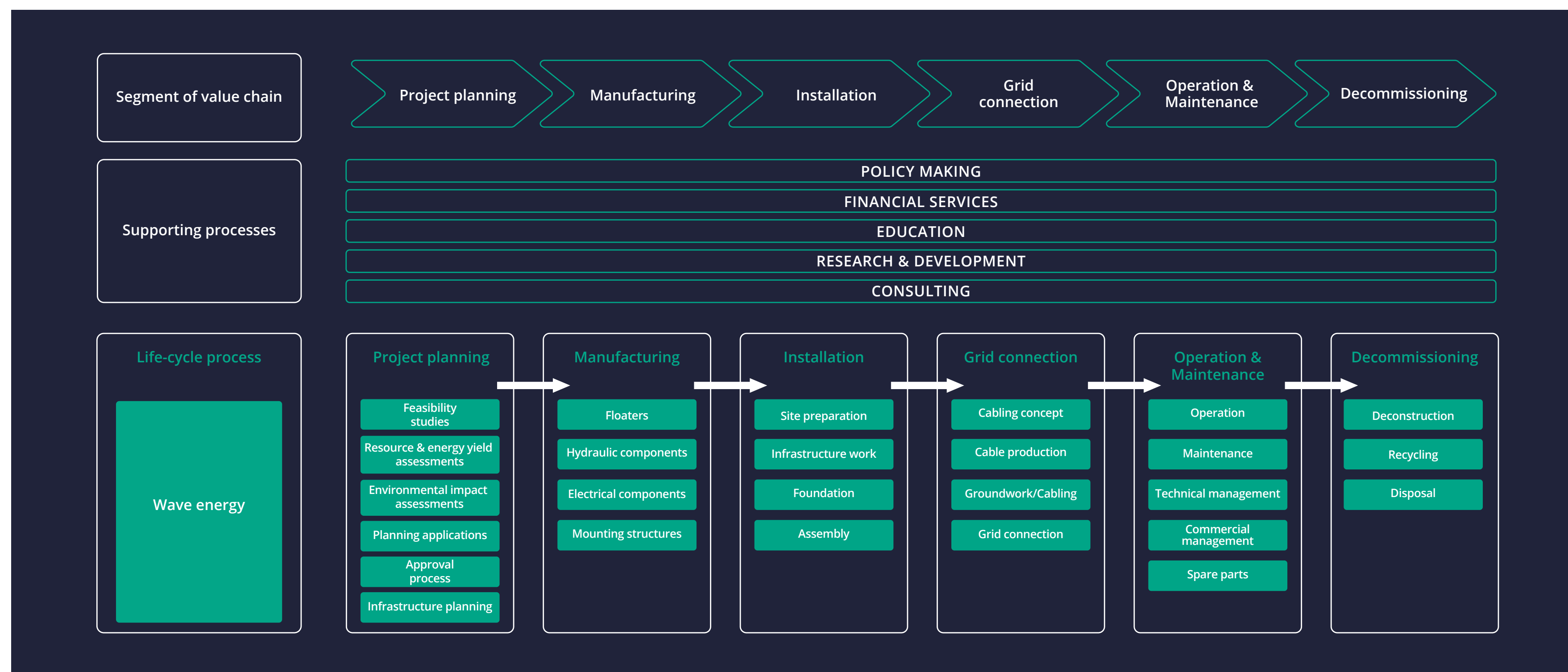
Illustrations

Value Chain

Most of the Eco Wave Power system is comprised of off the shelf components from leading manufacturers. All research and development activities are done in-house, by Eco Wave Power's experienced team, with the full product design owned by Eco Wave Power. The value chain below shows the technical project development process and can be divided into six different steps; Project Planning, Manufacturing, Installation, Grid-connection, Operation and Maintenance, and De-commissioning. The Company is active in four of the six steps, namely Project Planning, Manufacturing, Installation, and Operation and Maintenance.

Eco Wave Power works with several different types of suppliers and manufacturers throughout the value chain. In the project manufacturing and installation phases of the value chain, the Company works with and procures parts from leading brand name manufacturers such as SIEMENS, BOSCH, Parker, and ABB which have an extensive expertise. The company also has a strategic partnership with SIEMENS in the Jaffa Port expansion project. The project, which is co-funded by the Israeli Energy Ministry, will include the construction and installation of ten floaters on 30 linear meters of a pre-existing break-water within the port, having an installed capacity of 100 kW. Each floater will have a surface area of 8.54 m².

As part of EWP's strategic cooperation with SIEMENS, the Company will use only SIEMENS products and technology for its electrical system and grid connection works, in the Jaffa Port project, while SIEMENS will dedicate its vast knowledge and



resources for an upgrade of EWP's electrical and transmission to the grid to enhance the electrical system's efficiency.

The companies are also reviewing the possibility of expanding their strategic cooperation to EWP's near future commercial scale installations.

Mr. Itzik Meirav, Area Sales Manager, from Siemens Israel said, "Siemens is happy to take part in this green energy project and bring its efficient technology into it."

The Future of Our Planet

Eco Wave Power's Sustainability Vision

Eco Wave Power was founded from the belief that we have the responsibility to ensure the continuity of our planet for future generations. This ethos is entrenched in the company's culture and is prevalent in all its operations. Eco Wave Power prides on being an environmentally friendly company.

The Eco Wave Power business idea revolved around the United Nations SDGs

SDG 5: Gender Equality: In the STEM sector, women are largely underrepresented, representing 17 percent of employees and 1 percent of leadership position. EWP, which is led by a female CEO truly believes in inspiring and empowering other women. Women must be fully included in the fight against climate change, especially since, according to the UN Women Report 80 percent of people displaced by climate change are women.

SDG 7: Affordable Clean Energy: Our oceans offer a vast source of renewable energy. EWP made a scientific breakthrough by operating the its' grid-connected wave energy array in Gibraltar. When commercialized, wave energy will become a key facilitator in the expansion of global energy supply at affordable prices.

SDG 9: Industry, Innovation, and Infrastructure: The technology can be installed rapidly and convert unused marine structures to a clean energy source for ports, cities, and countries, which is a milestone towards a greener, more prosperous planet.

SDG 11: Sustainable Cities and Communities by providing a sustainable energy production option for coastal cities and communities. EWP's technology generates clean, green energy, which reduces the adverse per capita environmental impact of cities. More specifically, it improves air quality and reduces potential fossil fuel energy related pollution, helping European cities and communities reach goals of resource efficiency, and mitigation and adaptation to climate change.

SDG 12: Responsible Consumption and Production, by providing governments with a clean and reliable energy source. By implementing EWP's clean wave energy technology, countries can practice efficient use of an abundant, although widely untapped natural resource, sea or ocean waves. Incorporating more renewable energy resources to the energy mix reduces dependence on fossil fuels to meet energy needs.

SDG 13: Climate Action: The UN identified energy as a dominant contributor to climate change. Implementation of EWP's technology facilitates reduction of a respective region's contribution to climate change by introducing a clean energy source into the grid.

THE GLOBAL GOALS



Energy is central to nearly every major challenge and opportunity the world faces today. Be it for jobs, security, climate change, food production or increasing incomes, access to energy for all is essential. Focusing on universal access to energy and the increased use of renewable energy through new economic and job opportunities is crucial to creating

more sustainable and inclusive communities and resilience to environmental issues like climate change. The development and commercial of wave energy, will significantly contribute towards the goal of energy access for all. The World Energy Council has estimated the market potential for wave energy to be in excess of 2,000 TWh/year, with a market value of USD 1 T

worldwide (around 10 percent of global energy demand). The estimations is that the deployment of wave and tidal energy in the global market could be worth as much as GBP 460 billion by 2050. In addition, most of the world's population is living on the coastline, meaning such population can receive their energy needs straight from the natural resource that they live in proximity to. This will also eliminate the need for lengthy and expansive transmission lines and enable a rapid and cost-efficient connection of distant communities, islands and developing countries to the electrical grid.

Investments in energy infrastructures are crucial to achieving sustainable development and empowering communities in many countries. Due the proximity of the wave energy source to the location of living of most of the population (most of the world's population is living on the coastline), the commercialization of wave energy will assist in developing quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all. In addition, it will assist in promptly upgrading infrastructure and retrofit industries to make them sustainable, with increased resource-use and greater adoption of clean and environmentally sound technologies and will facilitate sustainable and resilient infrastructure development in developing countries and small island developing states. For example, EWP implemented a wave energy power station in Gibraltar. Gibraltar is a territory with substantial space restrictions, and therefore had difficulty in implementing wind and solar technologies which require substantial space. Gibraltar's main energy source is diesel, which is polluting and expansive. By implementing

“EWP is set on creating a better future through the provision of clean energy to help mitigate climate change and spurring economic growth creation of new jobs. In that future, wave energy can provide a significant part of the world's energy mix.”

EWP's wave energy technology, Gibraltar added renewable energy to its energy mix, promptly and cost-effectively. The introduction of a clean energy source into the grid is a positive example of municipal policy, strategies, and planning towards international climate goals.

Climate change is now affecting every country on every continent. It is disrupting national economies and affecting lives, costing people, communities and countries dearly. Weather patterns are changing, sea levels are rising, weather events are becoming more extreme and greenhouse gas emissions are now at their highest levels in history. Without action, the world's average surface temperature is likely to surpass 3 degrees centigrade this century. The poorest and most vulnerable people are being affected the most. The EWP wave energy technology is an affordable, easily scalable solution available to enable countries to leapfrog to cleaner, more resilient economies. Eco Wave Power already holds a significant projects pipeline in developed and developing countries, the implementation of which will substantially reduce pollution levels caused by energy generation from traditional sources (such as oil and coal). Global energy demand is expected to rise by 60 percent between 2016 and 2040, and an increasing focus worldwide is being placed on clean and sustainable energy production due to environmental and public health concerns. The incorporation of wave energy, a previously untapped vast renewable resource, into the energy mix will help the world meet this demand. The International Renewable Energy Agency estimates that by using solely 2 percent of the world's 800,000 kilometres of coastline, the global technical potential for wave energy is about 500GW of electrical energy, based on a conversion efficiency of 40 percent.

One of SDG's main goals is to prevent the degradation of our planet through sustainable consumption and production and by taking urgent action on climate change. EWP is set on creating a better future through the provision of clean energy to help mitigate climate change and spurring economic growth creation of new jobs. In that future, wave energy can provide a significant part of the world's energy mix. Access to affordable electricity is a determining factor in human and societal development, yet almost 1.3 billion people today live without access to electricity- this must change. Wave energy can provide populations with access to affordable clean electricity in proximity to their place of residence. Global wave energy production will be a significant step towards preserving our planet as it will reduce emissions and significantly expand energy supply. Furthermore, the utilization of wave energy will create a more prosperous planet, by allowing remote islands and coastal communities to achieve energy independence as well as create a new global industry that will establish new employment opportunities, in developing and developed nations alike.

Environment

The environment is at the heart of the Eco Wave Power company culture, we are proud to be doing our part in ensuring the continuity of our planet. Therefore, the impact of the Company's activities, technology, and operations on the environment are constantly being assessed and examined for improvement.

At the center of Eco Wave Power lies our innovative technology, which generates clean electricity from ocean and sea waves, thereby reducing CO₂ emissions and improving the environment. Eco Wave Power's technology, is environmentally friendly and has no negative impact on the surrounding environment nor does it release any emissions.

Upon installation of an EWP 1MW power station, with a 40 percent capacity factor, the EWP system can result in a reduction of approx. 2477 metric tons of CO₂ per year, according to the US Environmental Protection Agency greenhouse gas equivalencies calculator.

When designing its technology, Eco Wave Power made the strategic decision to install its system on existing marine structures to avoid introducing anything new into the ocean environment. Although, many ocean energy technologies are emission-free many of them have a profound impact on the marine environment due to the requirements of underwater mooring and cabling. By attaching to existing marine structures, the Eco Wave Power technology is able to avoid these issues and ensure that the local marine environment remains undisturbed.

A benefit of the Eco Wave Power system is that it does not emit any noise pollution and the system's visual impact is minimal as its floater mechanisms are installed on the external (ocean/sea) side of the relevant structure.

Eco Wave Power also puts an emphasis on ensuring that all the materials and components used in its system meet the highest environmental standards. For example, the hydraulic fluid used in the Eco Wave Power technology is bio-degradable, therefore, in the case of a leak or spill the fluid will not cause damage to the surrounding environment upon contact with water. In addition, the company retains third party experts to perform environmental studies in locations with operational power plants or planned power plant, in order to ensure that no environmental impact will occur. For example, in 2019, GEO TEVA, an Environmental Consulting Company in Israel, conducted a study in the Port of Jaffa and concluded as follows:

"as parts of the power plant are immersed in water, including the floaters and the hydraulic piston, they might have the potential to impact the surrounding aquatic habitat. However, as the coating is made of steel – a material that is not a source of dangerous contaminants, diseases or chemicals, one can expect with high confidence that there will be no environmental consequences from the presence of floaters. The hydraulic piston, being a closed steel cylinder, is also not expected to be an environmental hazard... According to the specifications, the hydraulic fluid that will be used is defined as a green bio-fluid which does not cause damage to the environment upon contact with water. In addition, a possible

shadowing by the floaters occurs only during morning hours and is already created by the existing concrete wall, the size of the floaters cast a very limited shadow after the sun has moved from east to west. At noon, the shadow cast by the floaters will be straight down, confined to the wall to which they are attached. The size of the floaters and the light fading around them (and their divergence at the entrance to the water) will restrict the shadow cast in these conditions. In addition, it is necessary to consider the turbidity, especially when the sun is at its zenith (at noon). During that time, the sea is rippling, and the turbidity level increases significantly, meaning that light does not penetrate in a straight line or a continuous manner. Such shadow will not change the amount of light in the lower water layers and is unlikely to reach below a two-meter depth... According to the specifications described in the technical section, it does not appear that exceeding environmental impact is expected due to the implementation of the plan. The plan's area functions currently as a parking and storage area, rich in human activity, noise, and traffic. Implementing the plan does not change the activity and does not impose risks for the ecosystem around the site".

Eco Wave Power's technology was also assessed by independent experts from the Solar Impulse Foundation for its technological feasibility as well as its socio-economic and environmental benefits for which the company was granted an Efficient Solution Label¹.

¹. <https://solarimpulse.com/efficient-solutions/eco-wave-power>



Corporate Governance Report

Responsible Governance, Code of Conduct, and Ethics

See previous section on Eco Wave Power's Sustainability Vision.

Legislation and Articles of Association

The Company is a Swedish public limited liability company and is governed by Swedish legislation, mainly the Swedish Companies Act (Sw. aktiebolagslagen (2005:551)) and the Swedish Annual Accounts Act (Sw. årsredovisningslagen (1995:1554)). After the listing of the Company's shares on First North, the Company applies the First North Rulebook. In addition to legislation and the First North Rulebook, the Company's articles of association and its internal guidelines for corporate governance form the basis for the Company's corporate governance. The articles of association contain e.g. the seat of the board of directors, the focus of the business activities, the limits for the share capital and number of shares and the conditions for participation at shareholders' meetings. The Company's articles of association in their entirety can be found on the Company's homepage, ecowavepower.com.

The Code shall be applied by companies whose shares are admitted to trading on a regulated market. Eco Wave Power

is not formally bound to apply the code and the Company's Board of Directors has chosen not to apply the code at present.

Corporate Bodies

Shareholders' Meetings

The shareholders' influence in the Company is exercised at shareholders' meetings, which, in accordance with the Swedish Companies Act is the Company's highest decision-making body. As the Company's highest decision-making body, the shareholders' meeting may resolve upon every issue for the Company, not specifically reserved for another corporate body's exclusive competence. Thus, the shareholders' meeting has a sovereign role over the board of directors and the CEO.

At ordinary (annual) shareholders' meetings, which according to the Swedish Companies Act shall be held within six months from the end of each financial year, resolutions must be passed on adoption of the profit and loss account and balance sheet, allocation of the Company's profit or loss, discharge from liability for the board of directors and the CEO, elections of members of the board of directors and auditor and on remuneration for the board of directors and the auditor. At shareholders' meetings, the shareholders also resolve on other key matters in the Company, such as amending of the articles of association, any new issue of shares etc.

If the board of directors considers there is reason to hold a shareholders' meeting before the next ordinary (annual) shareholders' meeting, or if an auditor of the Company or owners of at least one-tenth of all shares in the Company so demand in writing, the board must issue a notice to convene an extraordinary shareholders' meeting.

Notices and communiqués from shareholders' meetings will be available on the Company's website.

Board of Directors

Subsequent to the shareholders' meeting, the board of directors is the Company's highest decision-making body. The board of directors is also the Company's highest executive body and the Company's representative. Further, the board of directors is, according to the Swedish Companies Act, responsible for the organisation of the Company and management of the Company's affairs and must regularly assess the Company's and the Group's financial position and ensure that the Company's organisation is arranged so that the Company's accounts, asset management, and finances in general are satisfactorily monitored. The chairman of the board of directors has a special responsibility to preside over the work of the board of directors and to ensure that the board fulfils its statutory duties.

According to the Company's articles of association, the board of directors shall consist of minimum three and maximum

eight ordinary members, without any deputy members. Members of the board are elected annually at an ordinary (annual) shareholders' meeting for the period until the next ordinary (annual) shareholders' meeting. There is no limit for how long a member may sit on the board.

The Board's Work

The responsibilities of the board of directors include e.g. to set the Company's overall goals and strategies, oversee major investments, ensure that there is a satisfactory process for monitoring the Company's compliance with laws and other regulations relevant to the Company's operations, as well as the application of internal guidelines. The responsibilities of the board of directors also include ensuring that the Company's disclosure to the market and investors is transparent, correct, relevant and reliable and to appoint, evaluate and, if necessary, dismiss the Company's CEO.

The board of directors has, in accordance with the Swedish Companies Act, adopted written rules of procedure for its work, which will be evaluated, updated and re-adopted annually. The board of directors meets regularly in accordance with a program set out in the rules of procedure containing certain permanent items and certain items when necessary.

Provisions on the establishment of audit committees are found in the Swedish Companies Act and in the Code. Provisions on the establishment of remuneration committees are found

in the Code. In this respect, the provisions of the Swedish Companies Act only apply to companies whose shares are being traded on a regulated market, which does not include First North, and, as noted above in this section, the Code is not binding to the Company. In light of the scope of the operations and the Group's current size, it is the opinion of the Company's board of directors that it is not justified to establish specific audit or remuneration committees in the present situation. Instead, the board of directors believes that the responsibilities of the committees are best dealt with within the board. It is the Company's board of directors' responsibility to ensure transparency and control of the Company's operations through reports and contacts with the Company's auditor.

Internal Control and Audit

The Company's board of directors is, according to the Swedish Companies Act, responsible for the organisation of the Company and management of the Company's affairs, must regularly assess the Company's and the Groups financial position and ensure that the Company's organisation is arranged so that the Company's accounts, asset management, and finances in general are satisfactorily monitored. The rules of procedure adopted by the board of directors for its) contains instructions for internal financial reporting and communication.

Being a public company, the Company must have at least one auditor for the examination of the Company's and the

Group's annual report and accounts as well as the management by its board of directors and CEO. The audit must be as detailed and extensive as required by generally accepted auditing standards. The Company's auditor is, according to the Swedish Companies Act, appointed by the shareholders' meeting. Thus, auditors of Swedish limited liability companies are given their assignment by, and are obliged to report to, the shareholders' meeting, and must not allow their work to be governed or influenced by the board of directors or the senior management.

Senior Management

The Company's CEO is, in accordance with the provisions of the Swedish Companies Act, responsible for the day-to-day management of the Company in line with guidelines and instructions from the board of directors. Measures of an unusual nature or of great significance in view of the scope and nature of the Company's operations are not considered "day-to-day management" and should therefore, as a main rule, be prepared and presented to the board of directors for its decision. The CEO must also take any measures necessary to ensure that the Company's accounts are maintained in accordance with applicable law and that its asset management is conducted satisfactorily. The CEO is subordinate to the board of directors, and the board of directors itself may also decide on matters that are a part of the day-to-day management. The work and role of the CEO as well as the allocation of duties between, on the one hand, the board of directors

and, on the other, the CEO is established by written instructions (a so-called "instruction for the CEO") by the board of directors and the board of directors continuously evaluates the work of the CEO.

Financial Reporting

The CEO has been designated as responsible for the financial reporting of the Company and shall accordingly ensure that the board of directors obtains information sufficient for the board of directors to be able continuously to assess the financial situation of the Company and the group and fulfil their duties in all other respects. The CEO shall continuously keep the board of directors informed about the development of the Company's operations and finances.

Information and Communication

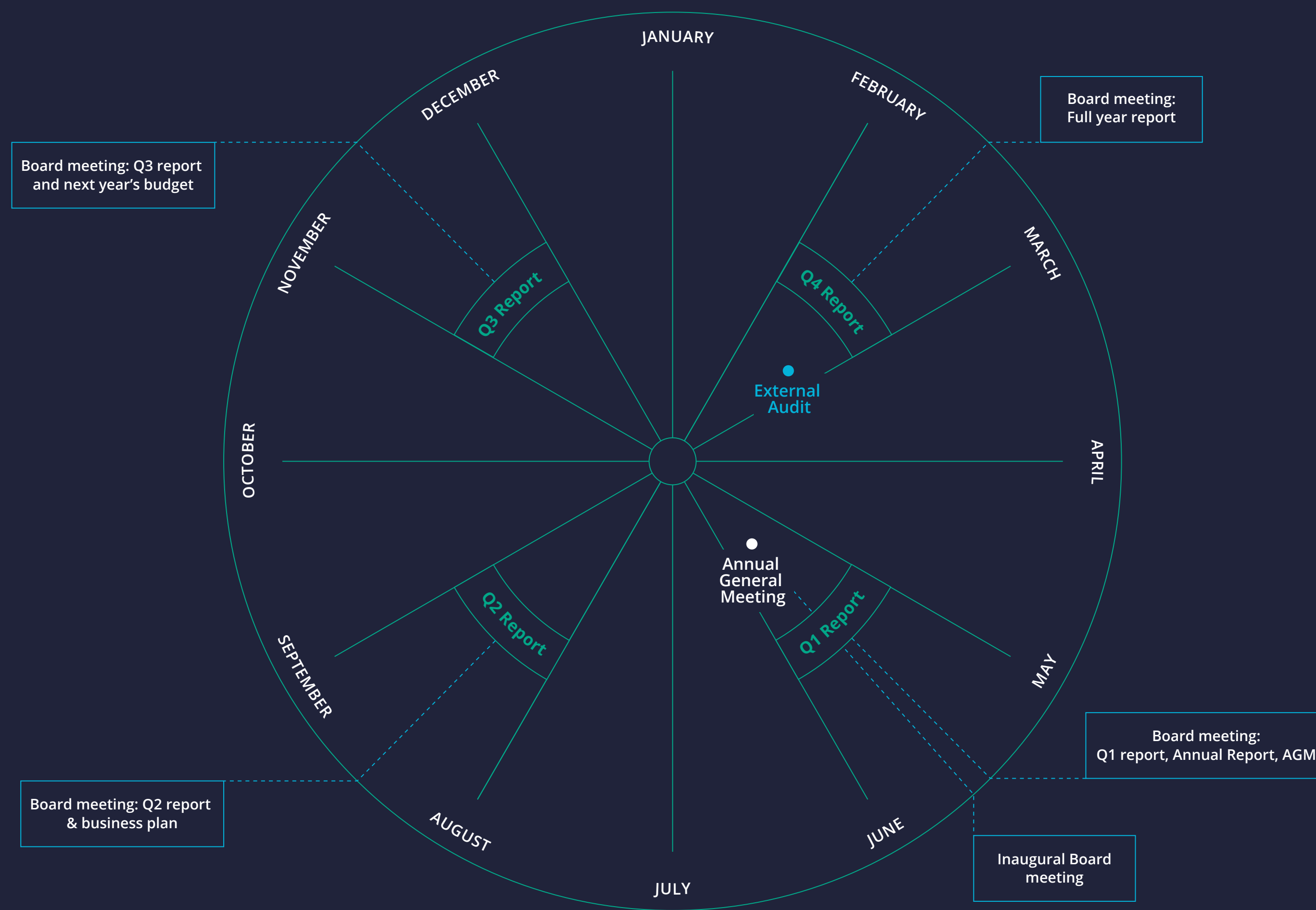
The CEO is responsible for ensuring, by means of independent, objective evaluations, that the Company's internal control and risk-management processes are systematically assessed, and potential improvements canvassed. The CEO is also responsible for ensuring that the guidelines from the board of directors are communicated to the organization.

Monitoring

The CFO is responsible for ensuring that appropriate processes for monitoring and yearly analysis of the compliance of the internal policies are in place, and that there is a specific process regarding monitoring and measures of reported

deficiencies. The CFO regularly presents information about the internal control monitoring. As of today, EWP does not see a need for internal auditing as the control is satisfactory given the size of the company.

Yearly cycle



Board of Directors, Senior Executives, and Auditors

Board of directors

The Board of directors has its registered office in Stockholm, Sweden. According to the Company's articles of association, the board of directors shall consist of minimum three and maximum eight ordinary Board members, without any deputy members. Currently, the board of directors consists of four ordinary members, elected until the end of the next ordinary annual general meeting.



MATS ANDERSSON
CHAIRMAN OF THE BOARD OF DIRECTORS

Born: 1948

Position: Chairman of the board of directors since 2019.

Other assignments and relevant experience: Mr. Andersson is an experienced COB with experience from Board work in private companies and listed companies. Mats also has a long operational experience as CEO and COO in Anticimex AB, Conductor AB, Unitraffic AB and Televerket. Current assignments as chairman of the board of directors of DAFO AB, Bluetest AB, Gäfle Testteknik AB and CWT AB.

Holdings in Eco Wave Power: 10,500



ELIAS JACOBSON
MEMBER OF THE BOARD OF DIRECTORS

Born: 1978

Position: Member of the board of directors of the Company.

Other assignments: Mr. Jacobson has extensive experience as a director of the board as well as long history from the renewable energy and technology sectors. He currently acts as a board member in Zensum AB, WPS Sweden AB, MarketMath Europe AB, Habity AB, among others. His previous experience includes serving as the CEO and chairman of the board of directors of Peltarion Energy AB, the external CEO of Peltarion AB and of Swedish Modules i Emtunga AB.

Holdings in Eco Wave Power: 30,000



INNA BRAVERMAN
BOARD MEMBER, FOUNDER & CEO

Born: 1986

Position: Member of the board of directors of the Company. board member since 2019

Other assignments and relevant experience: Technology entrepreneur, Inna Braverman founded Eco Wave Power in 2011, at the age of 24, and was recently chosen as one of the 100 most influential individuals in the world by medium.com (along with Mark Zuckerberg, Elon Musk, and others). Under her leadership, Eco Wave Power installed the first grid connected wave energy array in Gibraltar. She is also responsible for securing a significant projects pipeline of 190MW for the company.

Holdings in Eco Wave Power: 11,750,000

Notable Awards:

- "100 makers and mavericks" by Medium.com
- Wired's list of "Females Changing the World."
- "Eight young innovators with ingenious ideas for the future of energy" by Smithsonian Magazine
- The 10 most influential women of the 21st century by MSN
- United Nations "Climate Action Award" in the category "Women for Results", Cop25



DAVID LEB
FOUNDER & MEMBER OF THE BOARD OF DIRECTORS

Born: 1962.

Position: Founder and member of the board of directors since 2019

Other assignments and relevant experience: A serial entrepreneur, businessman and angel investor. David has made a number of successful exits in various sectors, including a publicly traded medical company on the Canadian Stock Exchange, blockchain based technologies, and real estate investments. He holds several patents for advertising and computerized platforms.

Holdings in Eco Wave Power: 11,789,800

Senior Management



INNA BRAVERMAN
CEO

See description above.



ANDREAS KIHBLBLOM
CHIEF FINANCIAL OFFICER (CFO)

Born: 1976
Other assignments and relevant experience: CFO PostNord Strålfors, Head of Corporate Finance and M&A of PostNord, Carnegie Investment Bank, SEB Enskilda.
Holdings in Eco Wave Power: 0

Auditor

According to the Company's articles of association, the Company shall have minimum one (1) and maximum two (2) auditors with maximum two (2) deputy auditors. The current auditor of the Company is Ernst & Young AB, with Andreas Nyberg (born in 1978) as the auditor with primary responsibility since the extraordinary shareholders' meeting on 10 September 2019. Andreas Nyberg is certified public accountant and member of FAR. Andreas Nyberg's office address is Jakobsbergsgatan 24, 103 99 Stockholm, Sweden.

Board of Directors' Report

The Board of directors and CEO of EWPG Holding AB (publ), with corporate ID no. 559202-9499, hereby issue the following annual report and consolidated financial statements for the financial year from 2019-01-01 – 2019-12-31. The Company has its head office in Stockholm. The Company's shares are listed on Nasdaq First North.

All amounts are shown in thousand Swedish krona (SEK), unless expressly indicated otherwise. The application of the IFRS 3 rules means that the comparative figures for the period prior to the formation of the Parent Company and the Group are the figures for the subgroup of which Eco Wave Power Ltd is the parent company.

The Parent Company's financial year is 27 March to 31 December and the Group's financial year is 1 January to 31 December. These financial reports for the financial year 2019 are signed by the board of directors and the CEO on 5 June 2019 which in connection with this, approved these financial reports for publication. The consolidated income and balance sheet statement, as well as the Parent Company's income and balance sheet statement, are subject to adoption at the Annual General Meeting held on 26 June 2020.

Information on business activities

According to the Company's Articles of Association, the object of the Company is to conduct research, develop and sell services and products for production of renewable energy and carry out other related activities, directly or indirectly through wholly-owned or part-owned subsidiaries. The group is pri-

marily focused on land-based wave energy to convert ocean waves into green electricity.

Significant events during the financial year

- IPO on Nasdaq First North in Stockholm and raised capital of 122 MSEK.
- New Joint Venture formed with EDF Renewables.

Awards and grants

- UN Global Climate Action Award.
- C40 Women4Climate Award.
- Awarded grant from Horizon 2020 Phase 1, Israeli Energy Ministry and Queensland Government in Australia.

Pipeline

- Entered concession agreement for 20MW in Portugal.
- LOI entered in Australia, Brazil, Israel, Italy, Maldives and the Netherlands.

Projects

- Completed the construction, wave simulation and the conversion unit for the expansion project in Jaffa Port.
- Installed a combined system for wave and solar power in Gibraltar.

Foundation of the Group

The Company acquired Eco Wave Power Ltd. on 10 June 2019 through a non-cash issue and then became the Parent Company of the newly-formed Group. The Company had no assets or operations at the time of the acquisition. The

purpose of the acquisition was to incorporate the business in accordance with Swedish law before the IPO on Nasdaq First North Stockholm. The former shareholders of Eco Wave Power Ltd became majority shareholders in the Company and the substance of the transaction is therefore that Eco Wave Power Ltd acquired the Company. The foundation of the Group was made between two parties under mutual influence.

Total sales and earnings

- Revenue amounted to 0 SEK (0). Other income amounted to 1.7 MSEK (0) (mainly relates to grants).
- Operating expenses amounted to 3.8 MSEK (2.7). The increase compared to the previous year is largely explained by the Jaffa Port expansion.
- Administrative expenses amounted to 15 MSEK (5.8).
- The costs for the rights issue and IPO amounted to 14 MSEK. Of these costs, 9 MSEK related to the rights issue and was recognised in equity, without any effect on the income statement.
- Excluding costs for the rights issue and the IPO, administrative costs amounted to 10.4 MSEK. The increase compared to the previous year is largely explained by the costs for the Swedish Parent Company and new employments in Israel.
- The Company has no tax expense during any of the periods compared because the Company has not reported any earnings for tax purposes during the periods.
- Net earnings amounted to -18 MSEK (-8).
- Earnings per share of -0.9 MSEK (-75).

Financial position and liquidity

- Cash flow from operating activities amounted to -13.1 MSEK (-7.9) and is explained by increased costs as described above.
- Cash flow from investment activities amounted to -2.2 MSEK (-0.7) and is explained by the Jaffa Port expansion.
- Cash flow from financing activities amounted to 122.0 MSEK (7.6) and is mainly explained by the issue of shares in connection with an IPO.
- Cash and cash equivalents at the end of the period amounted to 109.0 MSEK (2.3).

Employees

The average number of employees was 15 (14). The increase is explained by new employments in Israel.

Research and development

Eco Wave Power's research and development costs amounted to 0.8 MSEK in 2019 (0.5). The Group does not capitalise its development costs on an ongoing basis.

The Parent Company

Revenues amounted to 0 SEK. Administrative expenses amounted to 9.1 MSEK, relating to the share issue, the IPO and setting up and operating the Swedish parent company. Total shareholders' equity amounted to 104 MSEK. The Parent Company has not made any investments. The Parent Company has no employees since the CFO is engaged as a consultant and the CEO is employed in the Israeli company.

Future development and significant risks

The Group is exposed to several general and company-specific risks that could affect the business and the Group's financial results. The management is working proactively to identify, monitor and reduce identified risks. The Company's board of directors has ultimate responsibility for managing and monitoring the Company's financial risks. The frameworks for management and supervision of the financial risks are adopted by the board of directors. The Board of directors has delegated responsibility for day-to-day risk management to the Company's CFO.

Dependence on key individuals and personnel

There are key individuals and personnel within the Group who are important for the future successful development of the Group's business. The Group is dependent on qualified, motivated personnel in all departments. It is absolutely necessary for the Group to be able to attract and retain key personnel and for the personnel to regard the Group as a stimulating employer. There are no guarantees that the Group will be able to retain key personnel or attract new personnel with the required qualifications in time.

Intellectual property rights

The value of the Group's assets is dependent on its ability to obtain and maintain intellectual property rights. In countries where protection of intellectual property rights is limited or non-existent, third parties may use the Group's intellectual property rights, thereby reducing the value of the Group's registered or unregistered intellectual property rights.

Lack of historical income and immature market

Since the Group has not yet started its commercialisation phase, the Group expects to continue making losses for the next few years. The Group is therefore dependent on a successful development and commercialisation phase to a greater extent than would be the case for an established company with established sales. If the commercialisation of the Group's products were delayed or rendered more expensive or were to fail, that would have a substantial negative impact on the Group's operations, earnings and financial position.

The renewable energy market is expanding rapidly, though the wave power sector is still at an early stage of development. There is a risk that relevant stakeholders will refrain from investing heavily in new technologies that are not sufficiently well known or tested. There is a risk that relevant stakeholders may give specific consideration to whether the Group's technology is sufficiently tested and may adopt a conservative approach to testing new technology.

Environmental liability and insurance policies

The Group must comply with all applicable legislation and regulations relating to environmental protection and environmental impact, though incidents regarding the Group's products may still occur. The products may harm or cause damage to the surroundings or to third parties' assets in such a way as to lead to business disruption, loss of assets or injury to employees or to the public. In connection with this, claims for damages may be filed against the Group or the Group may be held liable for restoration, for example.

There is a risk that the Group may be subject to claims for damages and compensation that are not covered in whole or in part by the Group's insurance. The fact that business activities are carried out in several locations and in several countries around the world is in line with the Group's expectations for future markets for the Group's products. The Group may thus be subject to completely different regulations on environmental impact and damages, for example, which means risks of liability for damages and therefore that the Group must alter its insurance cover.

Agreements

The Group has several ongoing projects that are not based on written agreements but are instead based on letters of intent, for example, in which both parties have expressed a common interest in collaborating. The absence of written agreements may lead to uncertainty as to what applies between the parties, which may lead to a deterioration in relations and a greater risk of disputes.

Permits and changes in regulations

Several permits are required in order for the Group's operations to be carried out, including with regard to the use of land. It may be difficult, or take longer than expected, to obtain necessary permits in some countries which the Group expects to become key markets for the Group's products.

The Group's operations are affected by environmental and safety laws, as well as changes in other laws and regulations. Many countries have introduced, or will introduce, legislation relating to the production, construction, operation and decommissioning of marine energy sources. There may be un-

foreseen changes in the existing legislation that make projects more difficult and/or more expensive to plan, deliver and run, which could have a substantial adverse effect on the Group.

Grants

Some of the Group's ongoing and future projects related to the development of wave power plants are intended to be partly financed through grants, including within the framework of the Horizon 2020 programme. There is a risk that the Group will not receive grants as expected.

Financing and future capital requirements

The Group's objective with regard to its capital structure is to secure the Group's ability to continue its operations so that it can continue to generate returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to keep the costs of capital down.

Depending on the progress of the Group's operations and its ability to generate sufficient cash flow, additional external financing may be required to enable assets and new products and services to be acquired and developed. The conditions for future financing will depend on the progress of the Group's operations, but will also depend on other factors beyond the Company's control, such as macroeconomic developments and the capital market's willingness to finance companies in the industry in which the Group operates. It is by no means certain that, if a need arises, the Group will be able to obtain necessary financial resources in time, to a sufficient extent and/or on acceptable terms.

Financial risks

The Group is exposed to various types of financial risks in its operations. For further information on financial risk management, see note 3 on page 46.

Appropriation of Earnings

The following earnings are at the disposal of the Annual General Meeting

APPROPRIATIONS OF EARNINGS	
Share premium	111,911,440
Retained earnings	-
Profit (loss) for the year	-9,000,673
SEK	102,910,767

The board of directors puts forward a proposal that earnings of SEK 102,910,767 at the disposal of the General Meeting be carried forward to new accounts.

Key Indicators

	2019	2018
Other income (SEK thousand)	1,688	-
Operating profit (SEK thousand)	-17,576	-8,544
Profit (loss) for the year (SEK thousand)	-18,118	-8,167
Cash and cash equivalents (SEK thousand)	110,055	2,569
Equity ratio (%)	80 %	-8 %
Outstanding shares at period end (million)	35.2	0.1
Outstanding shares on average (million)	20.4	0.1
Earnings per share (SEK)	-0.9	-74.9
Shareholders' equity per share (SEK)	2.9	-10.2
No. of employees on average (FTE)	15	14

Definitions of key indicators

KEY FIGURE	DEFINITION
Equity ratio (%)	Shareholders' equity in relation to total assets at the end of the period.
Earnings per share (SEK)	Net earnings in relation to the average number of outstanding shares in the period.
Shareholders' equity per share (SEK)	Shareholders' equity in relation to the number of outstanding shares at the end of the period.

Consolidated Financials

Consolidated Statement of Comprehensive Income¹

SEK THOUSAND	NOTE	2019	2018
Revenues		-	-
Operating costs	6,8	-3,768	-2,741
Gross profit		-3,768	-2,741
Administrative expenses	6,7,8	-15,496	-5,802
Other income	9	1,688	-
Operating profit		-17,576	-8,544
Financial income	6	224	384
Financial expenses	6	-767	-8
Profit (loss) before tax		-18,118	-8,167
Income tax	10	-	-
Profit (loss) for the year		-18,118	-8,167
Other comprehensive income		-	-
Total comprehensive income for the year		-18,118	-8,167
Attributable to:			
The Company's shareholders		-17,789	-7,647
Minority interest		-329	-520
Earnings per share (SEK)		-0.9	-74.9

1. The associated notes on pages 44 to 54 form an integral part of the consolidated financial statements.

Consolidated Balance Sheet²

SEK THOUSAND	NOTE	31 DEC 2019	31 DEC 2018
ASSETS			
Non-current assets			
Right-of-use assets	12	2,679	-
Property, plant and equipment	13	11,687	9,832
Total non-current assets		14,366	9,832
Current assets			
Current receivables	14,11	1,448	883
Prepaid costs and accrued income	15	614	250
Short-term deposits	16,11	1,028	257
Cash and cash equivalents	17,11	109,028	2,312
Total current assets		112,118	3,702
Total assets		126,484	13,534

SEK THOUSAND	NOTE	31 DEC 2019	31 DEC 2018
EQUITY AND LIABILITIES			
Equity	18		
Share capital		704	2
Share premium		141,817	21,517
Foreign currency translation reserve		24	-63
Retained earnings		-40,964	-22,972
Equity attributable to shareholders of the Company		101,581	-1,516
Minority interest		179	408
Total equity		101,760	-1,109
Non-current liabilities			
Non-current leasing liabilities	12,11	1,880	-
Shareholders	23,11	10,113	8,554
Related parties	23,11	5,308	5,174
Total non-current liabilities		18,100	13,728
Current liabilities			
Current leasing liabilities		799	
Trade payables	20,11	4,837	97
Other current payables	21,11	652	804
Accrued cost and prepaid income	22	1,134	13
Total current liabilities		6,623	914
Total equity and liabilities		126,484	13,534

2. The associated notes on pages 44 to 54 form an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity³

SEK THOUSAND	NOTE	SHARE CAPITAL	SHARE PREMIUM	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL FOR SHAREHOLDERS OF THE COMPANY	MINORITY INTEREST	TOTAL
Opening balance as of 1 Jan 2018	18	2	14,245	-204	-14,677	-634	425	-209
Profit (loss) for the year		-	-	-	-7,647	-7,647	-520	-8,167
Other comprehensive income for the year		-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-7,647	-7,647	-520	-8,167
Transactions with shareholders in their role as owners								
Issue of share capital		-	6,644	-	-	6,644	444	7,088
Total transactions with shareholders in their role as owners		-	6,644	-	-	6,644	444	7,088
Change in foreign currency translation reserve		-	628	141	-648	121	59	179
Closing balance as of 31 Dec 2018	18	2	21,517	-63	-22,972	-1,516	408	-1,109
Opening balance as of 1 Jan 2019		2	21,517	-63	-22,972	-1,516	408	-1,109
Establishment of the Company		575	-574	-	-	-	-	-
Profit (loss) for the year		-	-	-	-17,767	-17,767	-329	-18,096
Other comprehensive income for the year		-	-	-	-	-	-	-18,096
Total comprehensive income for the year		-	-	-	-17,767	-17,767	-329	-18,096
Transactions with shareholders in their role as owners								
Issue of share capital		127	129,390	-	-	129,517	60	129,577
Transaction cost for issue of share capital		-	-8,718	-	-	-8,718	-	-8,718
Total transactions with shareholders in their role as owners		127	120,672	-	-	120,799	60	120,860
Change in foreign currency translation reserve		-	203	87	-225	65	40	105
Closing balance as of 31 Dec 2019	18	704	141,817	24	-40,964	101,581	179	101,760

3. The associated notes on pages 44 to 54 form an integral part of the consolidated financial statements.

Consolidated Cash Flow Statement⁴

SEK THOUSAND	NOTE	2019	2018
OPERATING ACTIVITIES			
Profit (loss) for the year		-18,096	-8,167
Add-back depreciation and amortization		208	200
CHANGES IN WORKING CAPITAL			
Decrease (increase) in current receivables		-840	-227
Increase (decrease) in trade payables		4,784	-278
Increase (decrease) in other payables		871	575
Cash flow from operating activities		-13,072	-7,898
INVESTING ACTIVITIES			
Purchase of fixed assets		-1,478	-746
Investment in bank deposits		-750	9
Cash flow from investing activities		-2,228	-738
FINANCING ACTIVITIES			
Issue of shares		129,577	7,311
Transaction cost for share issue		-8,718	-
Amortization of leasing liability		-4	-
Increase of existing debt		1,108	247
Cash flow from financing activities		121,963	7,558
Cash flow for the period		106,664	-1,078
Cash and cash equivalents at the beginning of the period		2,312	3,253
Exchange rate differences on balances of cash and cash equivalents		-52	-136
Cash and cash equivalents at the end of the period		109,028	2,312

4. The associated notes on pages 44 to 54 form an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

1. General information

EWPG Holding AB (publ) ("the Company" or "the Parent Company") is a Swedish public limited company formed on 27 March 2019 and registered at the Swedish Companies Registration Office on 17 April 2019. The Company's shares are traded on Nasdaq First North. The Company's corporate identity number is 559202-9499 and its address is Strandvägen 7A, 114 56 Stockholm, Sweden. The board of directors approved the consolidated financial statements for the Company and its subsidiaries (jointly referred to as "Eco Wave Power", "EWP" or "The Group") for publication on 5 June 2020. Unless expressly indicated otherwise, all amounts are shown in thousand Swedish krona (TSEK). Figures in brackets refer to the comparison year.

The Company acquired Eco Wave Power Ltd. on 10 June 2019 through a non-cash issue and then became the Parent Company of the newly-formed Group. The Company had no assets or operations at the time of the acquisition. The purpose of the acquisition was to incorporate the business in accordance with Swedish law before the IPO on Nasdaq First North Stockholm. The former shareholders of Eco Wave Power Ltd became majority shareholders in the Company and the substance of the transaction is therefore that Eco Wave Power Ltd acquired the Company. The application of the IFRS 3 rules means that the comparative figures for the period prior to the formation of the Parent Company and the Group are the figures for the group of which Eco Wave Power Ltd is the parent company. The foundation of the Group was made between two parties under mutual influence.

2. Summary of important accounting principles

These notes contain a list of the significant accounting principles applied when these consolidated financial statements were prepared. These principles have been applied consistently for all the years presented, unless otherwise specified.

Basis for preparation of the report

The consolidated financial statements have been prepared in accordance with international standards (IFRS), as adopted by the EU. The Swedish Annual Accounts Act and Financial Accounting Standards Council recommendation RFR 1 have also been applied. The financial statements have been prepared according to the cost method, except with regard to financial assets and liabilities (including derivative instruments) measured at fair value through the income statement.

The Parent Company applies RFR 2, Accounting for Legal Entities, and the Swedish Annual Accounts Act.

Basis for consolidation

The consolidated financial statements include the Parent Company and its subsidiaries. Subsidiaries are all companies in which the Group has a dominant interest.

New accounting principles entering into force from 1 January 2019

IFRS 16 Leases entered into force for the 2019 financial year. The standard requires assets and liabilities relating to all leases, with a few exceptions, to be recognised in the balance sheet. That recognition is based on the approach that

the lessee has a right to use an asset for a specific period of time and, at the same time, an obligation to pay for that right.

The Group has chosen to apply the simplified transition method and has not recalculated the comparative figures. Rights of use are thus measured at an amount corresponding to the remaining leasing commitments (leasing liability) at the start of 2019.

The Group acts only as a lessee. The Group's lease for premises for the head office in Tel Aviv is recognised as a right-of-use asset with a corresponding rental liability. Other leases are either short-term leases or leases for which the underlying asset is of low value and is therefore excluded. Each lease payment is distributed between repayment of the leasing liability and a financial cost. The financial cost is distributed over the lease term so that an amount corresponding to a fixed interest rate on the liability recognised during each period is attributed to each accounting period. The interest rate adopted is 4%. The lease term is established as the period that may not be terminated, along with periods in which there is a possibility of extending the lease, if the lessee is reasonably sure to take up the option, and periods in which there is a possibility of terminating the lease, if the lessee is reasonably sure not to take up the option. The lease term expires on 2022-12-31, with an extension of one year, which is expected to be taken up, until 2023-12-31.

Translation of foreign currency

The various units in the Group have the local currency as their functional currency since the local currency has been defined as the currency used in the primary economic environment in which each unit is mainly active. Swedish kronor (SEK), which is the Parent Company's functional currency and the Group's reporting currency, is used in the consolidated financial statements.

Assets and liabilities are translated at the exchange rate in force at the balance sheet date. Income and expenses are translated to Swedish kronor at the average exchange rate applying at the time of each transaction. Translation differences arising from currency translation are recognised in the result.

Transactions in foreign currencies are initially recognised at the exchange rate on the date of the transaction. After initial recognition, the monetary assets and liabilities in foreign currencies at each balance sheet date are translated to the functional currency at the exchange rate in force on the balance sheet date. Exchange rate differences are recognised in the income statement. Non-monetary assets and liabilities in foreign currencies that are recognised at historical cost are translated at the exchange rate at the date of the transaction.

Taxes

The tax expense represents the total for current tax and deferred tax. The Company must assess the likelihood of the deferred tax assets being used to offset future taxable earnings.



At the end of 2019, there were saved loss carry-forwards in the Group that were not measured based on the assessment that they were likely to be used. Changes in assessments of the likelihood that they will be used can thus have a negative and a positive impact on the results.

Taxable earnings differ from earnings recognised in the income statement since they have been adjusted for non-deductible expenses as well as for income and expenses that are taxable or deductible in other periods. The tax liability in question is calculated using the tax rates applying on the reporting day.

Grants

Grants are recognised as other income. Income from grants that is not dependent on requirements relating to future results is recognised as income when the conditions for receiving the subsidy have been met and when it is likely that the economic benefits associated with the transaction will accrue to the Group and the income can be reliably measured. State grants have been measured at the fair value of the asset that the company received. Income from State subsidies that depends on future performance requirements is recognised as income when the results are implemented and when it is likely that the economic benefits associated with the transaction will flow to the Company and the income can be reliably measured. grants that were received before the conditions for recognising them as income were met are recognised as a liability. State grants relating to the acquisition of a fixed asset reduce the cost of the asset.

Leases

The Group only acts as a lessee. The Group’s leases of premises for the headquarter in Tel Aviv is recognized as a right-of-use asset with a corresponding lease liability. Other leases are either short-term leases and leases for which the underlying asset is of low value and are therefore exempted. Each lease payment of the right-of-asset is divided between amortization of the lease liability and a financial cost. The financial cost is be allocated over the lease term, so that each reporting period is charged with an amount corresponding to a fixed interest rate for the liability recognised under each period. The lease term is determined as the non-cancellable period of the lease. The Group’s right-of-asset is recognized at the present value of the Group’s fixed lease payments. Lease payments are discounted with the interest rate implicit in the lease. The Group’s right-of-use assets are recognised at cost, and include initial present value of the lease liability, adjusted for lease payment made at or before the commencement date and any initial direct expenses. The right-of-use asset is depreciated on a straight-line basis over the asset’s useful life and the lease term, whichever is the shortest.

Research and development expenses

Research and development expenses are not entered as an asset in the balance sheet on an ongoing basis but are expensed.

Classifications in the balance sheet

Non-current assets and liabilities essentially consist of amounts that are expected to be recovered or paid after more than twelve months from the balance sheet date. Current assets and current liabilities consist of amounts that are expected

to be recovered or paid within twelve months from the balance sheet date. The Group’s business cycle is estimated to be less than one year.

Tangible fixed assets

Tangible fixed assets are recognised at historical cost minus depreciation and any impairment. The cost includes expenses directly attributable to the acquisition of the asset and the cost of bringing it to the location and bringing about the conditions required to enable it to function in the manner contemplated in the acquisition. Additional costs are added to the carrying amount for the asset or are recognised as a separate asset, whichever is the most suitable method, only when it is likely that the future economic benefits attributable to the asset will flow to the Group and the cost of the asset can be reliably measured. The carrying amount of a substituted part is removed. All other types of repair and maintenance are recognised at historical cost in the income statement in the period in which they occur.

Depreciation is carried out on a straight-line basis as follows:

Machinery and equipment	10 years
Equipment and office equipment	3 years
Land	No depreciation

The carrying amount is immediately depreciated to its residual value if the carrying amount of the asset exceeds its estimated residual value. Profit or loss on sale of tangible fixed assets is determined by comparing the proceeds from the sale and the carrying amount and is recognised in “Other income” or “Operating expenses” in the income statement.

Intangible assets

The company has not reported any intangible assets in any of the periods compared.

Financial assets and liabilities

All financial assets and liabilities are recognised at fair value and, in the case of loan liabilities, net of directly attributable transaction costs. The Group’s financial liabilities include non-current interest-bearing liabilities to shareholders and related parties, leasing liabilities, trade payables and other current liabilities. The Group’s financial assets include current receivables and bank balances.

Cash and cash equivalents are considered to be highly liquid investments, including short-term bank deposits without restrictions with a maturity of three months or less from the date of the investment or with a maturity of more than three months but where the investments can be redeemed on request free of charge and are included in the Group’s liquidity management.

Short-term bank deposits are deposits with an initial maturity of more than three months from the date of the investment that do not meet the liquidity criteria. Deposits are presented in accordance with the deposit terms.

Financial liabilities are recognised at amortised cost and any difference with the amount received (excluding transaction costs). The amount to be repaid is recognised in the income statement distributed over the term of the loan using the effective interest method. Borrowing costs are expensed when they occur. The liability is classified as a current liability in the

balance sheet unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the accounting period.

The Company recognises a loss reserve for expected loan losses on a financial asset that is measured at amortised cost or fair value through other comprehensive income. On each balance sheet date, the Company recognises the change in expected loan losses since the first accounting date in the profit or loss. The Company had no loan losses in 2019 or 2018 or any reserve for losses.

Payments to employees

Pensions and long-term benefits

The group only has defined-contribution pension plans. A defined-contribution pension plan is a pension plan under which EWP pays fixed contributions to a separate legal entity. The Group has no legal or constructive obligation to pay further fees if that legal entity has insufficient assets to make all payments to employees associated with the employees' service during the current or previous periods. The contributions are recognised as personnel costs when they fall due for payment.

As regards its obligations to pay severance pay for some of its employees, the Company makes provisions for pension funds and insurance companies ("plan assets"). Plan assets consist of assets managed in the long term in a labour benefit fund or qualifying insurance policies. Plan assets are not available to the Group's own creditors and cannot be repaid directly to the Group.

Short-term benefits

Short-term employment benefits are benefits that are expected to be fully realised within 12 months of the end of the financial year in which the employees carry out the related work. These benefits include salaries, paid leave of absence, paid sick leave, recreation and social insurance contributions and are recognised as expenses when the related work is carried out. A liability for a cash bonus or profit-sharing plan is recognised when the Group is required to make such a payment as a result of an employee's previous work and the amount can be reasonably estimated.

Cash flow statements

Cash flow statements have been prepared using the indirect method. The recognised cash flow includes only transactions that have given rise to payments to or from the Group.

3. Financial risk management

The Group's operations expose it to a number of different financial risks relating to cash and cash equivalents, trade creditors and loans. Financial risk refers to fluctuations in the Group's earnings and cash flow due to market risk (including interest-rate risk and currency risk), credit risk and liquidity risk. The Group endeavours to minimise potential adverse effects on the Group's financial results. The aim of the Group's financing activities is to:

- Ensure that the Group is able to meet its payment obligations,
- Ensure access to necessary finance and
- Optimise the Group's net financial income.

Interest-rate risk

The Group is not exposed to any substantial interest-rate risk since most of the liabilities are not subject to interest or are subject to fixed interest.

Currency risk

The Group operates internationally and is exposed to currency risks arising from various currency exposures. Currency risk derives from the payment flows in foreign currency, so-called transaction exposure, from translation of balance sheet items in foreign currency and in the case of translation of foreign subsidiaries' income statements and balance sheets to the Group's reporting currency, which is Swedish kronor (SEK) – so-called balance-sheet exposure.

The Group holds most of its cash and cash equivalents in SEK and a smaller part in Israeli New Shekel (ILS). Borrowing is mainly in american dollar (USD) and Chinese renminbi (RMB). Most of the costs are in SEK and ILS. If SEK weakened against ILS and USD, with all other variables remaining constant, earnings and cash flow would deteriorate because a large proportion of the Group's expenses are in foreign currency. Equity would not be significantly affected since most of the equity is attributable to the Parent Company.

Credit risk

Credit risk arises from bank balances at banks and outstanding receivables. Credit risk is managed by the group management. Only banks and credit institutions with a good credit rating are accepted. Outstanding receivables are outstanding with public authorities and other counterparties with a strong

financial position, which is why the credit risk is considered to be limited.

Liquidity risk

Through careful liquidity management, the Group ensures that sufficient cash is available to meet the need in operating activities. At the same time, the Group ensures that it has sufficient cash and cash equivalents to enable debts to be paid when they fall due.

The Group management follows rolling forecasts for the Group's cash and cash equivalents based on expected cash flows.

Financing and future capital requirements

The Group's objective with regard to its capital structure is to secure the Group's ability to continue its operations to enable it to continue to generate returns for the shareholders and benefits for other stakeholders and maintain an optimal capital structure to keep the costs of capital down.

4. Segment reporting

The Company's organisation and management are based on functions and the Company's governance is currently only carried out at an aggregated level. As a result, the Company does not include any operating segments in the financial statements.

5. Group information

The Company acquired Eco Wave Power Ltd. on 10 June 2019 through a non-cash issue and then became the Parent Company of the newly-formed Group. The Company had no assets or operations at the time of the acquisition. The purpose of the acquisition was to incorporate the business in accordance with Swedish law before the IPO on Nasdaq First North Stockholm. The former shareholders of Eco Wave Power Ltd became majority shareholders in the Company and the substance of the transaction is therefore that Eco Wave Power Ltd acquired the Company. No PPA has been made as the foundation of the Group was made between two parties under mutual influence. Apart from this event, no shares or businesses were acquired in 2019 or 2018.

Subsidiaries

The Parent Company is the parent company to wholly-owned subsidiary Eco Wave Power Ltd. Eco Wave Power Ltd. is the parent company of the remaining wholly- and part-owned subsidiaries:

NAME	MAIN BUSINESS	REGISTERED OFFICE AND COUNTRY OF REGISTRATION AND OPERATIONS	PROPORTION OF THE SHARES 31 DEC. 2019	PROPORTION OF THE SHARES 31 DEC. 2018
Eco Wave Power Ltd. (reg. no. 514593722)	Wave power	Israel	100 %	100 %
Eco Wave Power Australia PTY Ltd. (org. no. 632805353)	As above	Australia	100 %	-
Eco Wave Power Gibraltar Ltd. (org. no. 113264)	As above	Gibraltar	100 %	100 %
Eco Wave Power Mexico (org. no. 507055)	As above	Mexico	54 %	54 %
Eco Wave Manzanillo I (org. no. 562840)	As above	Mexico	99.998 % owned by Eco Wave Power Mexico	99.998 % owned by Eco Wave Power Mexico
Suzhou Eco Wave Power Technology Co. Ltd. (org. no. 913205810942967451)	As above	China	90 %	90 %

The remaining shares in Suzhou Eco Wave Power Technology Co. Ltd are owned by Changhsu Shirat Enterprises Management Co., Ltd. and the remaining shares in both Eco Wave Power Mexico and Eco Wave Power Manzanillo 1 are owned by Ernesto Delarrue Rodríguez. The Company does not own 100 per cent of the shares in Suzhou Eco Wave Power Technology Co. Ltd., Eco Wave Power Mexico Ltd. and Eco Wave Power Manzanillo 1 because Eco Wave Power Ltd. founded the companies through joint ventures in order to run the companies more efficiently with local operators.

Joint ventures

NAME	MAIN BUSINESS	REGISTERED OFFICE AND COUNTRY OF REGISTRATION AND OPERATIONS
EDF EWP One Ltd. (reg. no. 516065943)	Wave power	Israel

The remaining part of EWP EDF One Ltd is owned by EDF Renewables in Israel. The aim is to exclusively cooperate in the development, financing, design, procurement, construction and operation of the expansion project at Jaffa Port and to evaluate further possible collaborations in wave power. EWP consolidates EDF EWP One Ltd. based on de facto control. At 31 December 2019, EDF EWP One Ltd. has carried out no operations and holds no assets. All operations relating to the Jaffa Port expansion project have been carried out at Eco Wave Power Ltd. The plan is to transfer operations and assets to EDF EWP One Ltd. in 2020.

6. Costs by nature

	2019	2018
INCLUDED IN OPERATING COSTS		
Operating personnel costs	2,604	1,277
External operating costs	1,164	1,464
INCLUDED IN ADMINISTRATIVE EXPENSES		
External IPO related costs	5,012	-
Other external administrative expenses	6,580	3,377
Administrative personnel costs	1,745	2,225
Depreciation of tangible assets	517	200
OTHER ITEMS		
Exchange-rate differences	276	-384
Financial items	298	8
Total	19,838	8,167

7. Auditor's fee

AUDITOR	ASSIGNMENT	2019	2018
Ernst & Young AB	Audit of Parent Company and Group	220	-
Various local auditors	Audit of subsidiaries	245	16
KPMG AB	Audit in IPO	864	-
Total		1,329	16

8. Employee benefits, etc.

In addition to what is specified in this section, the Group has not entered into any agreement with a senior executive, Board member, employee or other person that grants a pension or other similar benefit upon termination of his or her post. The Group has not set aside amounts to provide pensions or other benefits upon termination of employment. The Company has no share-based incentive programme. The CEO is the only employee with a performance-based bonus component in addition to fixed salary. No performance-based bonus component or share-based remuneration has been paid out in 2018 and 2019.

EMPLOYEE BENEFITS	2019	2018
INCLUDED IN OPERATING COSTS		
Wages and salaries	2,247	1,051
Social security costs	79	70
Pension costs	194	120
Post-employment benefits other than pensions	85	37
Share-based payment expense	-	-
INCLUDED IN ADMINISTRATIVE EXPENSES		
Wages and salaries	3,029	1,902
Social security costs	260	116
Pension costs	200	150
Post-employment benefits other than pensions	50	58
Share-based payment expense	-	-
Total	6,143	3,503

Remuneration to senior executives and board members

Inna Braverman (CEO) and Andreas Kihlblom (CFO) are the only senior executives at Eco Wave Power. The CEO is employed by Eco Wave Power Ltd. The employment contract can be terminated with a mutual notice period of six months. If Eco Wave Power Ltd. terminates the contract for reasons other than specific grounds for termination, the CEO is entitled to a termination bonus equivalent to six months' basic salary. The CEO has a basic salary of ILS 90,000 (equivalent to approximately SEK 240,000) and a performance-based bonus. Eco Wave Power Ltd. also pays contributions to the CEO's pension and training fund. The employment contract contains provisions on confidentiality, intellectual property rights and non-compete and non-solicitation clauses which apply for a period of twelve months after the employment has ceased.

The CFO is engaged on a consultancy basis with a mutual notice period of six months. The fee amounts to SEK 165,000 per month. The consultancy agreement contains provisions on matters such as confidentiality and intellectual property rights.

Remuneration for Board members is decided by the Annual General Meeting. At the Extraordinary General Meeting held on 24 May 2019, a resolution was adopted to pay an annual directors' fee of SEK 200,000 each to David Leb and Elias Jacobson and SEK 300,000 to the chairman of the board of directors, Mats Andersson. It was also resolved that no directors' fee would be payable to Inna Braverman.

COMPENSATION TO SENIOR MANAGEMENT AND BOARD MEMBERS

	DIRECTOR'S FEES / BASIC SALARY	VARIABLE REMUNERATION	OTHER BENEFITS	PENSION COSTS	SOCIAL SECURITY COSTS	TOTAL REMUNERATION
2018						
INCLUDED IN OPERATING COSTS						
Chairman of the Board, Mats Andersson	-	-	-	-	-	-
Board member, David Leb	-	-	-	-	-	-
Board member, Elias Jacobson	-	-	-	-	-	-
Board member and CEO, Inna Braverman	1 051	-	37	120	70	1 277
Other senior management	-	-	-	-	-	-
INCLUDED IN ADMINISTRATIVE EXPENSES						
Chairman of the Board, Mats Andersson	-	-	-	-	-	-
Board member, David Leb	-	-	-	-	-	-
Board member, Elias Jacobson	-	-	-	-	-	-
Board member and CEO, Inna Braverman	260	-	9	30	17	317
Other senior management	-	-	-	-	-	-
Total	1 311	-	46	151	87	1 594
2019						
INCLUDED IN OPERATING COSTS						
Chairman of the Board, Mats Andersson	-	-	-	-	-	-
Board member, David Leb	-	-	-	-	-	-
Board member, Elias Jacobson	-	-	-	-	-	-
Board member and CEO, Inna Braverman	2 247	-	85	194	79	2 604
Other senior management	-	-	-	-	-	-
INCLUDED IN ADMINISTRATIVE EXPENSES						
Chairman of the Board, Mats Andersson	175	-	-	-	39	214
Board member, David Leb	117	-	-	-	26	143
Board member, Elias Jacobson	117	-	-	-	26	143
Board member and CEO, Inna Braverman	562	-	21	48	20	651
Other senior management	-	-	-	-	-	-
Total	3 217	-	106	242	190	3 755

AVERAGE NUMBER OF EMPLOYEES

	2019	2018
Number of employees	15	14
Of whom men	7	3

9. Other income

Grants have been received for purchases of certain tangible fixed assets. There are no unfulfilled conditions or contingent liabilities associated with these Grants. The grants come from:

- The Horizon 2020 Framework Programme
- The European Regional Development Fund (ERDF)
- The Israeli Energy Ministry
- The Hot DesQ programme in Australia

	2019	2018
Grants	1,688	-
Total	1,688	-

10. Income tax

The Group has paid no income tax in 2018 and 2019 because it has not shown any taxable earnings during the period.

EWP has unused loss carry-forwards. The tax effect of these has not been recognised as a deferred tax asset in the balance sheet. This is due to uncertainty as to the moment in the future when sufficient taxable surpluses will be generated.

	2019	2018
Income tax	-	-
Deferred tax	-	-
Tax on the profit (loss) for the year	-	-

The income tax on the pre-tax profit differs from the theoretical amount that would have been levied had the tax rate for the Parent Company be used, as follows:

RECONCILIATION OF INCOME TAX OF THE YEAR	2019	2018
Profit (loss) for the year before tax	-18,096	-8,167
Tax with calculated rate of Sweden of 21.4 % (22 %)	3,872	1,797
Effect from different tax rates in foreign subsidiaries	-34	-30
Tax effect of non-deductible costs	-12	-46
Losses carried-forward, for which no deferred tax asset is recognized	-3,826	-1,721
Income tax of the year	-	-

11. Financial instruments per category and maturity analysis

ASSETS IN THE BALANCE SHEET	ON DEMAND	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	> 5 YEARS	TOTAL
Current receivables	-	883	-	-	-	883
Short-term deposits	-	-	257	-	-	257
Cash and cash equivalents	2,312	-	-	-	-	2,312
31 December 2018	2,312	883	257	-	-	3,452

LIABILITIES IN THE BALANCE SHEET	ON DEMAND	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	> 5 YEARS	TOTAL
Non-current liabilities to related parties	-	-	-	-	5,174	5,174
Non-current liabilities to shareholders	-	-	-	-	8,554	8,554
Trade payables	-	97	-	-	-	97
Other current payables	330	194	-	-	281	804
31 December 2018	330	291	-	-	14,009	14,629

ASSETS IN THE BALANCE SHEET	ON DEMAND	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	> 5 YEARS	TOTAL
Current receivables	-	1,320	128	-	-	1,448
Short-term deposits	-	-	1,028	-	-	1,028
Cash and cash equivalents	109,028	-	-	-	-	109,028
31 December 2019	109,028	1,320.171	1,155.792	-	-	111,503

LIABILITIES IN THE BALANCE SHEET	ON DEMAND	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	> 5 YEARS	TOTAL
Leasing liabilities	-	197	602	1,881	-	2,679
Non-current liabilities to related parties	-	-	-	-	5,308	5,308
Non-current liabilities to shareholders	-	-	-	-	10,113	10,113
Trade payables	-	4,837	-	-	-	4,837
Other current payables	-	652	-	-	-	652
31 December 2019	-	5,685	602	1,881	15,421	23,589

12. Right-of-use assets

The Group has identified a contract that is affected by IFRS 16 and constitutes a rental space in Israel whose contract was signed in November 2019. Commitments for operational leasing according to IAS 17 as of 12 December 2018 amounted to SEK 0 and the liability as of the end of the year is SEK 0. The transition to IFRS 16 has entailed a rights-of-use asset of 2.8 MSEK, with a depreciation for the year of -0.2 MSEK, resulting in a closing balance of 2.7 MSEK. The corresponding lease liability is reported. The agreed rental period is 24 + 12 months.

	PREMISES
2019	
Opening balance	-
Additions during the year	2,831
Depreciations	-152
31 December 2019	2,679

13. Property, plant and equipment

At 31 December 2019, EWP's property, plant and equipment amounted to 11.7 MSEK (9.8) and consisted of land, plant and equipment. There are no significant mortgages or similar encumbrances on those assets and nor are there any significant restrictions on the disposal or use of tangible fixed assets.

	LAND	PLANT AND EQUIPMENT	INVENTORIES AND OFFICE EQUIPMENT	TOTAL
ACQUISITION COST				
1 January 2018	660	9,398	146	10,204
Purchases	-	729	19	748
Foreign currency translation reserve	21	-245	-5	-228
31 December 2018	681	9,882	161	10,724
ACCUMULATED DEPRECIATION				
1 January 2018	-	644	72	717
Depreciation of the year	-	168	32	200
Foreign currency translation reserve	-	-23	-3	-25
31 December 2018	-	789	102	891
Tangible fixed assets 31 Dec 2018	681	9,092	59	9,832
ACQUISITION COST				
1 January 2019	681	9,882	161	10,724
Purchases	-	1,434	22	1,456
Foreign currency translation reserve	55	650	21	726
31 December 2019	736	11,965	204	12,905
ACCUMULATED DEPRECIATION				
1 January 2019	-	789	102	891
Depreciation of the year	-	181	29	209
Foreign currency translation reserve	-	466	71	536
31 December 2019	-	1,075	144	1,219
Tangible fixed assets 31 Dec 2019	736	10,891	60	11,687

14. Current receivables

	2019	2018
VAT receivable	1,333	842
Shareholders	75	0
Other current receivables	40	41
Total	1,448	883

15. Prepaid costs and accrued income

	2019	2018
Advances to suppliers	614	250
Total	614	250

16. Short-term deposits

	2019	2018
Bank deposits	1,028	257
Total	1,028	257

17. Cash and cash equivalents

	2019	2018
Bank savings	109,028	2,312
Total	109,028	2,312

18. Share capital and other contributed capital

The Company's share capital amounts to SEK 704,986.88, divided into 35,194,844 shares, which means that each share has a quota value of SEK 0.02.

ECO WAVE POWER LTD. 2018	NUMBER OF SHARES	QUOTA VALUE	SHARE CAPITAL	SHARE PREMIUM
1 January 2018	109,064	0.02	2	14,861
Reimbursement for issued share capital	-	-	-	6,656
31 December 2018	109,064	0.02	2	21,517

ECO WAVE POWER LTD. 2019	NUMBER OF SHARES	QUOTA VALUE	SHARE CAPITAL	SHARE PREMIUM
1 January 2019	109,064.0	0.02	2.2	21,848.2
New issue	6,293.0	0.02	0.2	8,632.2
Total	115,357	0.02	2.3	30,480

EWPG HOLDING AB 2019	NUMBER OF SHARES	QUOTA VALUE	SHARE CAPITAL	SHARE PREMIUM
Foundation of the Company	576,785	1.00	577	29,906
Split 50:1	28,262,465	0.02	-	-
Share issue in connection with IPO	6,355,594	0.02	127	120,629
Transaction cost for issue of share capital	-	-	-	-8,718
31 December 2019	35,194,844	0.02	704	141,817

19. Earnings per share

The Company has no outstanding financial instruments that can dilute the current shareholders. As a result, earnings per share are the same before and after dilution. Earnings per share are calculated by dividing equity attributable to the Parent Company's shareholders by a weighted average number of shares during the period.

	2019	2018
Outstanding shares on average (million)	20	0
Outstanding shares at period end (million)	35	0
Earnings per share (SEK)	-1	-75

20. Trade payables

Trade accounts payable are non-interest bearing and normally have payment terms of 30 days.

	2019	2018
Trade payables	4,837	97
Total	4,837	97

21. Other current payables

Other current payables are non-interest bearing and have an average maturity of 3 months.

	2019	2018
Taxes	347	19
Personnel and social security costs	301	174
Other current payables	4	610
Total	652	804

22. Accrued cost and deferred income

	2019	2018
Accrued personnel and social security costs	883	-
Other accrued costs	252	13
Total	1,134	13

23. Related-party disclosure

No other related-party transactions have been carried out other than the following transactions and internal group transactions.

			2019	2018
	EXPIRY DATE	INTEREST RATE	INTEREST PAID	AMOUNT OWED
Loans from David Leb, Board member	No expiry date	4.0 %	-	10,113
Loans from Changhsu Shirat Enterprises Management Co., Ltd.	No expiry date	1.0 %	-	509
Total			-	10,622

Eco Wave Power Ltd. has entered into two loan agreements with the shareholder and Board member David Leb amounting to 10 MSEK at 31 December 2019. The liability is classified as a non-current liability to shareholders in the balance sheet. The first loan agreement relates to an amount of USD 200,000. Under the loan agreement, Eco Wave Power Ltd. must repay the loan through monthly instalments of USD 666 from January 2019. The remaining amount and accrued interest must be repaid within 12 months. The loan agreement is subject to an annual interest rate of four per cent, calculated on the total debt including accrued interest. The other agreement relates to an amount of USD 800,000. The credit period is 36 months and if the loan is not repaid within the credit period, an interest rate of four per cent applies.

Funds were transferred to Eco Wave Power Gibraltar in 2015. The loan was granted to finance the construction of a power plant in Gibraltar. The liability is classified as a non-current liability to related parties in the balance sheet. Additional funds were transferred as loans to Eco Wave Power Gibraltar in 2016, 2017 and 2018. No additional funds were transferred in 2019.

24. Contingent liabilities

The Group has no contingent liabilities or material pledged assets.

25. Events after the reporting period

- In January, EWP completed the assembly of the hydraulic energy conversion unit for its Jaffa Port project and entered the electrical assembly phase, which is being carried out by Siemens.
- In March, Siemens completed the assembly of the electrical section of the EWP conversion unit for the Jaffa Port project. Later that month, EWP completed the wave simulation testing of the fully-integrated EWP conversion unit, which will be followed by installation and calibration of automation systems, wave amplification, float production and full system transport to the final implementation site for installation and connection to the grid.
- In the same month, EWP installed a new combined wave and solar system at the EWP grid-connected wave power plant in Gibraltar in line with its newly-filed patent for a combined wave and solar power plant.
- In April, EWP entered into an official concession agreement with APDL (A Administração dos Portos do Douro, Leixões e Viana do Castelo) regarding the use of an area potentially suitable for construction, operation and maintenance of a wave energy power plant of up to 20 MW at four sites owned and operated by APDL.
- The main unforeseen challenge was the Corona virus outbreak, since our projects are mostly B2G (Business to Government). Understandably, most governmental organizations are currently focused on managing the Coronavirus crisis and this is likely to cause delays in certain project certifications and permits, and construction works, causing an overall delay in our deliveries.



Parent Company Financials

Parent Company Statement of Comprehensive Income¹

SEK THOUSAND	NOTE	2019
Revenues		-
Operating costs		-
Gross profit		-
Administrative expenses	2,3,4	-9,051
Other income		-0
Operating profit		-9,051
Financial income	2	50
Financial expenses		-
Profit (loss) before tax		-9,001
Income tax	5	-
Profit (loss) for the year		-9,001
Other comprehensive income		-
Total comprehensive income for the year		-9,001

1. The associated notes on pages 57 to 58 form an integral part of the Parent Company's financial statements.

Parent Company Balance Sheet²

SEK THOUSAND	NOTE	31 DEC 2019
ASSETS		
Non-current assets		
Financial assets	7	577
Total non-current assets		577
Current assets		
Current receivables	8,6	716
Prepaid costs and accrued income	9	326
Cash and cash equivalents	10,6	107,164
Total current assets		108,206
Total assets		108,783
EQUITY AND LIABILITIES		
Equity	11	
Share capital		704
Share premium		111,911
Retained earnings		-9,001
Total equity		103,615
Current liabilities		
Trade payables	6	4,476
Current payables to Group companies		53
Accrued cost and prepaid income	12	640
Total current liabilities		5,169
Total equity and liabilities		108,783

2. The associated notes on pages 57 to 58 form an integral part of the Parent Company's financial statements.

Parent Company Statement of Changes in Equity³

SEK THOUSAND	NOTE	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	TOTAL FOR SHAREHOLDERS OF THE COMPANY
Balance as of 1 Jan 2019	11	-	-	-	-
Establishment of the Company	-	577	-	-	577
Profit (loss) for the year	-	-	-	-9,001	-9,001
Issue of share capital	-	127	120,629	-	120,756
Transaction cost for issue of share capital	-	-	-8,718	-	-8,718
Balance as of 31 Dec 2019	11	704	111,911	-9,001	103,615

Consolidated Cash Flow Statement⁴

SEK THOUSAND	NOTE	2019
CASH FLOW FROM OPERATING ACTIVITIES		
Profit (loss) for the year		-9, 001
CHANGES IN WORKING CAPITAL		
Decrease (increase) in current receivables		-1,043
Increase (decrease) in trade payables		4,529
Increase (decrease) in other payables		640
Cash flow from operating activities		-4,875
INVESTING ACTIVITIES		
Cash flow from investing activities		-
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of shares		120,756
Transaction cost for share issue		-8,718
Cash flow from financing activities		112,039
Cash flow for the period		107,164
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period		107,164

3. The associated notes on pages 57 to 58 form an integral part of the Parent Company's financial statements.

4. The associated notes on pages 57 to 58 form an integral part of the Parent Company's financial statements.

Notes to the Parent Company's Financial Statements

1. Parent Company accounting principles

The Parent Company's annual financial statements were prepared in accordance with RFR 2, Accounting for Legal Entities, and the Swedish Annual Accounts Act. The annual financial statements have been prepared using the cost method. The areas involving a considerable amount of assessment, which are complex, or areas where the assumptions and estimates are of substantial significance to the annual financial statements are specified in Board of directors' report pages 37-39. The Parent Company's operations expose it to a number of different financial risks: market risks (currency risk and interest-rate risk), credit risk and liquidity risk. The Parent Company's overall risk management policy focuses on the unpredictability of the financial markets and endeavours to minimise potential adverse effects on the Group's financial results. For more information on financial risks, please refer to Note 3 of the consolidated financial statements. Comparative figures for 2018 are not reported because the Parent Company was formed in 2019.

2. Costs by nature

	2019
INCLUDED IN ADMINISTRATIVE EXPENSES	
External IPO related costs	5,012
Other external administrative expenses	3,538
Administrative personnel costs	500
Total	9,051

3. Auditor's fee

AUDITOR	ASSIGNMENT	2019
Ernst & Young AB	Audit assignment	220
KPMG AB	Audit in IPO	864
Total		1,084

4. Personnel costs

The Parent Company had no employees in 2019. The CEO is employed by Eco Wave Power Ltd, from where the CEO's remuneration is paid. The CFO is engaged on a consultancy basis. No consultancy costs have been paid to Board members or senior executives in addition to regular remuneration to the CFO. No bonuses or share-related amounts were paid out in 2019. For further information on directors' fees and other remuneration for the board of directors, the Chief Executive Officer and other senior executives, see Note 8 of the consolidated financial statements.

5. Income tax

The Parent Company did not pay income tax in 2019 because it did not show any taxable earnings during the period.

The Parent Company has unused loss carry-forwards. The tax effect of these has not been recognised as a deferred tax asset in the balance sheet. This is due to uncertainty as to the moment in the future when sufficient taxable surpluses will be generated.

	2019
Income tax	-
Deferred tax	-
Tax on the profit (loss) for the year	-

The income tax on the pre-tax profit differs from the theoretical amount that would have been levied had the tax rate for the Parent Company be used, as follows:

RECONCILIATION OF INCOME TAX OF THE YEAR	2019
Profit (loss) for the year before tax	-9,001
Tax with calculated rate of Sweden of 21.4% (22%)	1,926
Tax effect of non-deductible costs	-7
Losses carried-forward, for which no deferred tax asset is recognized	-1,919
Income tax of the year	-

6. Financial instruments per category and maturity analysis

ASSETS IN THE BALANCE SHEET	ON DEMAND	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	> 5 YEARS	TOTAL
Current receivables	-	716	-	-	-	716
Cash and cash equivalents	107,164	-	-	-	-	107,164
31 December 2019	107,164	716	-	-	-	107,880

LIABILITIES IN THE BALANCE SHEET	ON DEMAND	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	> 5 YEARS	TOTAL
Trade payables	-	4,476	-	-	-	4,476
Current payables to Group companies	-	53	-	-	-	53
31 December 2019	-	4,529	-	-	-	4,529

7. Participations in subsidiaries

	2019
Opening cost	-
Formation of EWPG Holding AB	577
Closing accumulated costs	577
Closing carrying value	577

	CORP. ID. NO	DOMICILE AND COUNTRY OF REGISTRATION AND OPERATIONS	NUMBER OF SHARES
Eco Wave Power Ltd.	514593722	Israel	115,357

8. Current receivables

	2019
VAT receivable	711
Other current receivables	6
Total	716

9. Prepaid costs and accrued income

	2019
Advances to suppliers	326
Total	326

10. Cash and cash equivalents

	2019
Bank savings	107,164
Total	107,164

11. Share capital and other contributed capital

See note 18 for the Group for information on the Parent Company's share capital.

12. Accrued cost and deferred income

	2019
Accrued personnel and social security costs	500
Other accrued costs	140
Total	640

13. Related-party transactions

EWP has been listed on Nasdaq First North Stockholm since 18 July 2019. The main shareholders at 31 December 2019 are Inna Braverman and David Leb, whose joint participating interest amounts to 67 percent. No transactions at the Parent Company in 2019 are considered to constitute related-party transactions. No services or goods have been sold or purchased to or from related parties. For further information, see Note 23 in the consolidated financial statements.

14. Contingent liabilities

The Parent Company has no contingent liabilities or material pledged assets.

15. Events after the reporting period

See Note 25 in the consolidated financial statements.



Signatures

The Group’s income statements and balance sheets will be presented for adoption at the Annual General Meeting held on 2020-06-26. The board of directors and the Chief Executive Officer certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by the EU, and give a true and fair view of the Group’s position and results. The annual financial statements have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the Parent Company’s position and results. The administration report for the Group and the Parent Company gives a fair overview of the progress of the Group’s and the Parent Company’s business, position and results and describes significant risks and uncertainty factors facing the Parent Company and the companies included in the Group.

Stockholm 5 June 2020

MATS ANDERSSON
CHAIRMAN OF THE BOARD OF DIRECTORS

ELIAS JACOBSON
MEMBER OF THE BOARD OF DIRECTORS

DAVID LEB
MEMBER OF THE BOARD OF DIRECTORS

INNA BRAVERMAN
CEO AND MEMBER OF THE BOARD OF DIRECTORS

Our audit report was presented on 2020-06-05

Ernst & Young AB
Andreas Nyberg
Authorised Public Accountant

Auditor's Report

To the general meeting of the shareholders of EWPG Holding AB (publ), corporate identity number 559202-9499

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of EWPG Holding AB (publ), for the year 2019. The annual accounts and consolidated accounts of the company are included on pages 37 - 59 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 opinions.

Other Information than the annual accounts and consolidated accounts

The Board of Directors and the CEO are responsible for the other information. The other information comprises of pages 1 – 36 and page 63 (but does not include the annual accounts, consolidated accounts and our auditor's report thereon).

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the CEO are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the CEO are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the CEO intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden 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 annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, 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 opinions. 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 the company's internal control relevant to our 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 the Board of Directors and the CEO.
- Conclude on the appropriateness of the Board of Directors' and the CEO's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast signif-

icant doubt on the company's and the group'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 annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. 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 a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the CEO of EWPG Holding AB (publ) for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 opinions.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the

dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the CEO in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or



- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that

we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Stockholm 5 June 2020

Ernst & Young AB

Andreas Nyberg

Authorized Public Accountant

The Eco Wave Power Share

The first day of trading of the company's shares on First North was 18 July 2019. The shares are issued in accordance with Swedish law and the shareholders' rights related to the shares may only be modified or altered in accordance with the Swedish Companies Act. The company has only one class of shares. Shareholders are entitled to vote for their full number of shares and each share entitles to one vote at shareholders' meetings.

The company's articles of association contain provisions pursuant to which the share capital shall be not less than SEK 500,000 and not more than SEK 2,000,000 divided into not less than 25,000,000 shares and not more than 100,000,000 shares. The company's share capital amounts to SEK 704,986.88 divided into 35,194,844 shares, giving each share a quotient (par) value of SEK 0.02.

The Company's shares are issued in dematerialized form through the services of Euroclear Sweden AB (P.O. Box 191, SE-101 23 Stockholm). Euroclear is the central securities depository and clearing organization for the shares in accordance with the Swedish Financial Instruments Accounts Act (Sw. lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument). Hence, no share certificates are issued, and any transfers of shares are made electronically. All shares are fully paid and denominated in the currency SEK. The ISIN-code for the Company's shares is SE0012569663.

All shares are freely transferable. In connection with the Offering, Inna Braverman and David Leb, who are majority shareholders and members of the board of the Company, have committed not to sell or transfer any shares owned directly or indirectly, without Naventus' prior written consent, for a period of 18 months following the first day of trading of the shares (so-called lock-up agreements). Other than this arrangement, the shares are not subject to any transfer restrictions. The shares are not subject to any mandatory takeover bid, squeeze-out or sell-out process. There are no provisions regarding conversion attached to the shares. Neither the Company nor its Subsidiary owns any shares in the Company.

Certified advisor

The Company has engaged FNCA as Certified Adviser.

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Telephone: +46 8-528 00 399
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Dividend policy

Eco Wave Power is in a phase where priority is put on exploiting the growth opportunities that have been identified. As a result, shareholders should not expect to receive any, or very low, dividends in the next few years.

Shareholders

As per 31 December 2019, the Company's shares are owned by 4,300 shareholders. In the table below the Company's largest shareholders are listed.

SHAREHOLDER	SHARES / VOTES	PERCENT
David Leb	11,789,800	33 %
Inna Braverman	11,750,000	33 %
Pirveli Investments Ltd.	1,951,000	6 %
Skandia Sverige Hållbar	526,315	1 %
Fjärde AP-fonden	525,000	1 %
Other shareholders	8,652,729	25%
Total	35,194,844	100 %



CONTACT

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