



Wave Energy Made Possible

ANNUAL REPORT **2020**

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 recognized by the United Nations in receiving the "Global Climate Action Award" and was recently featured in The Sustainable Markets Initiative by Prince Charles, Bank of America, and the World Economic Forum.

The major Swedish shareholders in EWPG Holding AB are AP4 and Skandia Fonder. The Eco Wave Power share (ECOWVE) is traded on the Nasdaq First North Growth Market.

Wave Energy - Huge potential

Wave Energy can produce twice the amount of electricity the world produces now!



More than half of the world's population lives within 200KM of a coastline.



EWP's technology converts ocean and sea waves into electricity



The EWP key customers include:



Ports



Coastal Cities



Islands & Micro-Grids
Coastal Communities



Electric Companies

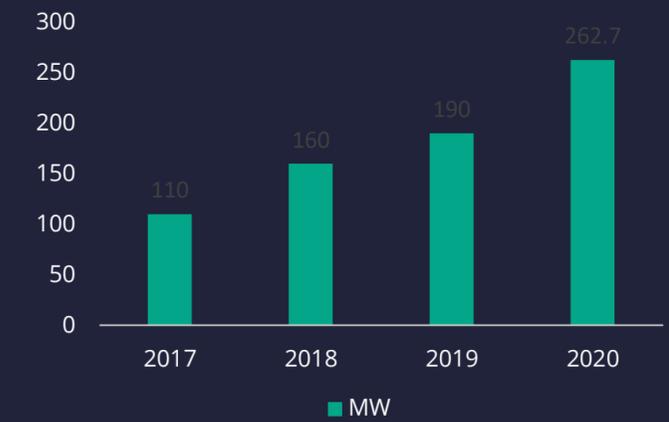
EWP is working towards the UN SDGs:



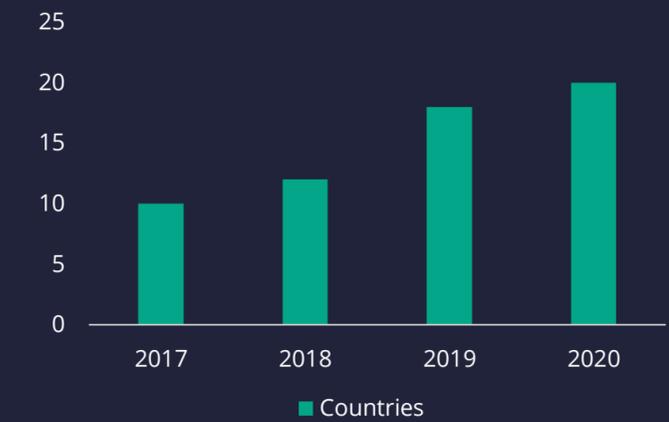
Highlights 2020



EWP Projects Pipeline



Projects Pipeline Countries



Message from the CEO

In my letter in the 2019 Annual Report, I wrote that 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.

When I presented our challenges in the 2019 Report, I wrote that "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".

I finalized my letter with the words "2020 is going to be a great year!"

However, looking back, I see that the most significant and unexpected challenge was missing from my list - a global pandemic - COVID19. I think that no person in the world was ready for what 2020 brought us. Thus, making 2020 a very non-traditional year, which required significant changes and adjustments by most people and businesses.

Eco Wave Power was no exception, as we had to completely adjust our plans and working mechanisms, to

enable continued progress, despite the pandemic. On the bright side, I believe that we were fast to respond to this newly created situation, by coming up with a clear and responsible plan, which at its' core, maintained the safety of our employees, while achieving the operational targets of the company. The plan (called **EPIC-M**) included five main components:

- a. Efficient remote operation and O&M of our Gibraltar power plant.
- b. Progressing the EWP-EDF One project, our project in Portugal, and others.
- c. Increasing pipeline projects intake and expanding the company's products offering.
- d. Creating trust among our shareholders, while improving brand awareness.
- e. Minimizing expenses, while reinforcing the company's financial position.

The above-mentioned measures (which are described in detail in the Q2 report from 2020) enabled us to reach some significant milestones during this year, including:

Continuous O&M of the Gibraltar project

To take care of the safety of our employees and adjust to the new situation, we changed our ways of working as we could no longer send staff to Gibraltar and other locations in our pipeline. Nevertheless, our Gibraltar power plant has continued operation and is being monitored by Juan, our local power plant manager, with ongoing online support from our engineering team in the office. The continuous operation has enabled us to start



the testing of a combined wave and solar technology, as well as creating an in-depth internal engineering analysis of the performance of our Gibraltar wave energy array, pointing to performance improvements and significant cost reductions in the project.

Progress with the EWP-EDF one Project in Israel

Since our projects are mostly B2G (Business to Government), and understandably, most governmental organizations were focused on managing the Coronavirus crisis, it caused delays in certain project certifications, permits, and construction works, causing an overall delay

in our deliveries.

However, we stayed resilient and pushed hard for the work to continue, even in difficult times.

During this passing year, The EWP-EDF project has achieved two engineering coordination approvals, for the installation of the cement and floaters on the sea wall as well as for the performance of the grid connection works.

Once the array will be grid connected, it will be the first time in the history of Israel that wave energy will officially connect to the national electric grid.

Also, we have finalized the construction and the “dry testing” of the Eco Wave Power energy conversion unit, commenced grid connection works, and as I write this report, we are finalizing the reinforcement works of the breakwater, to enable safe connection of the floaters to it.

I am glad that I can already see the finish line with this project, as the only work remaining is finalizing the construction and installation of the floaters (with relevant subsystems), moving the energy conversion unit from the assembly site to the installation site, and connecting the conversion unit to the floaters, while finalizing the grid connection works.

When the whole system will be installed, we will start the calibration of our new automation and control system, which is expected to show upgraded performance.

I believe that the EWP-EDF One project will become another proof that wave energy is possible, and I can not wait to see it up and running.

“The world committed a record \$501.3 billion to decarbonization in 2020, beating the previous year by 9% despite the economic disruption caused by the COVID-19 pandemic, and I truly believe that this is a good sign for the whole renewable energy industry.”

20MW Concession Agreement and progress with licensing for the Portugal project

Although the inability to travel made it difficult to maintain business as usual, during 2020, Eco Wave Power was able to enter a 20MW Concession Agreement with APDL, with the goal of commencing licensing for an installed capacity of 1MW at the first stage, due to shorter licensing timing for such scale.

To promote the licensing of this project, our company established a new company under the name EW Portugal – Wave Energy Solutions, Unipessoal lda, a wholly owned subsidiary in Porto, Portugal. We also announced a strategic collaboration with Painhas Engineering and Construction Company for the technical support for the licensing of 20MW Portugal Project. Painhas is expected to take an integral part in the technical support needed for the official licensing procedures for the planned wave energy project in Portugal. Once licensing is obtained, the parties will work towards a continued collaboration for the execution of the project.

Significant increase in our projects pipeline

To enable an increase in our projects pipeline, while still having travel restrictions in place, measures were taken to insure all employees can work remotely and are equipped with proper tools necessary to attend remote meetings. Also, new sales and BD strategies were implemented and explained to all BD and marketing employees, to enable quick adjustment to the new situation, while finalizing new deals remotely.

I am pleased to say that our employees quickly grasped the new working mechanisms, which resulted in increasing our overall projects pipeline from 190MW in 2019 to 262.7MW by the end of 2020, with new Letters of

Intent showing interest in new projects based on the Eco Wave Power technology in the UK, Australia, Spain, Portugal, Brazil and other locations around the world.

In my opinion, this reinforces the growing global commitment and interest in the Eco Wave Power technology.

Expansion of the company’s products offering

During this year, we have also successfully commenced the expansion of the company’s products offering. In our 2019 annual report, we communicated that our company is planning to expand its product offering by providing increased project development products and services.

One of the services presented in the report, was commencing feasibility studies for our potential clients, which will add customer value and provide an additional revenue stream for the company.

I am pleased to confirm that we have achieved this goal, with the first MOU and Feasibility Study Agreement signed with MSMART Future Technology in Vietnam, and several additional such agreements in process.

In addition, we are even further expanding our product portfolio through the development of our new preventative-predictive and corrective smart Wave Power Verification (WVP) software. As soon as we will finalize the software’s development, we will add it to our product portfolio and position Eco Wave Power not only as a technology provider, but also as a world-leader in a proprietary software for the growth of the whole industry. We plan to release the software for use by third parties, such as other wave energy developers, as well as relevant research institutions and leading universities, through unique licensing agreements.

We strongly believe that the production of clean electricity from the waves is an important segment for the fight against climate change and are looking forward to contributing to the sector’s rapid development and commercialization.

Improved brand awareness and recognition for the Eco Wave Power innovative technology

Another very important aspect for us during this pandemic specifically, but also in general, is to reassure our shareholders that we are taking all appropriate measures to meet our operational targets, in a clear and responsible way.

As a result, we have retained Solberg as our IR firm and came up with a new communication plan, which is expected to improve our brand awareness, while establishing better communication channels with our existent and new shareholders, which we value significantly.

One of the items of such a plan was changing the company's ticker symbol on Nasdaq First North to “ECOWE”.

This new symbol in my opinion, is easy to find, while clearly more appropriately reflecting the Eco Wave Power brand. Also, in the upcoming EGM, we are planning to modify the company’s name (which is currently EWPG Holding AB) to Eco Wave Power Global - a name that better reflects our core business and our journey. We have also launched a monthly newsletter and started a policy of frequent updates to our shareholders and the market, via press releases and other means available to us.

We hope that this will reinforce the connection between us and our shareholders, while aligning our operational steps with understanding from the market.

At the same time, we can see that the knowledge and recognition of our technology is growing and gaining interest; this year our innovative technology was a announced winner of the Energy Globe Award, recognized by Sifted.eu as one of the "European tech pioneers shaping the post-pandemic world", in addition to becoming the recipient of the Green Innovation Award by the UK Department of International Trade.

Also, Eco Wave Power has been invited to join 14 other leading entrepreneurs from across the UK & Europe for the first ever virtual iteration of the Unreasonable Impact programme, which aims to accelerate the growth of their companies. Unreasonable Impact is an innovative multi-year multi-geographic partnership between Barclays and Unreasonable Group to launch the world's first global network focused on scaling up entrepreneurial solutions that will help employ thousands worldwide in the emerging green economy.

In addition, Meaningful Business, a global platform for leaders combining profit and purpose, has recognized Eco Wave Power of as a Meaningful Business 100 (MB100) leader for 2020 and Eco Wave Power was shortlisted for the Falling Falls Science Breakthrough of the year in the Engineering and Technology Category. Moreover, we were extremely honored to be featured on RE:TV by the Sustainable Markets Initiative, curated by editor-in-chief, His Royal Highness, Prince Charles of Wales, as it showcases inspiring innovations and ideas that point

towards a sustainable future. Another amazing moment for us during 2020 was when Fast Company issued an article saying: "Engineers have been trying to make ocean waves a source of energy for decades. Her Company finally figured out how".

I have to say that this year was not easy for any of us, and such recognitions really strengthen my team and I, showing us that we are moving in the right direction.

Minimizing expenses, while reinforcing the company's financial position

The last step of our plan for the year 2020 was financial. Although our company has sufficient capital and financial resources for continued operation, the consequences of the Corona virus are still hard to grasp, and signs indicate that this might be a lengthy process.

As a result, to ensure our long-term financial situation, we reviewed our costs, and were able to reduce some of our expenses during this year. At the same time, we have operated toward reinforcing the company's financial position. Our business development team has submitted for several large-scale grants, aimed at supporting Eco Wave Power's R&D efforts, as well as the company's commercial rollout plan. Securing these grants, will have significant value for the Eco Wave Power shareholders and for our commercialization process.

Moreover, during 2020 we were working hard on the submission of the confidential draft registration statement with the Securities and Exchange Commission (the "SEC") relating to the proposed public listing of our common shares to Nasdaq US.

For 2021

During 2021, we are continuing with our plan of finalizing the execution of the EWP-EDF one project. This project is important for us as it will entail two valuable aspects; the

"We have all been through a hard year, and now is the time to combine efforts and jointly work on the recovery of our population and our plant. I truly believe Eco Wave Power has a significant role in such recovery."

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 process, to yield enhanced IRR and ROI to the EWP projects.

Upon the finalization of the EWP-EDF One project, the company plans to move forward with its' first commercial-scale installation in a location with compatible waves and financial conditions for our technology.

As mentioned previously, in our IPO, we have raised enough capital for the execution of one commercial scale project. As a result, in order to enable faster execution of

projects, we are submitting to multiple grant opportunities to leverage on such financing and achieve additional projects execution possibilities, while we are also moving forward with the work on our confidential draft registration statement with the Securities and Exchange Commission (the "SEC").

I would like to finalize by saying that although the pandemic has shifted many plans, it seems that it also acted as a catalyzer to decarbonization; the world invested unprecedented amounts in low carbon assets in 2020, from renewables to cleaner transport, energy storage to electric heat. A new, broad measure of 'energy transition investment', compiled by BloombergNEF (BNEF), shows that the world committed a record \$501.3 billion to decarbonization in 2020, beating the previous year by 9% despite the economic disruption caused by the COVID-19 pandemic, and I truly believe that this is a good sign for the whole renewable energy industry.

I will finish my letter by saying that I hope that 2021 will be a year full of only positive surprises for the world and positive progress for our company. We have all been through a hard year, and now is the time to combine efforts and jointly work on the recovery of our population and our plant.

I truly believe Eco Wave Power has a significant role in such recovery.

Inna Braverman, CEO

Stockholm, May 2021

Trends in Renewable and Wave Energy

The Year of Covid-19

To put it mildly, 2020 has been a challenging year. The global coronavirus pandemic has upended daily routines and drastically altered the way we live and work. The lack of international travel, lockdowns, restrictions, and the inability to gather caused by the pandemic has drastically affected all aspects of society, including the energy sector.

In the same time, during the Corona Virus lockdown, we suddenly started getting images of clear skies and water over the planet, which represented a glimpse of what it might look like if we took better care of our planet.

According to the United Nations, energy is the dominant contributor to climate change, accounting for around 60% of total global greenhouse gas emissions¹. However, due to the outbreak of the pandemic, primary energy demand worldwide dropped nearly 4% in 2020, while global energy-related CO₂ emissions fell by 5.8%, which is the largest annual percentage decline since World War II.

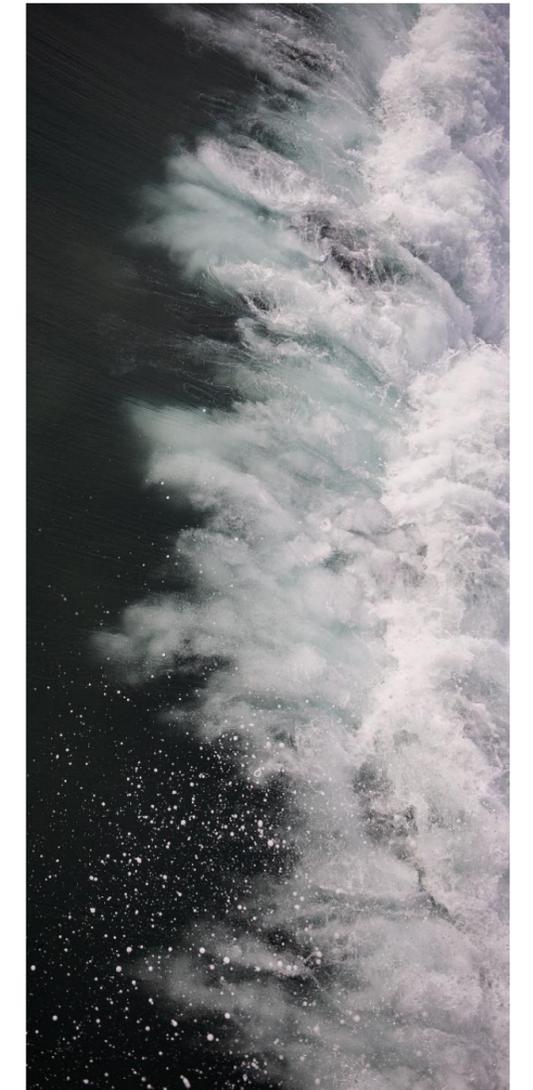
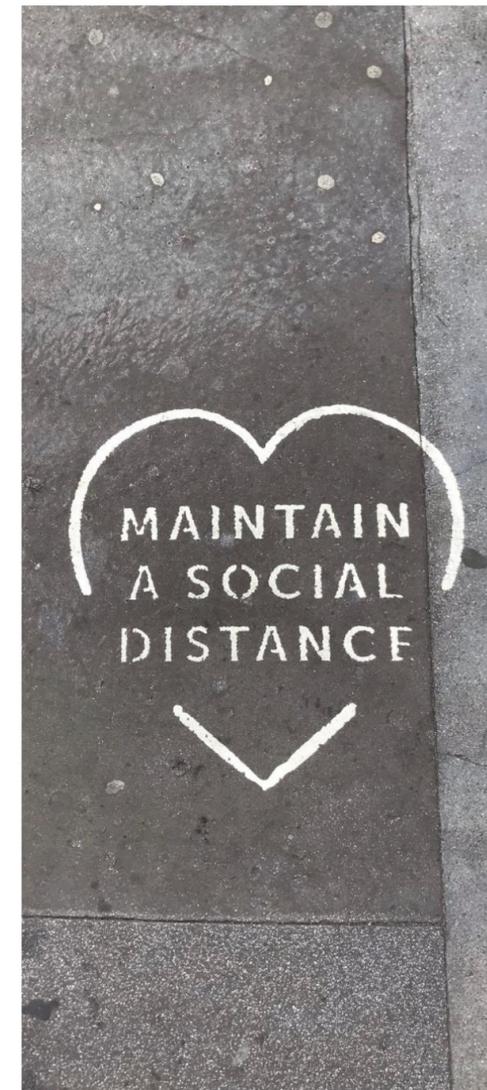
In absolute terms, the decline in emissions of almost 2 Billion tons of CO₂ that occurred this past year is roughly the equivalent of removing all of the European Union's emissions from the global total. Fossil fuels in particular saw dramatic declines, with demand for oil falling 8.6% during the year and coal by 4%².

We believe that the decrease in the production of energy from traditional energy sources such as oil and coal, have contributed and will continue to contribute to the adoption and acceleration of the renewable energy sector, as the world would like to recover from COVID-19 in a green way.

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%, 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% in this area of the world. Such increase in energy demand corresponds to the amount of energy used by the Americas today³.

Emerging markets in non-OECD countries will account for essentially all growth in energy demand growth, primarily due to expanding economies and increases in standards of living. By 2030, the world's economic middle class will likely expand from 3 billion people to 5 billion people.



1. UN. (n.d.). Energy – United Nations Sustainable Development. United Nations. Retrieved <https://www.un.org/sustainabledevelopment/energy/#:~:text=Energy%20is%20the%20dominant%20contributor,total%20global%20greenhouse%20gas%20emissions.&text=In%202016%2C%20the%20share%20of,hydropower%2C%20wind%2C%20and%20solar>

2. IEA. (2021, March 2). Global Energy Review: CO₂ Emissions in 2020 – Analysis. IEA. Retrieved <https://www.iea.org/articles/global-energy-review-co2-emissions-in-2020>

3. 2018 Outlook for Energy: A View to 2040 (Rep.). (2019, May). Retrieved <https://www.aep.es/wp-content/uploads/2019/05/2018-Outlook-for-Energy-Exon.pdf>

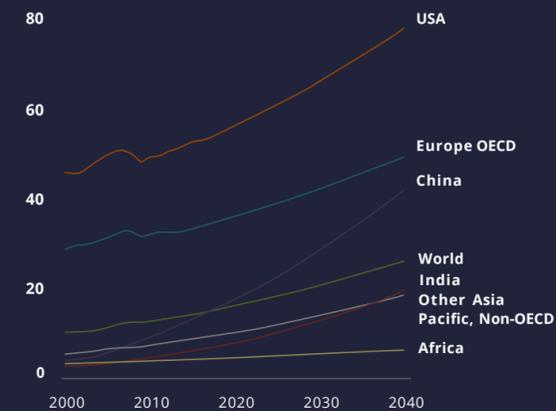
In addition to a significant expansion of the middle class, continuing urbanization will result in vastly improved living standards. People in many developing countries will start modern businesses at a larger scale, increasing industrial demand. Furthermore, increased access to cars, appliances and 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 supply of electricity. Global electricity demand will rise by 60% 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 period⁴.

“According to the U.S. Federal Energy Regulatory Commission, it was estimated that renewable energy made up 57% of new capacity additions in the United States during the first half of 2020.”

Purchasing power expands

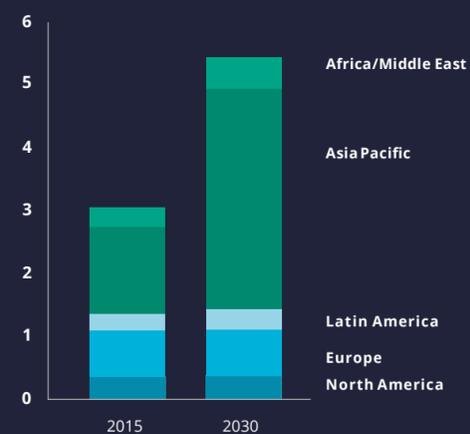
GDP per capita – thousands of purchasing power parity dollars



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.

Global Shift Towards Renewable Energy

Renewable energy is clean energy that is generated from natural resources 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% by 2040, meaning that the combined share of solar and wind energy to global electricity supplies 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%⁵.

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 consequences⁶.

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 warming⁷. To this date, 185 Parties have ratified of 197 Parties to the Convention⁸.
- The European Union's climate and energy goal states that GHG emissions by 2030 shall be reduced by 40% by the end of 2030 compared to 1990. In 2030, 27% of total energy consumption shall originate from renewable energy sources.
- China has committed to have 20% 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 energy⁹.
- India has set up goals to significantly expand capacity from renewable energy sources. It is estimated that 57% of India's total energy consumption will be generated from renewable energy sources by 2027¹⁰.

4. 2018 Outlook for Energy: A View to 2040 (Rep.), (2019, May). Retrieved <https://www.aop.es/wp-content/uploads/2019/05/2018-Outlook-for-Energy-Exxon.pdf>

5. 2018 Outlook for Energy: A View to 2040 (Rep.), (2019, May). Retrieved <https://www.aop.es/wp-content/uploads/2019/05/2018-Outlook-for-Energy-Exxon.pdf>

6. IPCC, 2014: Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change [Core Writing Team, R.K. Pachauri and L.A. Meyer (eds.)]. IPCC, Geneva, Switzerland, 151 pp.

7. UNCC. (2021). The Paris Agreement. Retrieved from <https://unfccc.int/process-and-meetings/the-paris-agreement/what-is-the-paris-agreement>

8. UNCC. (n.d.). Paris Agreement - Status of Ratification. Retrieved from <https://unfccc.int/process-and-meetings/the-paris-agreement/status-of-ratification>

9. Reuters. (2017, January 05). China to pour \$361 billion into renewable fuel by 2020. Retrieved from <https://uk.reuters.com/article/asia-energy-renewables/china-to-pour-361-billion-into-renewable-fuel-by-2020-idUKBN1A006P>

10. Safi, M. (2016, December 22). India plans nearly 60% of electricity capacity from non-fossil fuels by 2027. Retrieved from <https://www.theguardian.com/world/2016/dec/21/india-renewable-energy-paris-climate-summit-target#>

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% 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% share 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%. 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 goals¹¹.

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 billion¹². One of the world's largest insurance groups, AXA, announced divestments of holdings in coal assets equivalent to approximately SEK 6.7 billion^{13,14}. Sweden's pension funds are actively working towards divesting and opting out companies who have a negative impact on the environment. AP4 has been using strategies including low carbon dioxide to minimize the environmental risk in its investments¹⁵ and AP2 has used analysis on financial environmental risks. As a result, the fund has divested 83 of its holdings because of financial environmental risks¹⁶.

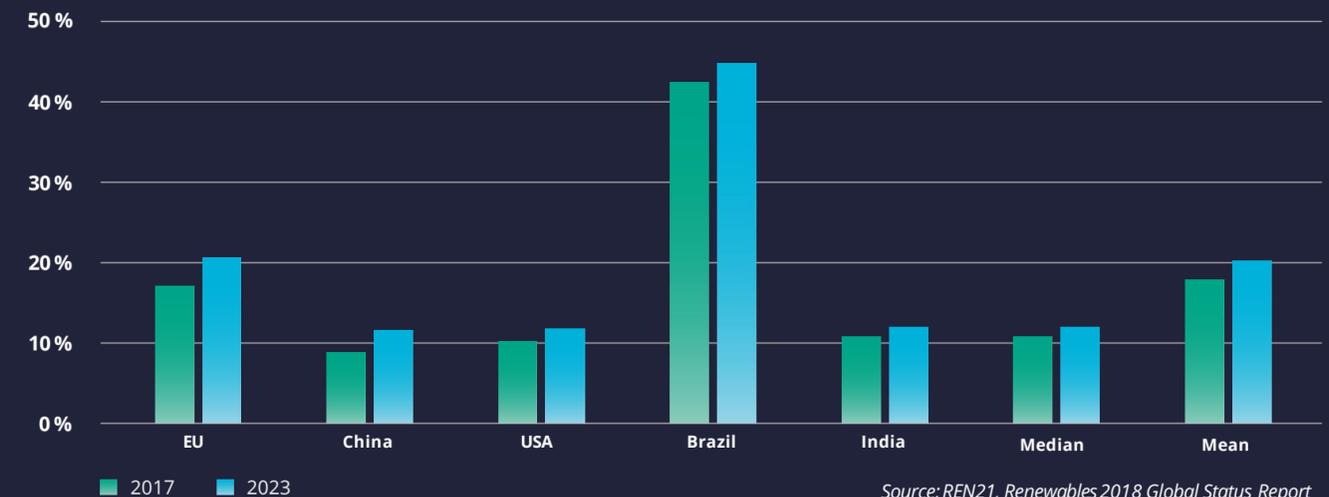
The Impact of Covid-19 on the Renewable Energy Sector

The full extent of COVID-19's impact on the global energy sector is yet to be seen. However, in the long term, it seems that COVID-19 will have a positive overall impact on the renewable energy industry and will act as a catalyst for decarbonization. During 2020, despite

disruptions caused by the pandemic, renewables accelerated their expansion, with a 50% increase in their contribution to lowering power sector emissions relative to 2019¹⁷.

According to the U.S. Federal Energy Regulatory Commission, it was estimated that renewable energy made up 57% of new capacity additions in the United States during the first half of 2020¹⁸.

Percentage of renewables of total energy consumption



11. IEA (2018), Renewables 2018, Paris <https://www.iea.org/reports/renewables-2018>
 12. Dagens Industri, (2017, November 16), The Norwegian Petroleum Fund wants to dump oil and gas shares. Retrieved <https://www.di.se/nyheter/norska-oljefondens-vill-dumpa-olje-och-gasaktier>
 13. Clark, P. (2015, May 22), Axa pledges to sell €500m of coal assets by end of year. Retrieved <https://www.ft.com/content/739db60-0072-11e5-b01e-00144feabdc0>
 14. Reuters, (2017, April 25), AXA's fund management arm to cut investment in coal companies. Retrieved <https://www.reuters.com/article/axa-coal-fund-management-arm-to-cut-investment-in-coal-companies/idJSL8N1H44Z2>
 15. AP4, (n.d.), Focus area: Climate & environment. Retrieved <https://www.ap4.se/hallbarhet-och-agarstyrning/klimat-och-miljo/>
 16. AP2, (n.d.), Financial climate risks. Retrieved <https://rap2.se/hallbarhet-och-agarstyrning/klimat-finansiella-klimatriser/>

17. IEA, (2021, March 2), Global Energy Review: CO2 Emissions in 2020 - Analysis. IEA. Retrieved <https://www.iea.org/articles/global-energy-review-co2-emissions-in-2020>
 18. Birstow, J. (2020, August 24), Renewables made up 57% of new capacity in US during first half of 2020. Energy Live News. Retrieved <https://www.energylive.com/2020/08/24/renewables-made-up-57-of-new-capacity-in-us-during-first-half-of-2020/>

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, 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% 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 produced during the year mentioned in the report³⁰, with potential global energy production from the waves estimated at 29,500 TWh of electricity³¹.

Wave energy is an abundant renewable energy source, which has several significant advantages over other renewable energy sources, for example, it is available at night. In many wavy locations around the world, the power of the waves 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 more dense than air, and thus holds much more kinetic energy, allowing larger electricity to be produced by smaller

production devices³², which occupy less space.

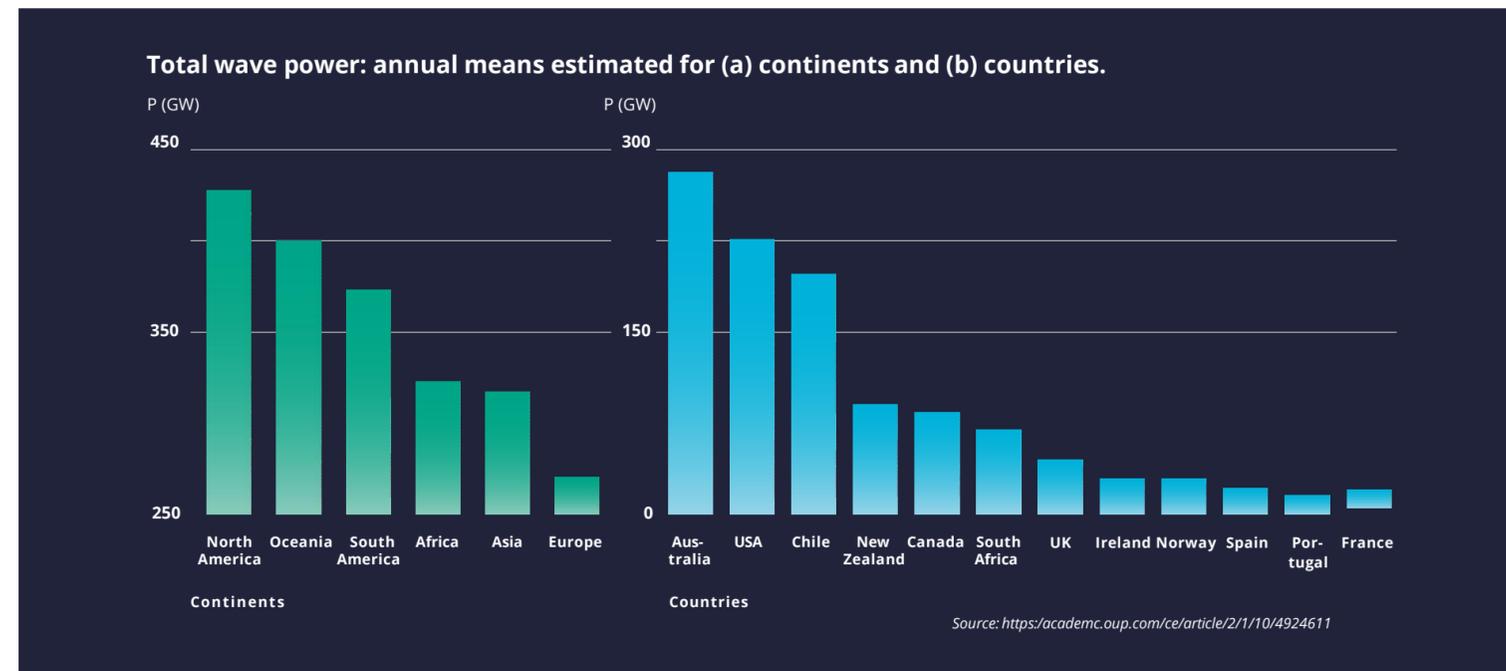
One of the greatest benefits of wave energy is that it allows for power generation in proximity to population centers. Nearly 2.4 billion people, about 40% of the global population lives within 100KM of a coast³³. In addition, most of the world's megacities are located near the coastline, with eight out of the ten largest cities in the world being located by the coast³⁴.

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%) of Europe's electricity needs by 2050³⁵. 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 change³⁶.

To boost the European Blue Economy, the European Commission and European Investment Fund launched a 75 million Euro 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.



30. IPCC (2011) Renewable Energy Sources and Climate Change Mitigation. Cambridge University Press, Cambridge, United Kingdom and New York, NY, US. Ottmar Edenhofer, Ramón Pielke-Madruga, Yousuf Sokona, Kristin Seyboth, Patrick Matschoss, Susanna Kadner, Timm Zwickel, Patrick Eickemeier, Gerrit Hansen, Steffen Schloemer, Christoph von Stechow (Eds.) <https://www.ipcc.ch/report/renewable-energy-sources-and-climate-change-mitigation/>

31. Rusu, E., & Onea, F. (2018). A review of the technologies for wave energy extraction. Clean Energy, 2(1), 10-19. Retrieved <https://academic.oup.com/ce/article/2/1/10/4924611>

32. Ibid.

33. The United Nations. (2017). Factsheet: People and Oceans. [oceanconference.un.org](https://www.un.org/sustainabledevelopment/wp-content/uploads/2017/05/Oceans-factsheet-package.pdf). Retrieved <https://www.un.org/sustainabledevelopment/wp-content/uploads/2017/05/Oceans-factsheet-package.pdf>

34. UN Atlas of the Oceans. (n.d.). Human Settlements on the Coast. UN Atlas of the Oceans: Subtopic. Retrieved <http://www.oceansatlas.org/subtopic/en/c/114/>

35. Climate Action. (2017, June 29). Wave power's share of global electricity demand to reach 10% by 2050. Climate Action. Retrieved <https://www.climateaction.org/news/wave-powers-share-of-global-electricity-demand-to-reach-10-by-2050>

36. European Commission. (2019, December 11). The European Green Deal. Retrieved https://ec.europa.eu/info/sites/default/files/european-green-deal-communication_en.pdf

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 (Fig): 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 significant wave heights offshore.

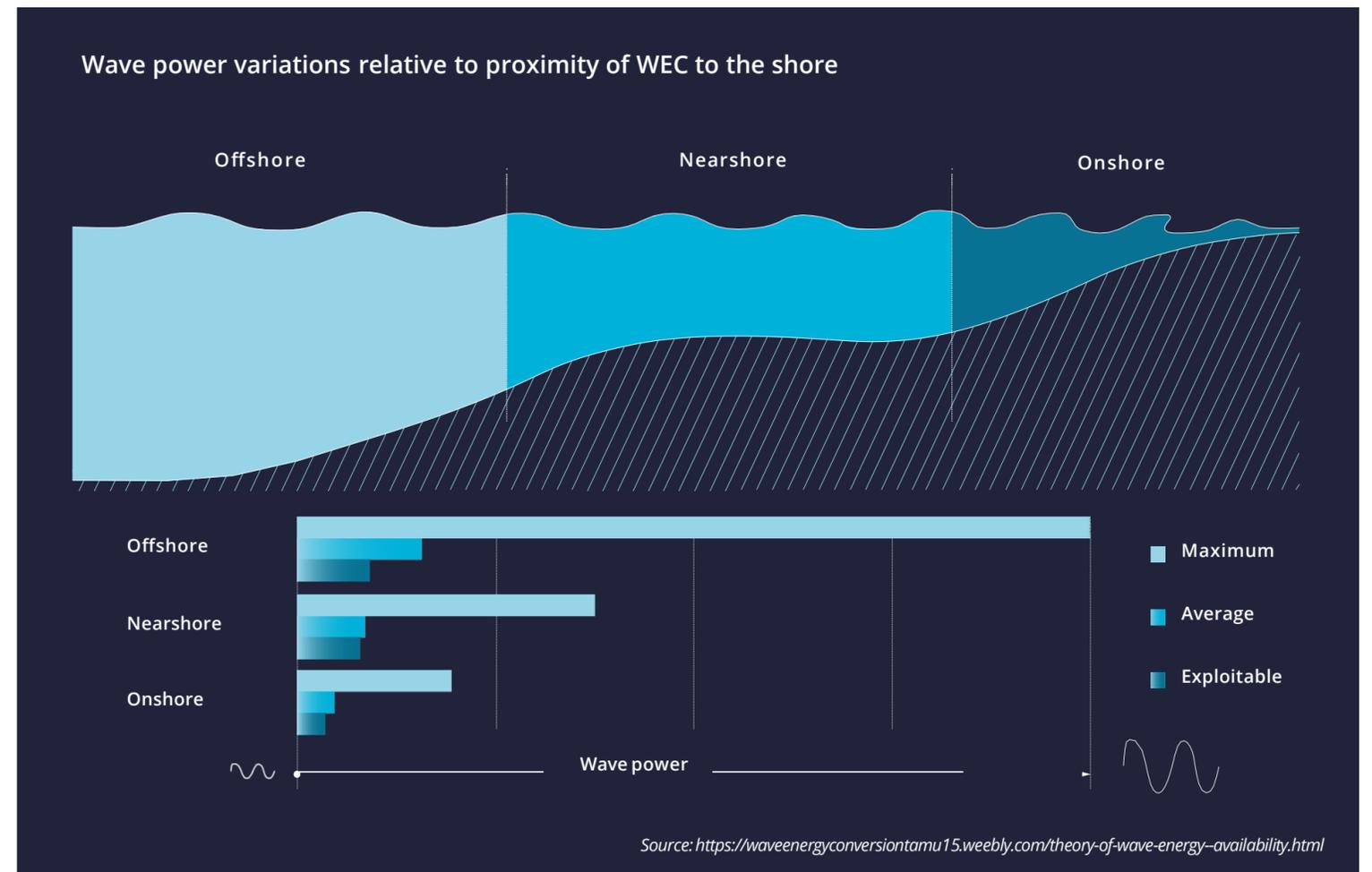
In search of the high energy potential available in offshore waves, several wave energy developers have located their systems offshore. However, these systems struggled to commercialize due to:

- **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 struggle to survive in these types of conditions for extended periods of time.

- **Difficult to insure off-shore systems:** The high-costs and low reliability associated with offshore wave energy systems, created difficulties with securing insurance for the offshore wave energy power stations.
- **Negative environmental impact of offshore systems:** Some environmental organizations, which have considerable say in the deployment of new technologies, have objected to the deployment of offshore wave energy systems as most of them require mooring to the ocean floor, which disturbs local marine habitats and potentially impede marine migration.

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.

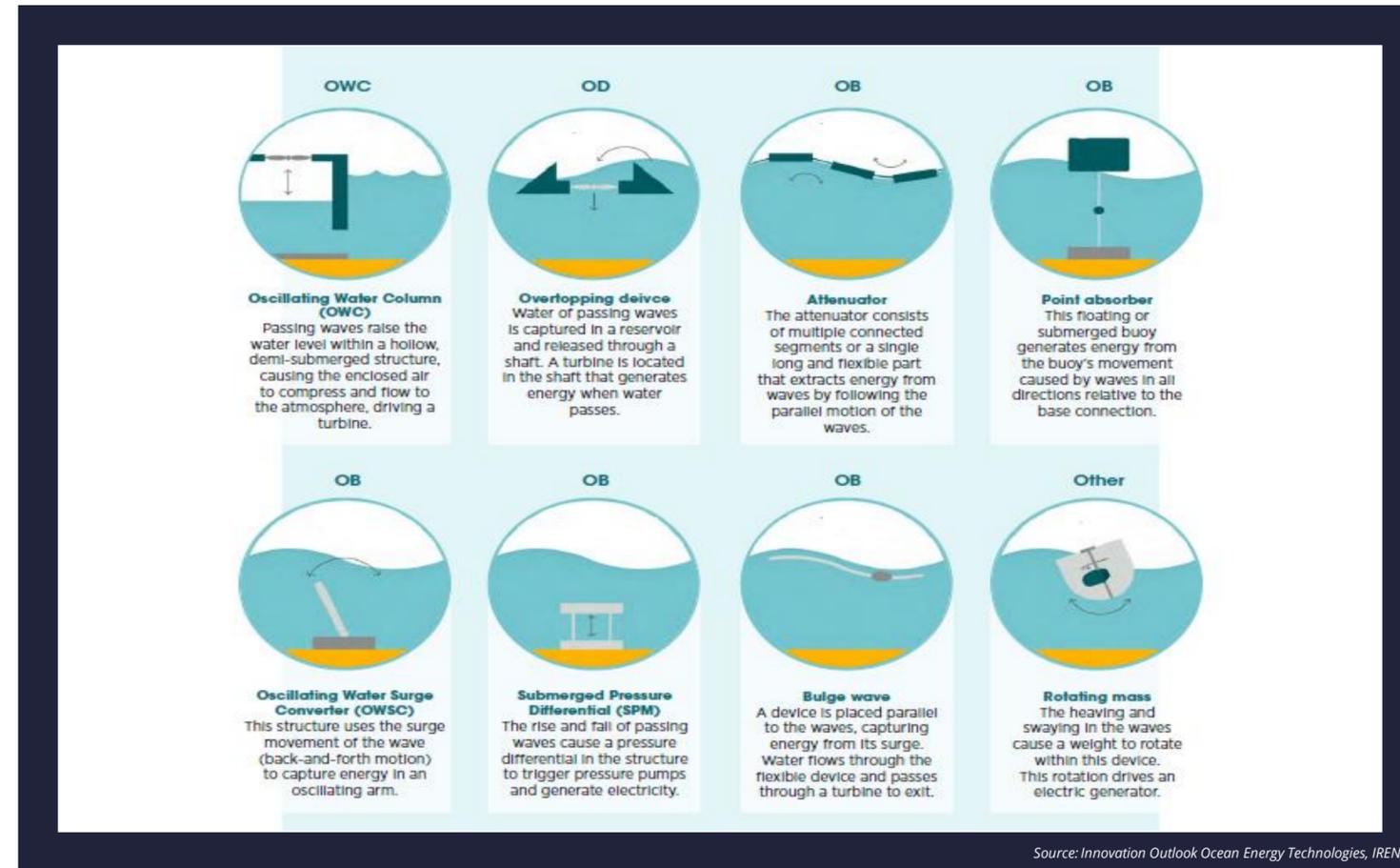
Several new studies in the wave energy sector, can be used to support Eco Wave Power's approach. For example, in the Figure on this page, we can see that although the maximum wave power is higher offshore, the exploitable level of power in the offshore and nearshore is practically the same, due to the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

In recent years, Eco Wave Power appeared in different studies, which can serve as support to the Eco Wave Power onshore/nearshore approach. For example a study by Dr. Peter Harrop found that interest in waterpower is on the rise again as large orders are landed³⁷. 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 provided deep technology analysis. In his study, he is forecasting that the market will rise to at least USD 100 billion.

In addition, A new study by UMT - Universiti Malaysia Terengganu determined that the hydraulic conversion mechanism used by Eco Wave Power is the most appropriate PTO mechanism for converting wave energy



into usable electricity. Hydraulic PTO systems have significant advantages because of its excellent characteristics, i.e., well-suited to low-frequency and large power density waves. The hydraulic PTO system uses incompressible fluid, which results in higher efficiency. It was reported in the literature that the

efficiency of a hydraulic PTO system in a typical wave energy conversion system could be achieved up to 90%. Moreover, the hydraulic PTO system also can be effectively used to control the WEC device according to the ocean wave conditions, in order to maximize energy absorption³⁸.

Eco Wave Power was also featured in a new report by The International Renewable Energy Agency. The report, titled "Innovation Outlook, Ocean Energy Technologies", states that of the oscillating body category of wave energy converters, the largest share are Point Absorbers, such as Eco Wave Power's onshore wave energy technology, and that future projections point towards Point Absorbers dominating the wave energy sector³⁹.

According to the report, "Point absorber is the technology that has been tested and deployed with the most operational projects in the water. This is due in part to their universal nature, as they can be scaled down to very small few-kW, purpose-built projects . . . up to large-scale units of 1 MW."⁴⁰

As a result, the majority of high TRL (technology readiness level) technologies are Point Absorbers, the report says, concluding that "Future projections point towards Point Absorbers being the technology to dominate the market."⁴¹

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. 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 kilometers into the ocean), the Company does not see its technology as being in direct competition with those technologies.

37. Harrop, P. (2018, May 30). Wave, Tidal and Hydro Power 1W-10MW 2018-2038: River and ocean electricity technology and markets. Retrieved <https://www.itteech.com/en/research-report/wave-tidal-and-hydro-power-1w-10mw-2018-2038/507>

38. Jusoh, M. A., Ibrahim, M. Z., David, M. Z., Albani, A., & Mohd Yusop, Z. (2019). Hydraulic power take-off concepts for wave energy conversion system: a review. *Energies*, 12(23), 4510. Retrieved <https://www.mdpi.com/1996-1073/12/23/4510>

39. IRENA. (2020, December). Innovation Outlook: Ocean Energy Technologies. IRENA - International Renewable Energy Agency. Retrieved https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2020/Dec/IRENA_Innovation_Outlook_Ocean_Energy_2020.pdf

40. Ibid., pg. 46.

41. Ibid.

Vision & Goals

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 a 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.



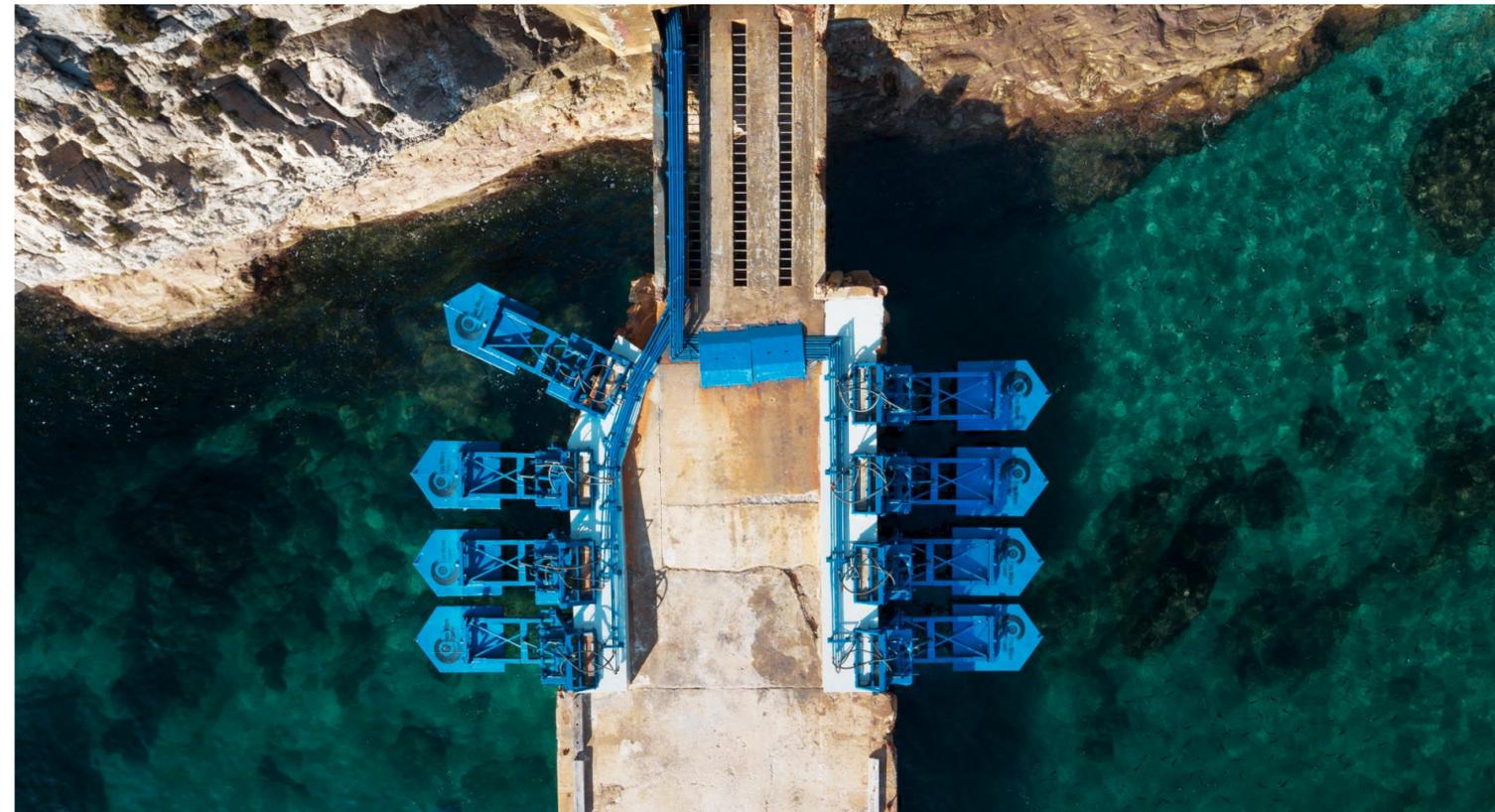
Growth Strategy

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.

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 a third party.

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 costumers, strategic partners and project co-developers, among which are:

1. **Ports, coastal cities and islands-** which provide the concession for the use of the 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 several 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 activities in more than 25 countries and is one of the largest renewable energy developers in the world.

In 2020, Eco Wave was pleased to announce the signing of a collaboration agreement with Meridian Energy Australia Pty Ltd. Meridian Energy Australia (MEA) is a wholly owned subsidiary of Australasia's largest renewable energy generator Meridian Energy Limited.

The purpose of the collaboration is for the parties to jointly investigate the development of commercial wave energy power projects in the Australian National Electricity Market (NEM). Eco Wave Power will recognize MEA as a supporting partner, lead the investigation into the application of wave energy in Australia and identify opportunities for the application of the Eco Wave Power Background IP.

Jason Stein, CEO of Meridian Energy Australia said: "Meridian proudly generates only from 100% renewable sources in Australia. Our current generation assets are wind and hydro, so by entering this collaboration we are excited to investigate the potential of wave energy in Australia. We believe that renewable energy is the only way forward and are always looking at ways to diversify and grow our renewable energy portfolio in Australia."

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.



Illustration of EWP-EDF project in Port of Jaffa, Israel

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) and the serial entrepreneur David Leb (Member of the Board). 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 company has proved that it can construct reliable, cost-efficient, insurable and environmentally friendly wave energy arrays, and is ready

“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 Agreements.”

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 Agreements.

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 commenced 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.

Customer Segments

Wave Energy



Ports



Coastal Cities



Islands & Micro-Grids
Coastal Communities



Electric Companies

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 clean energy. More precisely, the up and down movement of the floaters presses the hydraulic pistons which transmit bio-degradable 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. Eventually, the fluid, , 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 to ensure optimal and continuous power generation.

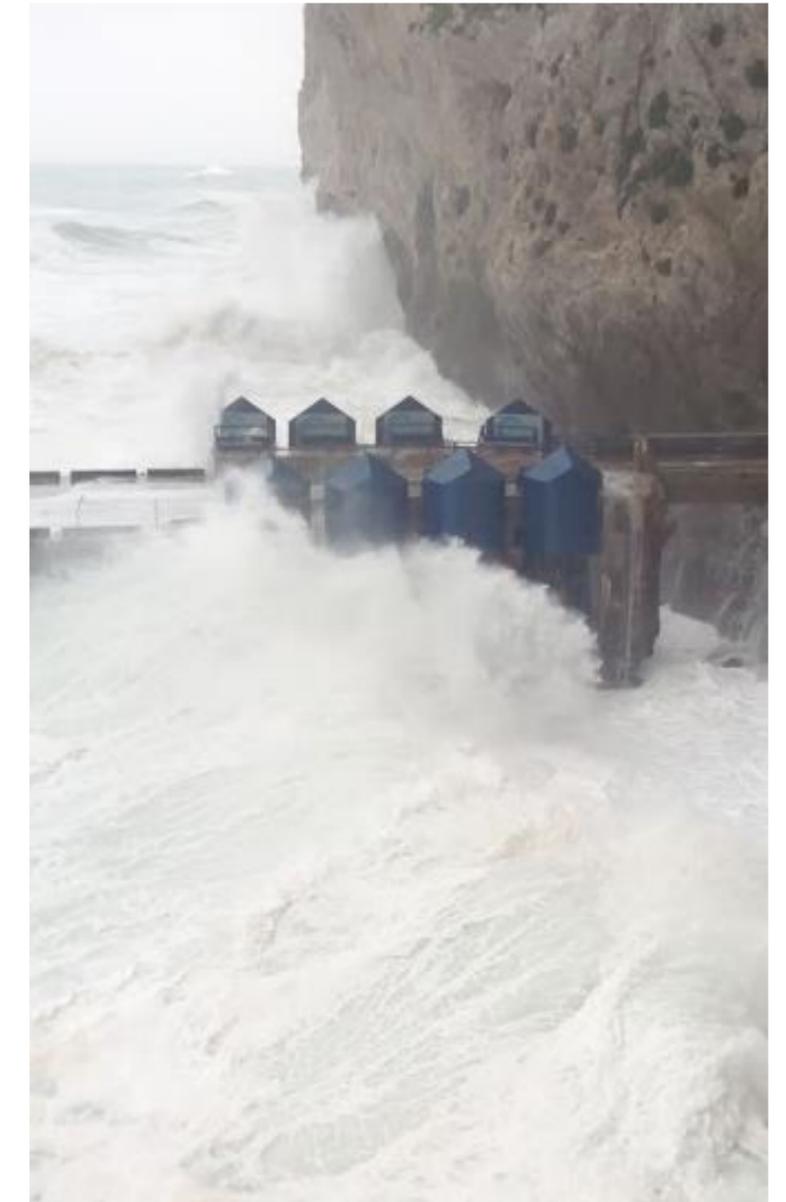
The technology is also equipped with a storm protection mechanism. In the case of severe storms or extreme weather conditions, the floaters automatically lift to an upward position and lock in such position, until the storm passes. When the storm passes, the floaters commence operation.

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. Stationary man-made equipment struggles to survive in such environments.
- 3. Difficulty in Securing Insurance-** Due to the high prices and low reliability of offshore wave energy technology, it is difficult to gain insurance or attractive terms of such insurance.
- 4. Environmental Impact-** Offshore wave energy power stations must connect to the ocean floor, which disturbs the marine environment and surroundings.

EWP's nearshore/onshore wave energy system, which utilizes existing marine infrastructure, has allowed the company to avoid offshore difficulties. The EWP technology is:

- 1. Cost-Efficient-** The EWP technology has attractive construction and production prices which are significantly lower than offshore competition, since the EWP installation and O&M activities do not 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 mostly 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 allows 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's 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.

Here at Eco Wave Power we believe the answer for the commercialization of wave energy lies in two words, the first one is "Simplicity", and the second one is "Experience". When we say "Simplicity", we mean that instead of trying to do the impossible (at least for now), we should go for the simple and possible, meaning that instead of struggling to install in the offshore, let's focus on installation and operation in the onshore and nearshore marine environments.

As to "Experience", when we say "Experience", we mean that we must learn from the experience gained by other renewables industries that have reached commercialization and great success, such as the wind industry. Wind energy developers have started installation on land (onshore), and have never installed in the offshore, until the industry became stronger in terms of its' technical knowledge, financial resources and other necessary resources.

The first windmill used to produce electricity was built in Scotland in 1887 by Professor James Blyth. The turbine was installed in the garden of his holiday cottage at Marykirk and was used to charge accumulators, to power the lighting of his cottage, thus making it the first house in the world to have its electric power supplied by the power of the wind. From 1887 till 1991, the wind industry has not constructed anything in the offshore zone. All installations were done where it was simple and easy- on land.

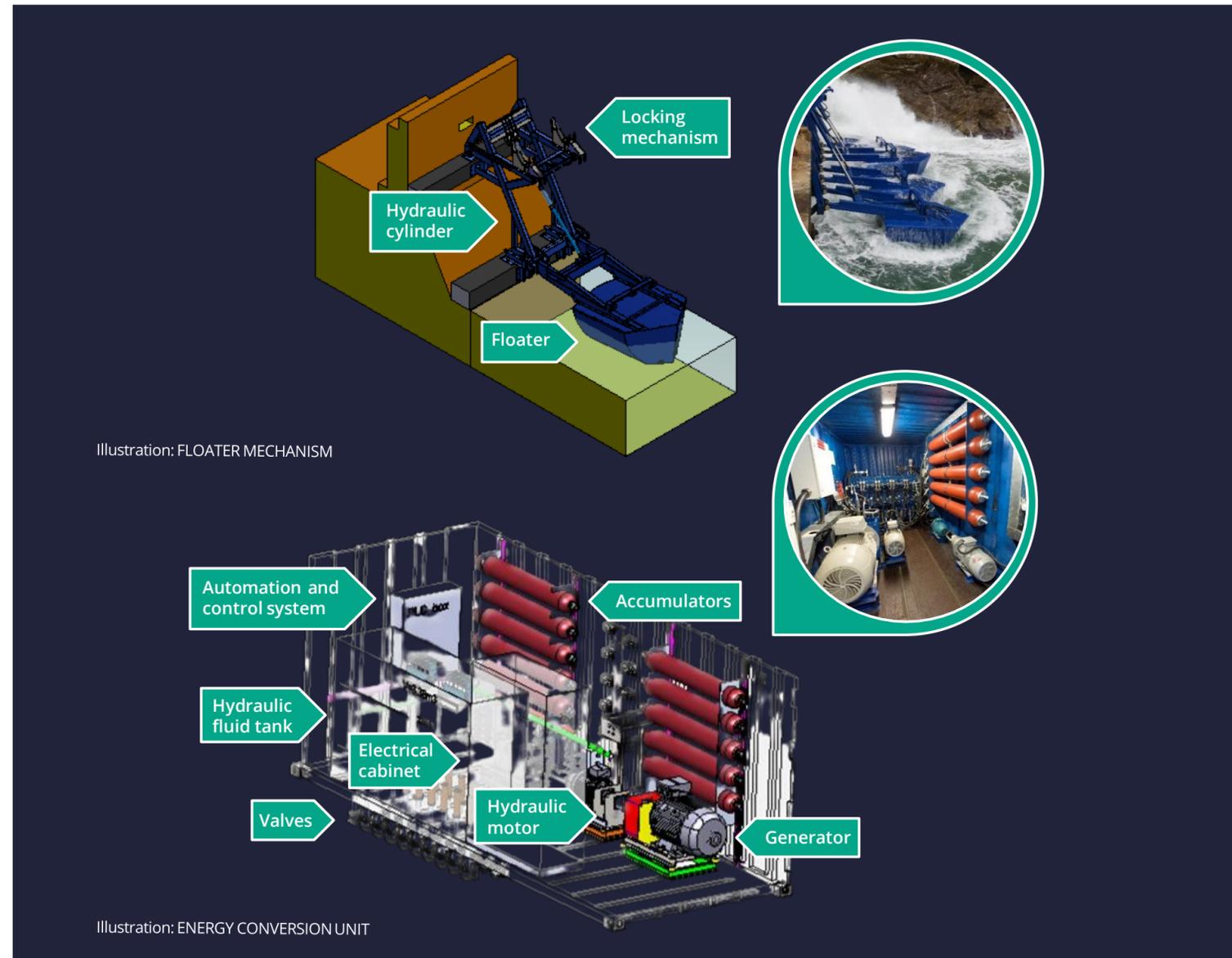
Only in 1991, when the wind industry became stronger and more experienced, the first offshore wind farm in the world was built. It was the Vindeby offshore wind farm that was erected off the coast of the town of Vindbey on the Danish island of Lolland.



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% 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 for 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 17 Patents and Patents Pending, including 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 and 2020, 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 process 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 finalize policies

for wave energy construction and connection to the grid. Whereas, the actual construction, of MW-Scale installations is expected to be around 24 months for each project.

It is important to note that Covid-19 has somewhat shifted our standard sales and site development processes. However, to enable an increase in our projects pipeline, while still having travel restrictions in place, measures were taken to insure all employees can work remotely and are equipped with proper tools necessary to attend remote meetings.

Also, new sales and BD strategies were implemented and explained to all BD and marketing employees, to enable quick adjustment to the new situation, while finalizing new deals remotely.

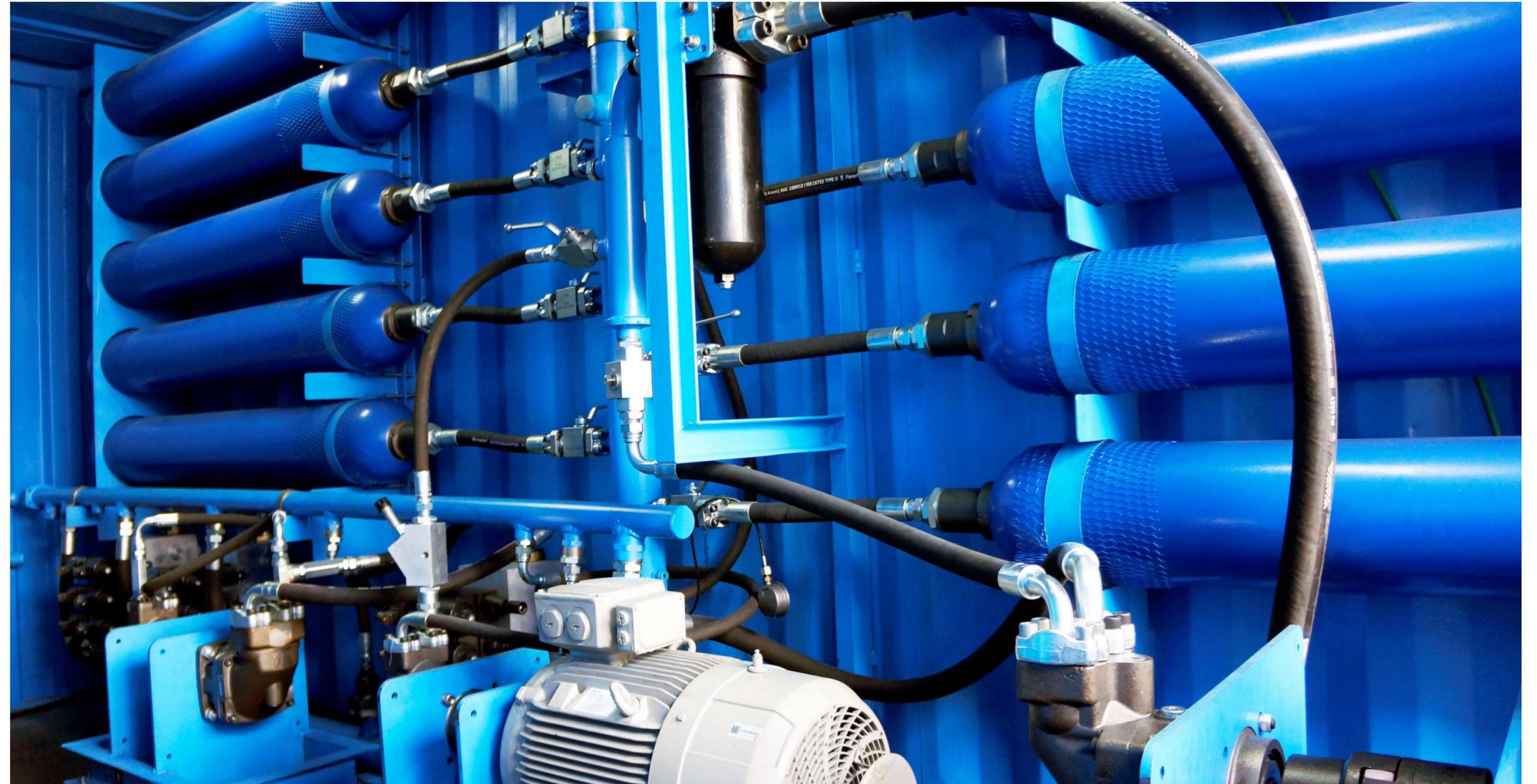
We are pleased to say that our employees quickly grasped the new working mechanisms, which resulted in increasing our overall projects pipeline from 190MW in 2019 to 262.7MW by the end of 2020, with Letters of Intent showing interest in new projects based on the Eco Wave Power technology in The UK, Australia, Spain, Portugal, Brazil and other locations around the world. In our view, this reinforces the growing global commitment and interest in the Eco Wave Power Technology.

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, during 2020, the company commenced 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” by 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”

During the year 2020, we witnessed significant recognition for our company and technology, as follows:

- Energy Globe Award Winner
- Recognized by Sifted.eu as one of the “European tech pioneers shaping the post-pandemic world”.
- Recipient of the Green Innovation Award by the UK Department of International Trade.
- Invited to join 14 other leading entrepreneurs from across the UK & Europe for the first ever virtual iteration of the Unreasonable Impact programme, which aims to accelerate the growth of their companies. Unreasonable Impact is an innovative

multi-year multi-geographic partnership between Barclays and Unreasonable Group to launch the world’s first global network focused on scaling up entrepreneurial solutions that will help employ thousands worldwide in the emerging green economy.

- In addition, Meaningful Business, a global platform for leaders combining profit and purpose, has recognized Eco Wave Power as a Meaningful Business 100 (MB100) leader for 2020.
- Eco Wave Power was also shortlisted for the Falling Walls Science Breakthrough of the year in the Engineering and Technology Category.
- Most Recently we were extremely honored to be featured on RE:TV by the Sustainable Markets Initiative, curated by editor-in-chief, His Royal Highness, Prince Charles of Wales, as it showcases inspiring innovations and ideas that point towards a sustainable future.

Another amazing moment for us during 2020 was when Fast Company issued an article saying: “Engineers have been trying to make ocean waves a source of energy for decades. Her Company finally figured out how”, and when Bloomberg issued a video article about Eco Wave Power with the title:

“Wave Power Could Be the Next Big Thing in Renewable Energy!”



unreasonable
impact Created with
BARCLAYS



Sustainable
Markets
Initiative



WE
EMPOWER



sifted backed by
FT
FINANCIAL
TIMES
Pioneers of the new world

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% of respondent port authorities secure land to generate or support clean energy⁴².

In addition, ports are integral to the global shipping industry, which generates approximately 1036 million tons of GHG emissions annually and accounts for 2.4% of global carbon emissions. GHG emissions from shipping are expected to triple by 2050 and based on the emissions of ships, GHG emissions in Ports are expected to increase by 40% by 2030⁴³.

As a result, Ports have a strategic role to play in combatting climate change. They can do so by reducing their emissions and decreasing their dependency on energy from polluting sources.

Recent years have shown ports all over the world making significant strides towards making their operations more

sustainable and reducing their emissions. Due to their vast and widespread infrastructures, ports have the ability to become renewable energy hubs by implementing renewable energy technologies in their facilities.

According to a study by DNV GL, Ports can increase their renewable capacity by more than tenfold in the next 30 years with the help of diverse renewable energy sources⁴⁴.

An additional challenge faced by ports is high energy costs due to fluctuations in the market conditions for commodities such as fuel oil and diesel, as well as coal, which are often used for electricity generation in or near ports. As a result, Ports' electricity costs are often substantial, uncertain, and make up a significant portion of their total costs. This is coupled with the fact that electricity prices are rising in most countries around the world. Additionally, mega-vessels are increasingly involved in the current shipping industry making deep-water ports more popular. Many deep-water ports are located on islands, due to the geographical conditions, where electricity prices are usually higher than on the mainland⁴⁵. The high levels of energy usage in ports, GHG emissions, and electricity costs make renewable energy technologies a great solution for ports.



As a result, the installation of a new, clean wave energy technology, can 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.

Most ports contain existing marine structures such as breakwaters and jetties, on which the EWP technology can be installed, which makes ports extremely suitable

locations for the implementation of the EWP technology. By implementing the EWP technology in their facilities, ports can benefit directly from a renewable source in the vicinity of their operations, which does not require any input material such as coal or oil and which can provide them with steady access to clean electricity, thereby potentially allowing them to drastically reduce their GHG emissions and electricity costs.

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44. DNV. (n.d.). Ports: Green Gateways to Europe. Retrieved <https://www.dnv.com/power/renewables/themes/green-ports/index.html>

45. Li, L., Zhu, J., Ye, G., & Feng, X. (2018). Development of green ports with the consideration of coastal wave energy. Sustainability, 10(11), 4270. Retrieved <https://www.mdpi.com/2071-1050/10/11/4270/html#B11-sustainability-10-04270>

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 2020

In 2020, Eco Wave Power has signed LOIs with several ports including the Port of Rio Grande (Brazil), the Port of Bilbao (Spain), the Port of Dieppe (France) and the Port of Marseille (France) and entered a Concession Agreement with the Port of Leixões (APDL) in Portugal.

Significant Progress in 2020, due to an LOI in 2019

Following the entering of the LOI with APDL in 2019, 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 20MW 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 licenses, 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 plans to construct a 1MW project (due to shorter licensing procedures for energy generations facilities up to this scale). Whereas in the second stage, Eco Wave Power will construct, operate and maintain the remaining capacity of the plant (up 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 supply 25% of Portugal's annual power consumption, while the sector could generate €254 million in investment, €280 million in gross value added, €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 renewable 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.

During the year 2020, Eco Wave Power, worked with the leading Portuguese law firm PLMJ for the opening of a Portuguese subsidiary named EW Portugal- Wave Energy Solutions Lda, for the official licensing procedures of the APDL project, which are already in process.

EWP also agreed upon a strategic partnership with the

Portuguese construction and engineering company PAINHAS S.A. for the provision of technical support in relation to the official licensing procedures. Once the project licensing is obtained, EWP and PAINHAS intend to work towards a continued collaboration for the execution of the project.



Illustration, Portugal



Coastal Cities

Cities are responsible for two-thirds of global final energy use and account for around 75% of global CO2 emissions⁴⁶. They account for 55% of the global population and are concentrated locations for energy use and production⁴⁷. 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.

In the IRENA Renewable Energy in Cities report, the agency explores the benefits that result from the implementation of renewable energies. Implementing new sources of renewable energy can help cities create new jobs and industries, from manufacturing to construction and engineering⁴⁸.

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 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.



Development 2020

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 currently 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.

During this passing year, The EWP-EDF One project has achieved two engineering coordination approvals, for the installation of the cement and floaters on the sea wall as well as for the performance of the grid connection works-marking it the first time in the history of Israel that wave energy will officially connect to the national electric grid.

Also, we have finalized the construction and the "dry testing" of the Eco Wave Power energy conversion unit, commenced grid connection works, and are finalizing the reinforcement works of the breakwater, to enable safe connection of the floaters to it.

We can already see the finish line with this project, as the only work remaining is finalizing the construction and installation of the floaters (with relevant subsystems), moving the energy conversion unit from the assembly site to the installation site, and connecting the conversion unit to the floaters, while finalizing the grid connection works. When the whole system will be installed, we will start the calibration of our newly automation and control system, which is expected to show upgraded performance.

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47. Ibid.

48. IRENA (2016). Renewable Energy in Cities. International Renewable Energy Agency (IRENA), Abu Dhabi. <https://www.irena.org/publications/2016/Oct/REnewable-Energy-in-Cities>

Innovation Spotlight

In 2020, Eco Wave Power announced the development of a game changing Wave Energy Power Plant Verification and Maintenance Software (WPV).

The software will speed up the efficiency of the real time verification of the different wave energy technologies' sub-systems, as well as instantly detect failures in the wave modules.

EWP's engineering team is currently working to finalize the development of the WPV (Wave Power Verification) project, which will get its first trial launch in the EWP-EDF One project in Jaffa Port, Israel. The software will assist EWP and other wave energy technology developers to overcome some of the prevailing problems in the wave energy industry – which significantly affect commercialization efforts – by verifying generation in real-time as well as predicting failures.

Once the software is finalized, EWP plans on adding the software to the Company's product portfolio which will position Eco Wave Power not only as a technology provider, but also as a world-leader in a proprietary software for the growth of the whole wave energy industry. The goal is to release the software for use by third parties, such as other wave energy developers, as well as relevant research institutions and leading universities, through unique licensing agreements.





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 change⁴⁹. Islands in the Solomon Islands and Micronesia have already been swallowed by rising sea levels⁵⁰.

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, while average energy prices in the contiguous United States are about \$0.10/kWh, in Hawaii the price is 250% more than the national average, at a price of \$0.25/kWh⁵¹. In more remote regions of the world, such as the Maldives or Madagascar, the prices can be even higher, mostly due to the high transportation costs associated with importing the fuels. According to the World Bank, electricity prices in the Maldives are between \$0.30-0.40 in the larger cities, with prices soaring even higher for remote islands⁵², while according to USAID, prices in remote regions of Madagascar can reach the range of \$0.70-0.80/kWh⁵³.

Various organizations, including the Asian Development Bank and the World Bank, have put an emphasis on



renewable energies for these Island Communities to increase electrification, decrease energy costs and achieve energy independence⁵⁴.

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.

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

49. Klein, A. (2017, September 07). Eight low-lying Pacific islands swallowed whole by rising seas. Retrieved <https://www.newscientist.com/article/2146594-eight-low-lying-pacific-islands-swallowed-whole-by-rising-seas/>
50. Ibid.
51. EIA. (2021, February). Electric Power Monthly - Average Price of Electricity to Ultimate Customers by End-Use Sector: Electric Power Monthly - U.S. Energy Information Administration (EIA). Retrieved https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=epmt_5_6_a
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53. USAID. (2020, April 16). Madagascar: Power Africa Fact Sheet. U.S. Agency for International Development (USAID). Retrieved from <https://www.usaid.gov/powerafrica/madagascar>

54. Asian Development Bank. (2019). Pacific Energy Update 2019. Retrieved from <https://www.adb.org/sites/default/files/institutional-document/545686/pacific-energy-update-2019.pdf>

Development 2020

A positive example of a collaboration with micro-grid, 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 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.

During 2020, our Gibraltar power plant has continued operation and is being monitored by Juan, our local power plant manager, with ongoing online support from our engineering team in the office. The continuous operation has enabled us to start the testing of combined wave and solar technology, as well as creating an in-depth internal engineering analysis of the performance of our Gibraltar wave energy array, pointing to performance improvements and significant cost reductions of the project.





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 2015⁵⁵.

For the last few decades, renewable energy sources have been slowly increasing their market share, and over the last few years, the world is seeing a huge spike in the rate of new generation capacity installation. Between 1990 and 2018 renewable capacity has grown at an average of 3.8% per year compared to 1.4% per year for non-renewable capacity⁵⁶.

Renewable energy generation in the United States surpassed coal power generation for the first time in April 2019⁵⁷. Electric companies are benefitting from

facilitating the energy transition by investing in new renewable resources to meet the demand for renewable energy. In fact, the top-performing electric companies in 2020 were the companies with the highest share of renewable generation⁵⁸.

Renewable energy prices are falling fast across the board; in some cases, commercial-scale renewables are already cheaper than both coal and natural gas⁵⁹, making renewable energy assets increasingly more attractive for electric companies to own and operate. In addition to the financial case, there are also regulatory mandates in many jurisdictions which obligate electric companies to adopt cleaner energy generation sources. For example, three-quarters of American states and territories now have renewable energy mandates or goals⁶⁰.

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 goals⁶¹. 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

“Eco Wave Power sees electric companies as early adopters of its technology as well as potential strategic long-term partners.”

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.

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.

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61. Renewable Energy World. (2021, January 25). Five 2020 trends show how utilities can take a leadership role in the clean energy transition. Retrieved <https://www.renewableenergyworld.com/2020/01/25/five-2020-trends-show-how-utilities-can-take-a-leadership-role-in-the-clean-energy-transition/#ref>

Development 2020

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% 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 18/9/17, and the Joint Venture Agreement that was signed between the parties on the 15/05/19.

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% 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% 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.

Throughout 2020 EWP placed additional emphasis on expanding its penetration into the electric companies'

market segment. For example, the company entered into a collaboration agreement with Meridian Energy Australia (MEA) which is a wholly-owned subsidiary of Meridian Energy Limited, Australasia's largest renewable energy generator.

The purpose of the collaboration is for the parties to jointly investigate the development of commercial wave energy power projects in the Australian National Electricity Market (NEM) and to work towards securing such projects.

By collaborating with Meridian, EWP is partnering with one of Australia's leading renewable energy companies which has a robust portfolio of renewable energy generation assets. EWP will also benefit from the company's substantial experience and know-how in developing renewable energy projects in the Australasian market. By working with Eco Wave Power, MEA will look to diversify and grow its portfolio through the introduction of wave energy, an immense potential source of renewable energy in the Australasian region.

8. <https://home.kpmg/content/dam/kpmg/pdf/2016/11/Global-Trends-in-Renewable-Energy.pdf>
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Value Chain

Most of the Eco Wave Power system is comprised of off the shelf components from leading manufacturers.

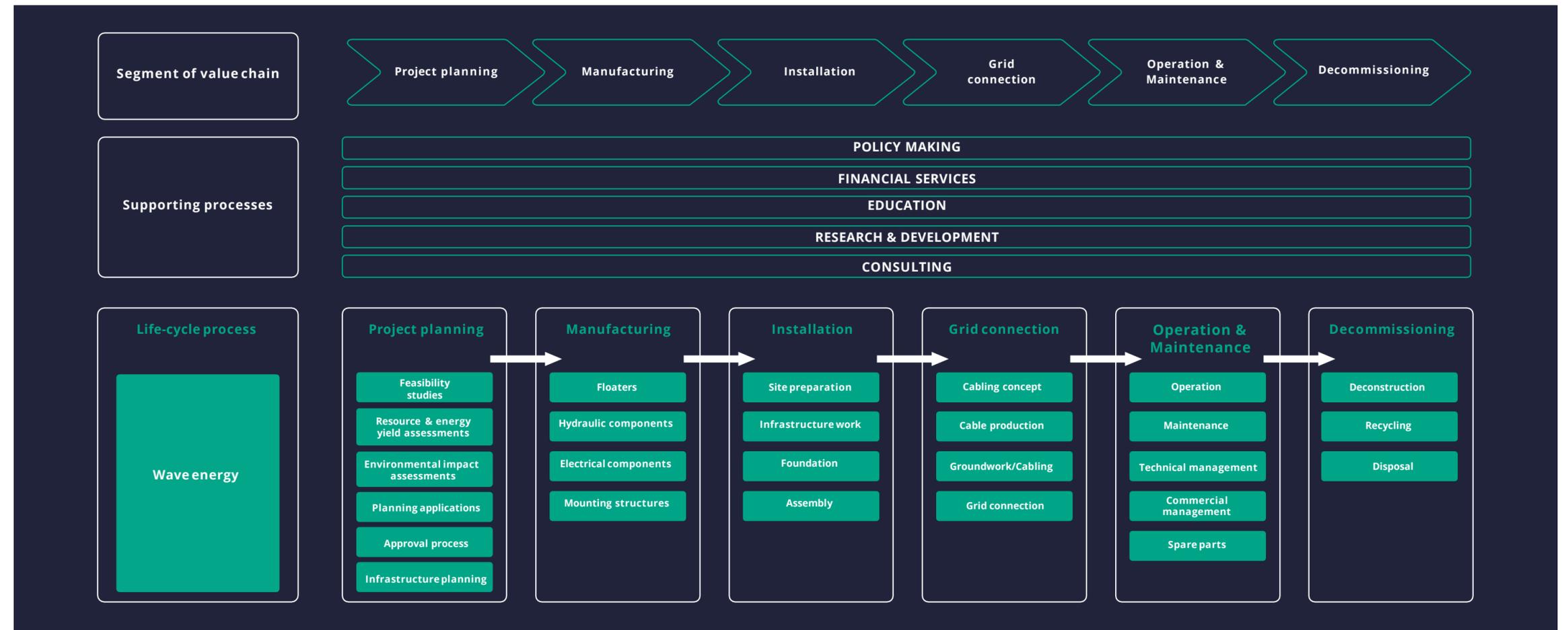
All research and development activities are done in-house, by Eco Wave Power's experienced team, with the full product design owned by Eco Wave Power. The value chain graph shows the technical project development process and can be divided into six different steps: Project Planning, Manufacturing, Installation, Grid-connection, Operation and Maintenance, and Decommissioning.

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 breakwater 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 electric system and grid connection works, while Siemens will dedicate its vast knowledge and resources for an upgrade of EWP's electrical components 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."

Part of our rationale in procuring parts from and working with experienced and brand name manufacturers is to ensure the availability of parts worldwide. In our experience, parts from experienced manufactures are generally available in almost every country around the world and can be easily procured and assembled in a project in almost any environment.

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 Sustainable Development Goals (SDGs), which were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. Eco Wave Power works towards incorporating the SDGs into its business operations and believes that it is actively actualizing United Nations Sustainable Development Goals 5, 7, 9, 11, 12, 13.

SDG 5- Gender Equality: The benefits of increasing women's participation in employment and leadership roles have been globally recognized, and gender inequality is widely recognized as a constraint to economic growth. However, women are still largely underrepresented in the STEM sector (Science, Technology, Engineering, and Math) as they make up only 28% of the workforce⁶². This gap is even more pronounced in the energy sector, in which most estimates put the average percentage of women working in the power sector at just 22-25% of total employees. At utilities, which are amongst the largest employers in the energy sector, women account for just 17% of total board members, 21% of non-executive board members, 6% of executive board members, and 15% of senior management team members⁶³.

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% of people displaced by climate change are women⁶⁴.

SDG 7- Affordable Clean Energy: Energy is central to our everyday lives, as we are dependent on reliable and affordable energy services to function smoothly and to develop equitably. Our energy systems support all sectors: from businesses, medicine, and education to agriculture, infrastructure, communications, and high technology. Conversely, lack of access to energy supplies and transformation systems is a constraint to human and economic development.

With approximately a billion people worldwide still lacking steady access to electricity, it is imperative that we increase the global electricity supply while ensuring that it is affordable and is not harming the environment.

Our oceans and seas offer a vast source of renewable energy which can meet a significant amount of global electricity demand. The Eco Wave Power technology allows for the efficient, renewable, and affordable generation of electricity from the waves.

SDG 9- Industry, Innovation, and Infrastructure: Due to its modularity and innovative design, the Eco Wave Power technology can be rapidly installed in new project locations, allowing existing marine structures, which are often unused, to become a source of clean energy for ports, cities, and communities.

Such projects, which are often located near major population centers, create numerous new employment opportunities in the construction, installation, development, operation, and maintenance of wave energy power stations.

According to the European Technology & Innovation Platform for Ocean Energy, the ocean energy sector (which includes the wave and tidal energy sectors) can employ 400,000 people in Europe alone by 2050, helping to ensure a just transition to a decarbonized economy⁶⁵.



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⁶⁴ UN Women Watch. (n.d.). Fact Sheet: Women, Gender Equality and Climate Change. UN Women Watch. Retrieved https://www.un.org/womenwatch/future/climate_change/downloads/Women_and_Climate_Change_Factsheet.pdf

⁶⁵ ETIP Ocean. (2020, May). Strategic Research and Innovation Agenda for Ocean Energy. ETIP Ocean. Retrieved <https://www.oceanenergy-europe.eu/wp-content/uploads/2020/05/ETIP-Ocean-SRIA.pdf>

SDG 11- Sustainable Cities and Communities: The World Health Organization (WHO) in 2014 characterized air pollution as “the world’s largest single environmental health risk” and estimated that 91% of the world’s population lives in places where air quality is below its guidelines⁶⁶.

Furthermore, the WHO estimates that air pollution accounts for approximately 4.2 million deaths per year, with the WHO data showing that nine out of ten people breathe air that exceeds the WHO guideline limits for levels of pollutants⁶⁷.

By providing a sustainable energy production option for coastal cities and communities, EWP’s technology generates clean, green energy, which will reduce the adverse per capita environmental impact of cities.

More specifically, it has the potential to improve air quality and reduce potential fossil fuel energy related pollution, helping cities and communities reach goals of resource efficiency, and mitigation and adaptation to climate change.

SDG 12- Responsible Consumption and Production: By implementing EWP’s clean wave energy technology, countries can practice efficient use of an abundant, although widely untapped natural resource, which is energy from sea and ocean waves.

Incorporating more renewable energy resources to the energy mix reduces dependence on fossil fuels to meet energy needs.

Furthermore, once combined at a large scale with other renewable energy technologies, Eco Wave Power’s technology will assist coastal nations in smoothing production peaks from renewable generation as well as in balancing their respective electrical grids.

“Eco Wave Power prides itself on being an environmentally friendly company and on working each day towards combatting climate change.”

“EWP’s technology facilitates a reduction of the respective region’s emissions from fossil fuel-based energy production by introducing a clean energy source into the electrical grid.”

SDG 13- Climate Action: The UN has identified energy as the dominant contributor to climate change accounting for over 60% of global GHG emissions⁶⁸ and accounting for over 73% of emissions in 2017⁶⁹.

The implementation of EWP’s technology facilitates a reduction of the respective region’s emissions from fossil fuel-based energy production by introducing a clean energy source into the electrical grid.



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



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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% 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, and 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 Label⁷⁰. Also, Eco Wave Power is the recipient of the United National Global Climate Action Award⁷¹ and was highlighted as part of the Sustainable Markets Initiative by HRH Prince Charles, the World Economic Forum, and the Bank of America⁷².



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71. UNFCCC. (n.d.). Eco Wave Power: Generating Clean Energy From the Ocean. The United Nations Framework Convention on Climate Change (UNFCCC). Retrieved from <https://unfccc.int/climate-action/momentum-for-change/awards-for-results/eco-wave-power#>
72. RE:TV. (2020, November 4). Recurring Energy, Sustainable Markets Initiative (RE:TV). <https://www.re-tv.org/reenergize/recurring-energy>

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

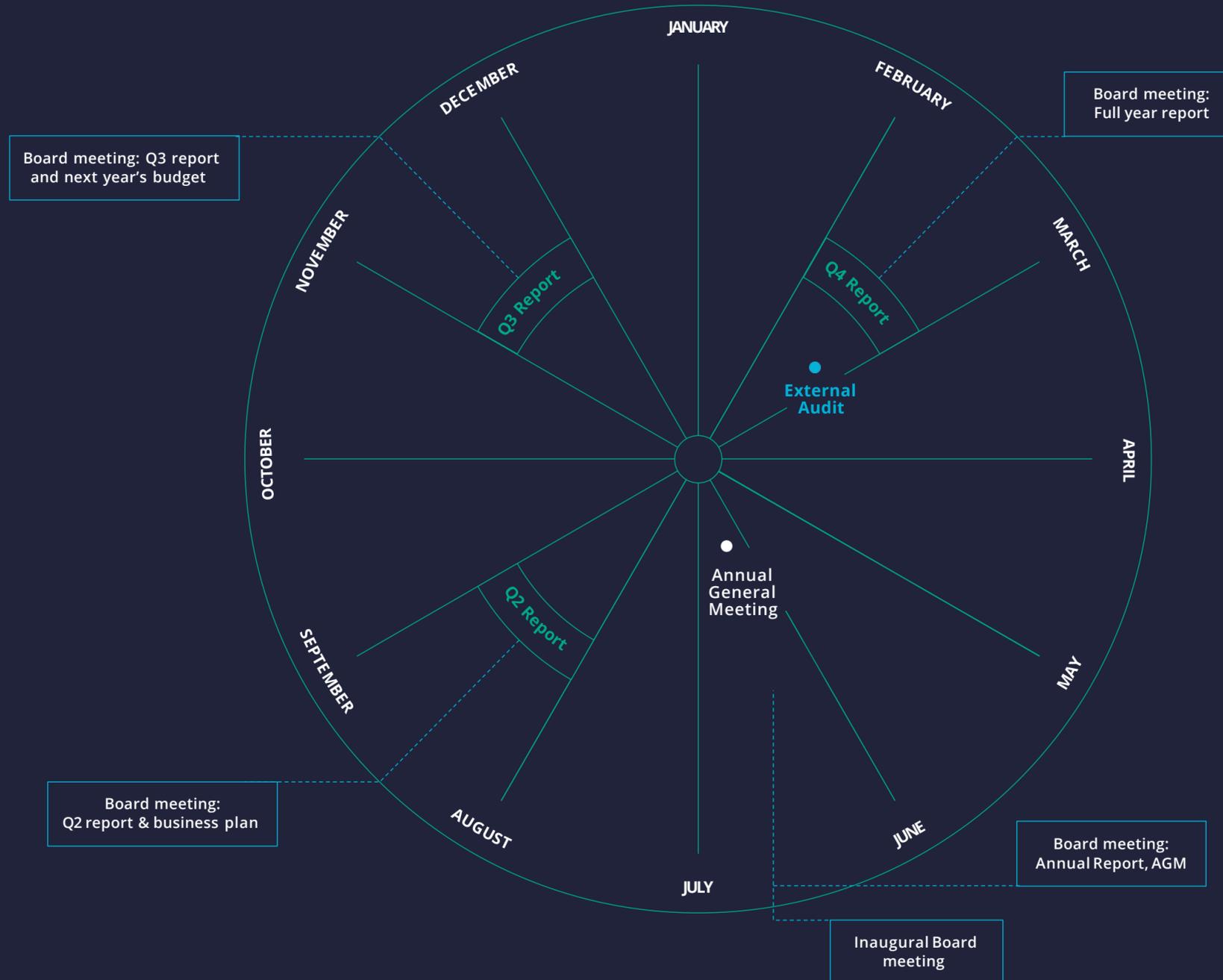
The CEO is responsible for ensuring, by means of independent, objective evaluations, that the Company's internal control and risk-management processes are systematically assessed, and potential improvements canvassed. The CEO is also responsible for ensuring that the guidelines from the board of directors 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 a minimum of three and maximum of 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 COO in Televerket CEO in Anticimex AB, Conductor AB, Unitraffic AB. Current assignments as chairman of the board of directors of DAFO AB, Bluetest AB, Gäfle Testteknik AB and Dafo Security.

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 and relevant experience: 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 WiT Venture Partners AB, Zensum AB, WPS Holding AB, MarketMath Europe 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 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 and secured 262.7MW in its' projects pipeline by the end of 2020.

Holdings in Eco Wave Power: 11,750,000

Notable Awards and recognitions:

- "100 makers and mavericks" by Medium.com
- Wired's list of "Females Changing the World."
- The 10 most influential women of the 21st century by MSN
- United Nations "Global Climate Action Award"
- Most Creative People in Business 2020" by Fast Company
- Recognized as "Tomorrow's Hero" by CNN



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: 11,810,102

Senior Management



INNA BRAVERMAN
CEO

See description above.



AHARON YEHUDA
CHIEF FINANCIAL OFFICER (CFO)

Born: 1962

Other assignments and relevant experience: Mr. Aharon Yehuda has served as our Chief Financial Officer since December 2020. Mr. Yehuda has over 20 years of experience as a Chief Financial Officer and has an additional decade of experience providing advisory, initial public offering and audit services to public and private companies in Israel. From 1999 and until November 2020, Mr. Yehuda served as the Chief Financial Officer of Turbochrome Ltd. (formerly Chromalloy Israel Ltd.) a company that operates in the aviation industry. Mr. Yehuda holds a B.A. in Economics and Accounting and M.B.A. from Tel-Aviv University in Israel.

Holdings in Eco Wave Power: 0



ANDREAS KIHBLBLOM
CFO SWEDEN

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 2020-01-01 – 2020-12-31. 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 (TSEK), 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 and the Group's financial year is 1 January to 31 December. These financial reports for the financial year 2020 are signed by the board of directors and the CEO on 27 May 2021 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 23 June 2021.

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 primarily focused on

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

Focus of the business

EWPG Holding AB is an Israeli-Swedish technology company, founded in 2011, that developed the Eco Wave Power wave energy technology, which utilizes the energy in ocean and sea waves to generate clean electricity. The Company constructed its' first grid connected wave energy array in 2016 and is currently constructing its' second grid connected project in Israel. Eco Wave Power operates in global markets, and has presence in Sweden, Israel, Gibraltar, Portugal, Mexico, China and Australia.

Eco Wave Power's mission is to assist in the fight against climate change by enabling commercial power production from sea and ocean waves.

Significant events during the financial year

Projects

a. EWP-EDF One Project

During this passing year, The EWP-EDF project has achieved two engineering coordination approvals, for the installation of the cement and floaters on the sea wall as well as the performance of the grid connection works. Also, the company finalized the construction and the "dry testing" of the Eco Wave Power energy conversion unit, commenced grid connection works, and is currently finalizing the reinforcement works of the breakwater, to enable safe connection of the floaters to it.

b. Gibraltar

The Gibraltar power plant has continued operation and is being monitored by Juan, The Company's local power plant manager, with ongoing online support from our engineering team in the office. The continuous operation has enabled the company to start the testing of combined wave and solar technology, as well as creating an in-depth internal engineering analysis of the performance of our Gibraltar wave energy array, pointing to performance improvements and significant cost reductions from the project.

c. Portugal

Although the inability to travel made it difficult to maintain business as usual, during 2020, Eco Wave Power was able to enter a 20MW Concession Agreement with APDL, with the goal of commencing licensing for an installed capacity of 1MW at the first stage, due to shorter licensing timing for such scale. To promote the licensing of this project, the company established a local subsidiary under the name EW Portugal – Wave Energy Solutions, Unipessoal lda, in Porto, Portugal, and also announced a strategic collaboration with Painhas Engineering and Construction Company for the technical support for the licensing of 20MW Portugal Project. Painhas is expected to take an integral part in the technical support needed for the official licensing procedures for the planned wave energy project in Portugal. Once licensing is obtained, the parties plan to work towards a continued collaboration for the execution of the project.

Strategic Partnerships

During 2020, Eco Wave Power Ltd. entered into a collaboration agreement with Meridian Energy Australia Pty Ltd ("MEA"). MEA is a wholly owned subsidiary of Australasia's largest renewable energy generator Meridian Energy Limited. The purpose of the collaboration is for the parties to jointly investigate the development of commercial wave energy power projects in the NEM.

Projects Pipeline

Eco Wave Power was able to add additional sites to its' pipeline of projects, thus growing the projects pipeline from 190MW in 2019 to 262.7MW in 2020

Awards

- Energy Globe Award Winner
- Recognized by Sifted.eu as one of the "European tech pioneers shaping the post-pandemic world",
- Recipient of the Green Innovation Award by the UK Department of International Trade.
- Invited to join 14 other leading entrepreneurs from across the UK & Europe for the first ever virtual iteration of the Unreasonable Impact programme, which aims to accelerate the growth of their companies. Unreasonable Impact is an innovative multi-year multi-geographic partnership between Barclays and Unreasonable Group to launch the world's first global network focused on scaling up entrepreneurial solutions that will help employ thousands worldwide in the emerging green economy.

- In addition, Meaningful Business, a global platform for leaders combining profit and purpose, has recognized Eco Wave Power as a Meaningful Business 100 (MB100) leader for 2020.
- Eco Wave Power was also shortlisted for the Falling Falls Science Breakthrough of the year in the Engineering and Technology Category.
- Most Recently Eco Wave Power was extremely honoured to be featured on RE:TV by the Sustainable Markets Initiative, curated by editor-in-chief, His Royal Highness, Prince Charles of Wales, as it showcases inspiring innovations and ideas that point towards a sustainable future.

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.

Update on Covid-19 implications

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which continues to spread throughout the locations where the Group operates and generates its revenue.

During the Pandemic, Eco Wave Power's top priority is to ensure the health and safety of employees while maintaining and developing the company's operations. Eco Wave Power has implemented the COVID-19-related security measures prescribed by the authorities in its operations. This means, among other things, that the company to a large extent conducts its business in a virtual work environment with digital meetings, thereby avoiding travel while maintaining our commitments to customers and potential clients.

The COVID-19 pandemic has resulted in government authorities throughout the world implementing significant measures to limit the spread of COVID-19, including shelter-in-place and lockdown orders, travel restrictions, quarantines, and business limitations. The length of disruptions varies by country, and there is uncertainty around the duration and the effect on the Group long-term. The COVID-19 pandemic has resulted in evolving market and economic conditions on a global scale that have impacted and are expected to continue to impact the Group's ability to carry out operations as usual in Israel, Gibraltar, Portugal and other locations. As a result of restrictions, the Group experienced certain delays in licensing and projects' execution. In response to COVID-19, the Group took measures which are widely described in the Message from CEO part of the report and has taken measures to monitor the financial position of the Group such as reducing of its operating expenses, and temporary decrease of senior staff salaries.

Total sales and earnings

- Revenue amounted to 0 SEK (0).
- Research and development expenses amounted to 3.4 MSEK (1.7). The increase compared to the previous year is largely explained by the Jaffa Port expansion.
- Sales and marketing expenses amounted to 3.2 MSEK (3.7).
- General and administrative expenses amounted to 10.2 MSEK (12.9). The reduction is mainly due to group capital reorganization in 2019.
- 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 (-19).
- Earnings per share of -0.51 MSEK (-0.59).

Financial position and liquidity

- Cash flow from operating activities amounted to -19.4 MSEK (-12.2) and is explained by increased costs as described above.
- Cash flow from investment activities amounted to -1.2 MSEK (-2.2) and is explained by the Jaffa Port expansion.
- Cash flow from financing activities amounted to 0.9 MSEK (122). The reduction is mainly explained by the issue of shares in connection with an IPO in 2019.
- Cash and cash equivalents at the end of the period amounted to 87.9 MSEK (109.0).

Employees

The average number of employees was 15 (15).

Research and development

Eco Wave Power's research and development costs amounted to 3.4 MSEK in 2020 (1.7). The Group does not capitalise its development costs on an ongoing basis.

The Parent Company

Revenues amounted to 0 SEK. Administrative expenses amounted to 4.2 MSEK (9.1). Total shareholders' equity amounted to 88 MSEK (106). 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 by 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 management together with the Board.

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 unforeseen 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. 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 to the consolidated financial statements.

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	-9,000,673
Loss for the year	-3,905,138
SEK	99,005,629

The board of directors puts forward a proposal that earnings of SEK 99,005,629 at the disposal of the General Meeting be carried forward to new accounts.

Key Indicators

	2020	2019
Operating profit (SEK Thousands)	-16,734	-18,380
Profit (Loss) for the year (SEK Thousands)	-18,132	-19,185
Cash and cash equivalents (SEK Thousands)	87,898	109,026
Equity ratio (%)	85%	84%
Outstanding shares at period end (million)	35.2	35.2
Outstanding shares on average (million)	35.2	31.6
Earnings per share (SEK)	-0.5	-0.6
Shareholders' equity per share (SEK)	2.5	3.3
No. of employees on average (FTE)	15	15

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 Loss¹

SEK Thousand	Note	2020	2019*
RESEARCH AND DEVELOPMENT EXPENSES	6a	-3,365	-1,743
SALES AND MARKETING EXPENSES	6b	-3,207	-3,669
GENERAL AND ADMINISTRATIVE EXPENSES	6c	-10,162	-12,968
OPERATING LOSS		-16,734	-18,380
FINANCIAL EXPENSES	6d	-1,390	-805
LOSS BEFORE INCOME TAX		-18,124	-19,185
INCOME TAX EXPENSE		-8	-
NET LOSS		-18,132	-19,185
ATTRIBUTABLE TO:			
THE PARENT COMPANY SHAREHOLDERS		-18,053	-18,856
NON-CONTROLLING INTERESTS		-79	-329
Total		-18,132	-19,185

SEK	2020	2019
LOSS PER COMMON SHARE – BASIC AND DILUTED	-0.51	-0.59
WEIGHTED AVERAGE NUMBER OF COMMON SHARES USED IN CALCULATION OF LOSS PER COMMON SHARE	35,194,844	31,609,746

*As restated – See note 2.

1. The accompanying notes on pages 44-57 are an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Loss²

SEK Thousand	2020	2019*
LOSS FOR THE YEAR	-18,132	-19,185
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS		
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	644	-227
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	-17,488	-19,412
TOTAL COMPREHENSIVE LOSS FOR THE YEAR IS ATTRIBUTABLE TO:		
THE PARENT COMPANY SHAREHOLDERS	-17,409	-19,083
NON-CONTROLLING INTERESTS	-79	-329
Total	-17,488	-19,412

*As restated – See note 2.

2. The accompanying notes on pages 44-57 are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position³

SEK Thousand	Note	31 Dec 2020	31 Dec 2019*
ASSETS			
NON-CURRENT ASSETS:			
Right-of-use assets, net	11	1,705	2,679
Property and equipment, net	12	12,051	11,687
TOTAL NON-CURRENT ASSETS		13,756	14,366
CURRENT ASSETS:			
Current receivables	13	799	1,502
Prepaid expenses and accrued income	14	970	561
Restricted short-term bank deposits	15	555	1,028
Cash and cash equivalents	16	87,898	109,026
TOTAL CURRENT ASSETS		90,222	112,117
TOTAL ASSETS		103,978	126,483

SEK Thousand	Note	31 Dec 2020	31 Dec 2019*
EQUITY AND LIABILITIES			
EQUITY:			
Common shares	17	704	704
Share premium		140,788	140,788
Foreign currency translation reserve		199	-445
Accumulated deficit		-53,293	-35,240
Capital and reserves attributable to parent company shareholders		88,398	105,807
Non-controlling interest		-	79
TOTAL EQUITY		88,398	105,886
NON-CURRENT LIABILITIES:			
Lease liabilities, net of current maturities	11	1,004	1,880
Long-term loans from related party, net of current maturities	18	8,700	9,330
Long-term loan other, net of current maturities	19	1,093	1,082
TOTAL NON-CURRENT LIABILITIES		10,797	12,292
CURRENT LIABILITIES:			
Current maturities of lease liabilities	11	786	799
Current maturities of long-term loans	18	-	215
Accounts payable Trade	20a	348	4,837
Accounts payable Other	20b	2,701	1,473
Accrued expenses	21	948	981
TOTAL CURRENT LIABILITIES		4,783	8,305
TOTAL EQUITY AND LIABILITIES		103,978	126,483

*As restated – See note 2.

3. The accompanying notes on pages 44-57 are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity⁴

SEK Thousand	Number of common shares**	Common shares capital	Share premium	Foreign currency translation reserve	Accumulated deficit	Total for company's shareholders	Non- controlling interest	Total
BALANCE AT JANUARY 1, 2019*	-	2	20,390	-218	-16,384	3,790	408	4,198
CHANGES IN 2019:								
Loss for the year	-	-	-	-	-18,856	-18,856	-329	-19,185
Other comprehensive loss	-	-	-	-227	-	-227	-	-227
Total comprehensive loss for the year	-	-	-	-227	-18,856	-19,083	-329	-19,412
Transactions with shareholders in their role as owners								
Issuance of shares for the acquisition of Eco Wave Power Ltd.**	28,839,250	-	8,775	-	-	8,775	-	8,775
Issuance of share capital in a public offerings***	6,355,594	702	111,623	-	-	112,325	-	112,325
Total transactions with shareholders in their role as owners	35,194,844	702	120,398	-	-	121,100	-	121,100
BALANCE AT 31 DECEMBER, 2019*	35,194,844	704	140,788	-445	-35,240	105,807	79	105,886
CHANGES IN 2020:								
Loss for the year	-	-	-	-	-18,053	-18,053	-79	-18,132
Other comprehensive loss	-	-	-	644	-	644	-	644
Total comprehensive loss for the year	-	-	-	644	-18,053	-17,409	-79	-17,488
BALANCE AT 31 DECEMBER, 2020	35,194,844	704	140,788	199	-53,293	88,398	-	88,398

*As restated – See note 2.

**Number of common shares presented on a post-split basis.

***Net of issuance cost of SEK 8,718.

4. The accompanying notes on pages 44-57 are an integral part of the consolidated financial statements.

Consolidated Cash Flow Statement⁵

SEK Thousand	2020	2019
CASH FLOWS – OPERATING ACTIVITIES:		
Net loss	-18,132	-19,185
Adjustments for:		
Depreciation and amortization	1,137	362
Interest on loans	497	267
Non cash marketing expenses	-	883
Changes in operating assets and liabilities		
(Increase) Decrease in prepaid expenses and other receivables	269	-803
Increase in accounts payable and accruals	-3,133	6,248
Net cash used in operating activities	-19,362	-12,228
CASH FLOWS – INVESTING ACTIVITIES:		
Investments in short-term deposits	436	-728
Purchase of property and equipment	-1,626	-1,456
Net cash used in investing activities	-1,190	-2,184
CASH FLOWS – FINANCING ACTIVITIES:		
Issuance of share capital, net of issuance cost*	-	121,100
Proceeds of long-term loan	-	156
Principal elements of lease payments	-886	-152
Net cash (used in) provided by financing activities	-886	121,104
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	-21,438	106,692
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	109,026	2,312
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS	310	22
CASH AND CASH EQUIVALENTS – END OF YEAR	87,898	109,026
Investing activities financing and non-cash		
Acquisition of right-of-use asset through lease liability (see Note 11)	-	2,831

*Net of issuance cost of SEK 8,718.

5. The accompanying notes on pages 44-57 are an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

NOTE 1 - GENERAL INFORMATION

a. General

EWPG Holding AB (publ) ("the Company" or "the Parent Company" or together with its subsidiaries "the Group") is a Swedish public limited company formed on March 27, 2019 and registered at the Swedish Companies Registration Office on April 17, 2019. The Company's common 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. Unless expressly indicated otherwise, all amounts are shown in thousands of Swedish Kronor ("SEK").

The Company acquired Eco Wave Power Ltd. on June 10, 2019 through a non-cash issuance of common shares 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 an initial public offering on Nasdaq First North Stockholm.

The former shareholders of Eco Wave Power Ltd. became the shareholders in the Company and the substance of the transaction is a capital reorganization and does not represent a business combination as none of the combining parties can be identified as the acquirer according to International Financial Reporting Standards ("IFRS") 3. 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. Apart from this event, no shares or businesses were acquired in 2020 or 2019.

b. Update on Covid-19 implications

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which continues to spread throughout the locations where the Group operates and generates its revenue. The COVID-19 pandemic has resulted in government authorities throughout the world implementing significant measures to limit the spread of COVID-19, including shelter-in-place and lockdown orders, travel restrictions, quarantines and business limitations. The length of disruptions varies by country, and there is uncertainty around the duration and the effect on the Group long-term. The COVID-19 pandemic has resulted in evolving market and economic conditions on a global scale that have impacted and are expected to continue to impact the Group ability to carry out operations as usual in Israel, Gibraltar, Portugal and other locations. As a result of restrictions, the Group experienced certain delays in projects' execution. In response to COVID-19, the Group took measures to monitor the financial position of the Group such as reducing of our operating expenses, and temporary decrease of senior staff salaries.

NOTE 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.

The Group classifies its expenses on the statement of loss based on the functions of such expenses.

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 recognized 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 recognized 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 recognized 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.

New IFRS

None of the IFRS or IFRIC interpretations that came into force during the year had any significant impact on the Group.

No new or amended IFRS has been applied prematurely. None of the IFRS or IFRIC interpretations that have not yet entered into force are expected to have any significant impact on the Group.

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 recognized in the result.

Transactions in foreign currencies are initially recognized 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 recognized in the income statement. Non-monetary assets and liabilities in foreign currencies that are recognized 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 2020 and 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 recognized 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 from governments are recognized at the time the Group is entitled to such grants, on the basis of the costs incurred, and included as a deduction from research and development expenses. Government grants received are recognized as a liability if economic benefits are expected as a result of research and development activities that will result in sales entitling the state to royalties. Government grants are treated as a forgivable loan from government when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan. There is uncertainty about the expectation of future economic benefits as a result of research and development activities.

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 allocated over the lease term, so that each reporting period is charged

with an amount corresponding to a fixed interest rate for the liability recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 third 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, excluding restricted short-term bank deposits 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.

Financial liabilities are recognized at amortized cost and any difference with the amount received (excluding transaction costs). The amount to be repaid is recognized 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 recognizes a loss reserve for expected loan losses on a financial asset that is measured at amortized cost or fair value through other comprehensive income. On each balance sheet date, the Company recognizes the change in expected loan losses since the first accounting date in the profit or loss. The Company had no loan losses in 2020 or 2019 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 recognized as personnel costs when they fall due for payment.

Short-term benefits

Short-term employment benefits are benefits that are expected to be fully realized 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 recognized as expenses when the related work is carried out. A liability for a cash bonus or profit-sharing plan is recognized 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 recognized cash flow includes only transactions that have given rise to payments to or from the Group.

Correction of errors and reclassification

a. Eco Wave Power Ltd. entered into an accelerator agreement with PortXL Netherlands B.V. in March 2019 (see also note 19). The loan amount of EUR

100,000 (SEK 1,039) consists of (i) an amount of EUR 85,000 in kind, consisting of services related to participating in the program and (ii) an amount of EUR 15,000 in cash. Eco Wave Power Ltd. recorded the amount of EUR 15,000 as a deduction of its research and development expenses in its comprehensive loss report for 2019. No record has been made of the EUR 85,000 non-cash marketing expenses and of the EUR 4,000 (SEK 40) accrued interest on the loan. As a consequence, research and development cost, sales and marketing cost and financial expenses were understated in a total amount of EUR 104. In January 2021, Eco Wave Power Ltd. conducted a detailed review of the terms and conditions of its accelerator agreements and discovered the error. The error has been corrected by restating each of the affected financial statement line items for the prior periods.

b. Eco Wave Power Ltd. entered into an accelerator agreement with the Management Committee of Jiangsu Changshu High Tech Development Zone and with Changshu Shirat Enterprises Management Co., Ltd. in 2013 (see also note 23b). Under the agreement, the Management Committee of Jiangsu Changshu High Tech Development Zone lent Suzhou Eco Wave Power Technology Co. Ltd. RMB 3,977 thousand (SEK 5,308). The loan was granted in RMB to co-finance the construction of a power plant in Gibraltar as well as to support other ventures. Suzhou Eco Wave Power Technology Co. Ltd. should repay the loan by remitting 3% of the net proceeds from Gibraltar pilot project and future projects in China alone plus 5% annual interest. There were no

proceeds in China since 2013 and there are no expected proceeds. In January 2021, Eco Wave Power Ltd. conducted a detailed review of the terms and conditions of its accelerator agreements and it is the opinion of Suzhou Eco Wave Power Technology Co. Ltd. that the loan should be presented as a commitment in the Group's books rather than a loan (see also notes 2 and 23b).

c. Certain amounts within the consolidated statement of loss and within the consolidated statement of financial position have in the prior year, 2019, been reclassified to conform to the presentation of the current period financial statements. These reclassifications had no effect on the previously reported net loss.

The change has been made by restating each of the affected financial statement line items for the prior periods as follows:

Impact on statement of income

SEK Thousand	2019	Reclassification	Restatement	2019 As restated
OPERATING EXPENSES	-3,768	3,768		-
RESEARCH AND DEVELOPMENT EXPENSES *		-1,582	-161	-1,743
SALES AND MARKETING EXPENSES *		-2,801	-868	-3,669
GENERAL AND ADMINISTRATIVE EXPENSES*	-15,496	2,528		-12,968
OTHER INCOME	1,688	-1,688		-
OPERATING LOSS	-17,576			-18,380
FINANCIAL INCOME	224	-224		-
FINANCIAL EXPENSES *	-767		-38	-805
LOSS BEFORE INCOME TAX	-18,119			-19,185
INCOME TAX EXPENSE	-			-
NET LOSS	-18,119	-	-1,067	-19,185

Impact on statement of financial position

SEK Thousand	2019	Reclassification	Restatement	2019 As restated
Assets				
NON-CURRENT ASSETS:				
Right-of-use assets, net	2,679			2,679
Property and equipment, net	11,687			11,687
TOTAL NON-CURRENT ASSETS	14,366			14,366
CURRENT ASSETS:				
Current receivables	1,448			2,063
Prepaid costs	614			-
Restricted short-term bank deposits	1,028			1,028
Cash and cash equivalents	109,028			109,026
TOTAL CURRENT ASSETS	112,118			112,117
TOTAL ASSETS	126,484			126,483

*Restated - See a above.

**Restated - See a and b above.

***Restated - See b above.

Impact on statement of financial position (continued)

SEK Thousand	2019	Reclassification	Restatement	2019 As restated
Equity and liabilities				
EQUITY:				
Common shares	704			704
Share premium	141,817	-1,029		140,788
Foreign currency translation reserve	24	-469		-445
Accumulated deficit **	-40,964	1,498	4,226	-35,240
Capital and reserves attributable to parent company shareholders	101,581			105,807
Non-controlling interest	179	-100		79
TOTAL EQUITY	101,760			105,886
NON-CURRENT LIABILITIES:				
Lease liabilities, net of current maturities	1,880			1,880
Long-term loans from related party, net of current maturities	10,113	-783		9,330
Related party ***	5,308		-5,308	
Long-term loan other, net of current maturities *	-		1,082	1,082
TOTAL NON-CURRENT LIABILITIES	17,301			12,292
CURRENT LIABILITIES:				
Current maturities of lease liabilities	799			799
Current maturities of long-term loans	-	215		215
Accounts payable and accruals:				
Trade	4,837			4,837
Other	1,786	668		2,454
TOTAL CURRENT LIABILITIES	7,422			8,305
TOTAL EQUITY AND LIABILITIES	126,483			126,483

NOTE 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 endeavors to minimize 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.
- Optimize 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 EUR. 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.

NOTE 4 – SEGMENT REPORTING

The Company's organization 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.

NOTE 5 - GROUP INFORMATION

The Company acquired Eco Wave Power Ltd. on June 10, 2019 through a non-cash issuance of common shares 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 an initial public offering on Nasdaq First North Stockholm. The former

shareholders of Eco Wave Power Ltd. became the shareholders in the Company and the substance of the transaction is a capital reorganization and does not represent a business combination as none of the combining parties can be identified as the acquirer according to International Financial Reporting Standards ("IFRS") 3. 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. Apart from this event, no shares or businesses were acquired in 2020 or 2019.

Subsidiaries

The Parent Company is the parent company to its 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	Country of registration and incorporation	Year of incorporation	Ownership interest held by the Group 31 December 2020	Ownership interest held by non-controlling interest 31 December 2020
Eco Wave Power Ltd. (reg. no. 514593722)	Wave power	Israel	2011	100%	-
Eco Wave Power Australia PTY Ltd. (org. no.632805353)	Wave power	Australia	2019	100%	-
Eco Wave Power Gibraltar Ltd. (org. no.113264)	Wave power	Gibraltar	2015	100%	-
Eco Wave Power Mexico (org. no. 507055)	Wave power	Mexico	2014	60%	40%
Eco Wave Manzanillo I (org. no. 562840)	Wave power	Mexico	2016	99.998 % owned by Eco Wave Power Mexico	0.002%
Suzhou Eco Wave Power Technology Co. Ltd. (org. no. 913205810942967451)	Wave power	China	2014	90%	10%
EW Portugal – Wave Energy Solutions, Unipessoal Ida (Org. no. 516138626) – see Note 14c	Wave power	Portugal	2020	100%	-

Joint venture

Name	Main business	Country of registration and incorporation	Year of incorporation	Proportion of the shares on 31 December, 2019
EWP EDF One Ltd. (reg. no. 516065943)	Wave power	Israel	2019	50%

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. At 31 December, 2020, EWP EDF One Ltd. has carried out no operations and holds no assets.

NOTE 6 – COSTS BY FUNCTION

a. Research and development expenses:

SEK Thousand	2020	2019
Payroll and related expenses	3,627	2,727
Depreciation	196	185
	3,823	2,912
Less – grants received	-458	-1,169
Total	3,365	1,743

b. Selling and marketing expenses:

SEK Thousand	2020	2019
Payroll and related expenses	2,656	1,297
Overseas travels	223	1,499
Other	409	1,392
Less – Grants received	-81	-519
Total	3,207	3,669

c. General and administrative expenses:

SEK Thousand	2020	2019
Payroll and related expenses	5,956	3,408
Professional services	1,269	5,013
Depreciation	942	181
Other	1,995	4,366
Total	10,162	12,968

d. Financial expenses:

SEK Thousand	2020	2019
Bank commissions	217	103
Interest on long term loans	501	267
Other	672	435
Total	1,390	805

NOTE 7 – AUDITOR'S FEE

SEK Thousand	2020	2019
Ernst & Young AB, Audit of parent company and group	245	220
Various local auditors	147	245
KPMG AB, Audit in IPO	-	864
Total	392	1,329

NOTE 8 – REMUNERATION TO EMPLOYEES, ETC

SEK Thousand	2020	2019
Salaries and Fees	10,043	6,473
Social security costs	509	431
Pension costs	934	394
Post-employment benefits other than pensions	753	134
Share-based payment expense	-	-
Total	12,239	7,432

Remuneration to senior executives and board members

Inna Braverman (CEO), Aharon Yehuda (CFO) and CFO Andreas Kihlblom (finance director and former 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 229,000) 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 employed by Eco Wave Power Ltd since December 2020. The employment contract can be terminated with a mutual notice period of three months. The CFO has a basic salary of ILS 35,000 (equivalent to approximately SEK 89,000). Eco Wave Power Ltd. also pays contributions to the CFO'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 finance director Sweden and former CFO Andreas Kihlblom 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 Annual General Meeting held on 26 June 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.

Average number of employees	2020	2019
Number of employees	15	15
Of whom men	11	7

Compensation to senior management and Board members

SEK Thousand	Director's fees / Basic salary	Variable remuneration	Other benefits	Pension costs	Social security costs	Total remuneration
2019						
INCLUDED IN RESEARCH AND DEVELOPMENT EXPENSES						
Board member and CEO, Inna Braverman	2,247	-	85	194	79	2,604
INCLUDED IN SALES AND MARKETING EXPENSES						
Board member and CEO, Inna Braverman	2,247	-	85	194	79	2,604
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	941	-	-	-	-	941
Total	6,405	-	190	435	268	7,299
2020						
INCLUDED IN RESEARCH AND DEVELOPMENT EXPENSES						
Chairman of the Board, Mats Andersson	-	-	-	-	-	-
Board member, David Leb	-	-	-	-	-	-
Board member, Elias Jacobson	-	-	-	-	-	-
Board member and CEO, Inna Braverman	1,578	-	81	160	48	1,867
Other senior management	-	-	-	-	-	-
INCLUDED IN SALES AND MARKETING EXPENSES						
Chairman of the Board, Mats Andersson	-	-	-	-	-	-
Board member, David Leb	-	-	-	-	-	-
Board member, Elias Jacobson	-	-	-	-	-	-
Board member and CEO, Inna Braverman	631	-	32	64	19	746
Other senior management	-	-	-	-	-	-
INCLUDED IN ADMINISTRATIVE EXPENSES						
Chairman of the Board, Mats Andersson	300	-	-	-	94	394
Board member, David Leb	200	-	-	-	-	200
Board member, Elias Jacobson	200	-	-	-	63	263
Board member and CEO, Inna Braverman	947	-	49	97	30	1,123
Other senior management	2,053	-	-	15	9	2,077
Total	5,909	-	162	336	263	6,670

NOTE 9 – TAXES ON INCOME

a. Corporate taxation

The income of EWPG Holding AB (publ) is taxed at the standard Swedish corporate tax rate, which was 21.4% for 2019. The Parent Company did not pay income tax in 2020 and in 2019 because it did not show any taxable earnings during the period.

b. Tax loss carryforwards

The Parent Company has unused loss carry-forwards. The tax effect of these has not been recognized 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

c. Theoretical taxes

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:

SEK Thousand		2020	2019
Loss before taxes	21.4%	-18,124	-19,185
Theoretical tax benefit		3,879	4,106
Effect of different tax rates in foreign subsidiaries		82	74
Tax losses incurred in the reporting year for which deferred taxes were not created		-3,953	-4,180
Taxes on income for the reported year		8	-

NOTE 10 – FINANCIAL INSTRUMENTS PER CATEGORY AND MATURITY ANALYSIS

SEK Thousand	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Composition at 31 December 2019					
Assets					
Current receivables	-	1,502	-	-	1,502
Prepaid expenses and accrued income	-	561	-	-	561
Restricted short-term bank deposits	-	-	1,028	-	1,028
Cash and cash equivalents	109,026	-	-	-	109,026
31 December 2019	109,026	2,063	1,028	-	112,117
Liabilities					
Lease liabilities, net of current maturities	-	-	-	1,880	1,880
Long-term loans from related party, net of current maturities	-	-	-	9,330	9,330
Long-term loan other, net of current maturities	-	-	-	1,082	1,082
Current maturities of lease liability	-	200	599	-	799
Current maturities of long-term loans	-	54	161	-	215
Trade payables	-	4,837	-	-	4,837
Other current payables	-	1,473	-	-	1,473
Accrued expenses and prepaid income	-	981	-	-	981
31 December 2019	-	7,545	760	12,292	20,597

NOTE 10 (continued)

SEK Thousand	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Composition at 31 December 2020					
Assets					
Current receivables	-	799	-	-	799
Prepaid expenses and accrued income	-	970	-	-	970
Restricted short-term bank deposits	-	-	555	-	555
Cash and cash equivalents	87,898	-	-	-	87,898
31 December 2020	87,898	1,769	555	-	90,222
Liabilities					
Lease liabilities, net of current maturities	-	-	-	1,004	1,004
Long-term loans from related party, net of current maturities	-	-	-	8,700	8,700
Long-term loan other, net of current maturities	-	-	-	1,093	1,093
Current maturities of lease liability	-	197	589	-	786
Trade payables	-	348	-	-	348
Other current payables	-	2,701	-	-	2,701
Accrued expenses and prepaid income	-	948	-	-	948
31 December 2020	-	4,194	589	10,797	15,580

NOTE 11 – LEASES

a. Right-of-use assets:

SEK Thousand	Cost			Accumulated depreciation				Net book value	
	Balance at beginning of year	Additions during year	Foreign currency Translation reserve	Balance at end of year	Balance at beginning of year	Additions during year	Foreign currency translation reserve	Balance at end of year	31 December, 2019
Composition in 2020:									
Offices	2,831	-	-107	2,724	152	912	-45	1,019	1,705
Total	2,831	-	-107	2,724	152	912	-45	1,019	1,705
Composition in 2019:									
Offices	-	2,831	-	2,831	-	152	-	152	2,679
Total	-	2,831	-	2,831	-	152	-	152	2,679

b. Lease liabilities:

SEK Thousand	Balance at beginning of year	Additions during year	Interest expense during year	Payments during year	Foreign currency translation adjustment	Balance at end of year
Composition in 2020:						
Offices	2,679	-	92	-884	-97	1,790
Total	2,679	-	92	-884	-97	1,790
Composition in 2019:						
Offices	-	2,831	-	-152	-	2,679
Total	-	2,831	-	-152	-	2,679

SEK Thousand	31 Dec 2020	31 Dec 2019
Composition of lease liabilities:		
Current lease liabilities		
Offices	786	799
	786	799
Non-current lease liabilities		
Offices	1,004	1,880
	1,004	1,880
Total	1,790	2,679

c. Additional disclosure:

- The Group is a party to a contract that is affected by IFRS 16 and constitutes a rental space in Israel that was signed in November 2019. The agreed rental period is 24 months plus an extension option of an additional 12 months. The extension option held is exercisable only by the Group and not by the lessor. This liability was measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of November 2019 – 4%.
- To secure the Group's lease obligation on its offices, the Group has provided a bank guarantee in the amount of \$36 for the benefit of the lessor.
- As of 31 December, 2020, minimum future rental payments (considering the aforementioned extension periods) under the leases were:

Year	Total in SEK thousands
2021	786
2022	1,004
	1,790

NOTE 12 - PROPERTY AND EQUIPMENT

Set forth below are the composition of property and equipment and the related accumulated depreciation, grouped by major classifications, as well as the changes therein for the respective years:

	Cost			Accumulated depreciation				Net book value	
	Balance at beginning of year	Additions During year	Foreign currency translation reserve	Balance at end of year	Balance at beginning of year	Additions during year	Foreign currency Translation reserve	Balance at end of year	31 December, 2019
Composition in 2020:									
Land	736	-	-121	615	-	-	-	-	615
Plant and equipment	11,966	1,626	-982	12,610	1,075	194	-67	1,202	11,408
Office equipment	204	-	-11	193	144	30	-9	165	28
Total	12,906	1,626	-1,114	13,418	1,219	226	-76	1,367	12,051
Composition in 2019:									
Land	681	-	55	736	-	-	-	-	736
Plant and equipment	9,882	1,434	650	11,966	789	181	105	1,075	10,891
Office equipment	161	22	21	204	102	29	13	144	60
Total	10,724	1,456	726	12,906	891	210	537	1,219	11,687

NOTE 13 - CURRENT RECEIVABLES

SEK Thousand	31 Dec 2020	31 Dec 2019
VAT Authorities	660	1,339
Other	139	163
Total	799	1,502

NOTE 14 - PREPAID EXPENSES AND ACCRUED INCOME

SEK Thousand	31 Dec 2020	31 Dec 2019
Prepaid expenses	970	561
Total	970	561

NOTE 15 - RESTRICTED SHORT-TERM BANK DEPOSITS

To secure Eco Wave Power 's bank guarantees Eco Wave Power has deposited an amount of SEK555 (2019 - SEK1,028) in Bank Hapoalim Ltd in short-term bank deposits. The short term bank deposits are in NIS and bear interest at an average annual rates of Prime - 1.59%. These deposits are subject to regulatory restrictions and are therefore not available for general use by the Group

SEK Thousand	31 Dec 2020	31 Dec 2019
Bank deposits	555	1,028
Total	555	1,028

NOTE 16 - CASH AND CASH EQUIVALENTS

SEK Thousand	31 Dec 2020	31 Dec 2019
Cash and cash equivalents	87,898	109,026
Total	87,898	109,026

NOTE 17 - EQUITY

a. Share capital:

Number of Common Shares	31 Dec 2020	31 Dec 2019
Authorized share capital	100,000,000	100,000,000
Issued and paid up share capital	35,194,844	35,194,844

SEK Thousand	31 Dec 2020	31 Dec 2019
Authorized share capital	2,000	2,000
Issued and paid-up share capital	704	704

b. Rights related to shares:

The common shares confer upon their holders voting and dividend rights and the right to receive assets of the Company upon its liquidation. As of 31 December, 2020, all outstanding share capital consisted of common shares.

c. Changes in the Company's equity:

In May 2019, Eco Wave Power Ltd. completed a private offering of 314,650 common shares. The offering raised a total amount of SEK 8,775 thousands.

In July 2019, the Company completed an underwritten public offering of 6,355,594 common shares at a public offering price of SEK 19 per share. The offering raised a total of SEK 121,043 thousands, with net proceeds of SEK 112,325 thousands, after deducting fees and expenses.

d. Stock split:

On May 21, 2019, our shareholders authorized a 50-for-1 share split of the Company's common shares that went into effect as of the date of authorization. The share split was effected such that each 1 share of then-outstanding share was increased to 50 shares. The consolidated financial statements give retroactive effect as though the 50-for-1 share split of the Company's common shares occurred for all periods presented, without any change in the par value per share.

NOTE 18 - LONG-TERM LOAN FROM RELATED PARTY

a. Composition:

SEK Thousand	31 Dec 2020	31 Dec 2019
Loans from David Leb, Board member	8,700	9,545
Less - current maturities	-	215
Total long-term loans	8,700	9,330

b. Change during the year:

SEK Thousand	2020	2019
Beginning of year	9,545	8,971
Interest charged	368	227
Foreign currency translation adjustment	-1,213	347
End of year	8,700	9,545

c. Additional disclosure:

Eco Wave Power Ltd. has entered into two loan agreements with a shareholder and a Board member David Leb, a related party, amounting to \$1,062,000 at 31 December 2020 (denominated in USD). The liability is classified as a non-current liability to a related party in the statement of financial position.

- 1) The first loan agreement relates to an amount of \$200,000. The loan agreement is subject to an annual interest rate of 4%, calculated on the total debt including accrued interest. The loan is presented as a long-term loan as it is not due before January 2022.
- 2) The second loan agreement relates to an amount of \$800,000. Under the loan agreement the credit period is 36 months and if the loan is not repaid within the credit period, an interest rate of 4% applies. The agreement does not specify specific repayment dates. It is the Eco Wave Power Ltd.'s intention to repay the loan post the 36 months period. Therefore, Eco Wave Power Ltd. accrues interest on the loan.

NOTE 19 - OTHER LONG-TERM LOAN

a. Composition:

SEK Thousand	31 Dec 2020	31 Dec 2019
Loan from PortXL Netherlands B.V.	1,093	1,082
Less - current maturities	-	-
Total long-term loan	1,093	1,082

b. Change during the year:

SEK Thousand	2020	2019
Beginning of the year	1,082	-
Additions during the year	-	1,039
Interest	41	40
Foreign currency translation adjustment	-31	3
End of year	1,093	1,082

c. Additional disclosure

Loan from PortXL Netherlands B.V.

Eco Wave Power Ltd. entered into an accelerator agreement with PortXL Netherlands B.V. in March 2019. The loan was granted under a mentorship-driven open innovation startup accelerator program focusing on port related industries. The loan consists of (i) an amount of EUR 85,000 in kind, consisting of participating in the Program and (ii) an amount of EUR 15,000 in cash. Eco Wave Power Ltd. must repay the loan in five annual installments, starting 1 April 2023. The loan agreement is subject to an annual interest rate of 5%, calculated on the total debt including accrued interest. To the extent that Eco Wave Power Ltd. fails to repay the loan when due, PortXL Netherlands B.V. shall be entitled, as a sole remedy, to be issued common shares of Eco Wave Power Ltd. in such number equal to the unpaid balance of the loan and the accrued interest, divided by \$375.825. Upon such issuance, the loan shall be deemed repaid in full.

NOTE 20 – ACCOUNTS PAYABLE

a. Trade:

SEK Thousand	31 Dec 2020	31 Dec 2019
Accounts payable:		
In Sweden	259	4,475
Overseas	89	362
Total	348	4,837

b. Other:

SEK Thousand	31 Dec 2020	31 Dec 2019
Payroll and related expenses	1,858	1,118
Other	843	355
Total	2,701	1,473

The carrying amounts of accounts payable and accruals approximate their fair value, as the effect of discounting is not material.

NOTE 21 – ACCRUED EXPENSES AND PREPAID INCOME

SEK Thousand	31 Dec 2020	31 Dec 2019
Accrued expenses	948	981
Total	948	981

NOTE 22 – TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a. Key management compensation:

Key management includes directors and executive officers. The compensation paid or payable to key management for services during the year indicated is presented below.

SEK Thousand	2020	2019
Salaries and other short-term employee benefits	6,335	4,454
Post-employment benefits	336	242
Total	6,671	4,696

b. Loans from related party (see Note 18)

c. Interest expenses on related party loan (see Note 18)

d. Balances with related parties

SEK Thousand	31 Dec 2020	31 Dec 2019
Long term loans (see Note 18)	8,700	9,545
Payroll and related expenses (see Note 20b)	179	317

e. See note 23b related to an agreement with minority shareholder in one of our subsidiaries.

NOTE 23 – CONTINGENT LIABILITIES

a. Grants from the Israeli Ministry of Energy

Grants received from the Israeli Ministry of Energy for approved pioneering research and development program are recognized at the time the Group is entitled to such grants, on the basis of the costs incurred, and included as a deduction from research and development expenses. The grants are 5% royalty bearing from commercialization of the intellectual property products, until repayment of 100% of the grants received by the Group.

As discussed in note 2 this transaction was treated as a “forgivable loan,” as set forth in “IAS 20”.

b. Loan from Management Committee of Jiangsu Changshu High Tech Development Zone

Eco Wave Power Ltd. entered into an accelerator agreement with Management Committee of Jiangsu Changshu High Tech Development Zone and with Changshu Shirat Enterprises Management Co., Ltd. in 2013. Changshu Shirat Enterprises Management Co., Ltd. owns 10% of the Suzhou Eco Wave Power Technology Co. Ltd. Under the agreement, the Management Committee of Jiangsu Changshu High Tech Development Zone lent Suzhou Eco Wave Power Technology Co. Ltd. RMB 3,977 thousand (\$570). The loan was granted in RMB to co-finance the construction of a power plant in Gibraltar as well as to support other ventures.

Suzhou Eco Wave Power Technology Co. Ltd. should repay the loan by remitting 3% of the net proceeds from Gibraltar pilot project and future projects in China alone plus 5% annual interest. In addition, Suzhou Eco Wave Power Technology Co. Ltd. is also obligated to pay to Changshu Shirat Enterprises Management Co., Ltd. 5% of the net proceeds from commercialization of its future projects for a term of 10 years from the date of the agreement. There were no proceeds in China since 2013 and there are no expected proceeds. As discussed in note 2 this two transaction was treated as a “forgivable loan,” as set forth in “IAS 20”.

c. Portugal

In April 2020, EWP entered into an official concession agreement with Administração dos Portos do Douro,

Leixões e Viana do Castelo (“APDL”) regarding the use of an area potentially suitable for construction, operation and maintenance of a wave energy power plant of up to 20 megawatts at four sites owned and operated by APDL. In September 2020, EWP established EW Portugal – Wave Energy Solutions, Unipessoal Ida, a wholly owned subsidiary in Porto, Portugal to enable EWP to commence official licensing procedures for the project.

In October 2020, EWP entered into a strategic collaboration with Painhas Engineering and Construction Company (“Painhas”) for the technical support for the licensing of the 20 megawatts Portugal project. Painhas will play an integral part in the technical support needed for the official licensing procedures for the planned wave energy project in Portugal, as part of the newly signed 20 megawatts Concession Agreement with the Port Authority of Leixões - APDL. Once licensing is obtained, the parties will work towards a continued collaboration for the execution of the project.

d. During 2020, Eco Wave Power Ltd. entered into a collaboration agreement with Meridian Energy Australia Pty Ltd (“MEA”). MEA is a wholly owned subsidiary of Australasia’s largest renewable energy generator Meridian Energy Limited. The purpose of the collaboration is for the parties to jointly investigate the development of commercial wave energy power projects in the Australian National Electricity Market (NEM).

NOTE 24 – EVENTS AFTER THE REPORTING PERIOD

Tel Aviv - Jaffa port

In January 2021, pursuant to the engineering coordination permits from the Municipality of Tel-Aviv Jaffa (permit number 2020-4345 and number 2020-3249) required for the deployment of the grid connection works, cement works and installation of floaters, EWP commenced the grid connection works and preparation works for installation of floaters on the sea wall in the Port of Jaffa, Israel. Permit number 2020-4345 allows EWP to proceed with the path towards electric cable laying works for the electric transmission cables that will connect the EWP-EDF One Jaffa Port project, with the Israel Electric Company sub-station. Permit number 2020-3249 allows the cement works and installation of ten floaters for the EWP-EDF One wave energy project.

Other

In January 2021, Eco Wave Power Ltd. won the Smart Port Challenge Competition held by Morocco's National Ports Agency and National Single Window for foreign trade-PORTNET, together with the Global Alliance for Trade Facilitation and Morocco's port community. The award that will be granted to Eco Wave Power Ltd. is 100 thousand Moroccan Dirham (92 TSEK), as well as an opportunity for Morocco to become testing and implementation hub for the technology of Eco Wave Power Ltd.

Parent Company Financials

Parent Company Statement of Loss¹

SEK Thousand	Note	2020	2019*
SALES AND MARKETING EXPENSES	2a	-405	-974
GENERAL AND ADMINISTRATIVE EXPENSES	2b	-3,806	-8,027
OPERATING LOSS		-4,211	-9,001
FINANCIAL INCOME	2c	315	-
FINANCIAL EXPENSES	2d	-10	-
NET LOSS BEFORE TAXES		-3,906	-9,001
TAXES		-	-
NET LOSS		-3,906	-9,001
OTHER COMPREHENSIVE INCOME		-	-
NET COMPREHENSIVE LOSS**		-3,906	-9,001

*As reclassified – See note 1.

**The result for the year corresponds to the comprehensive income as other changes in equity only consist of transactions with the company's shareholders.

Parent Company Statement of Financial Position²

SEK Thousand	Note	31 Dec 2020	31 Dec 2019
ASSETS			
NON-CURRENT ASSETS:			
Shares in subsidiary	7	577	577
TOTAL NON-CURRENT ASSETS		577	577
CURRENT ASSETS:			
Short term loan to a related party	8	14,226	-
Current receivables	9	351	716
Prepaid expenses and accrued income	10	804	326
Cash and cash equivalents	11	84,877	107,164
TOTAL CURRENT ASSETS		100,258	108,206
TOTAL ASSETS		100,835	108,783
EQUITY AND LIABILITIES			
EQUITY:	12		
Common shares		704	704
Share premium		111,911	111,911
Accumulated deficit		-12,907	-9,001
TOTAL EQUITY		99,708	103,614
CURRENT LIABILITIES:			
Accounts payable:			
Trade		260	4,476
Current payables to group companies		53	53
Other	13	500	500
Accrued expenses and prepaid income	14	314	140
TOTAL CURRENT LIABILITIES		1,127	5,169
TOTAL EQUITY AND LIABILITIES		100,835	108,783

1. The accompanying notes on pages 60-64 are an integral part of the consolidated financial statements.

2. The accompanying notes on pages 60-64 are an integral part of the consolidated financial statements.

Parent Company Statement of Changes in Equity³

SEK Thousand	Number of common shares	Common shares capital	Share premium	Accumulated deficit	Total for company's shareholders
BALANCE AT JANUARY 1, 2019*	-	-	-	-	-
CHANGES IN 2019:					
Loss for the year	-	-	-	-9,001	-9,001
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss	-	-	-	-9,001	-9,001
Issuance of shares for the acquisition of Eco Wave Power Ltd.	28,839,250	577	-	-	577
Issuance of share capital in a public offerings	6,355,594	127	111,911*	-	112,038
Transactions with shareholders in their role as owners	35,194,844	704	111,911	-	112,615
BALANCE AT 31 DECEMBER, 2019	35,194,844	704	111,911	-9,001	103,614
CHANGES IN 2020:					
Loss for the year	-	-	-	-3,906	-3,906
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss	-	-	-	-3,906	-3,906
Transactions with shareholders in their role as owners	-	-	-	-	-
BALANCE AT 31 DECEMBER, 2020	35,194,844	704	111,911	-12,907	99,708

*Net of issuance cost of SEK 8,718.

Parent Company Cash Flow Statement⁴

SEK Thousand	2020	2019
CASH FLOWS – OPERATING ACTIVITIES:		
Net loss	-3,906	-9,001
Adjustments for:		
Interest on loan	-315	-
Changes in operating assets and liabilities		
(Increase) Decrease in prepaid expenses and other receivables	-113	-1,043
Increase in accounts payable and accruals	-4,042	640
Net cash used in operating activities	-8,376	-4,875
CASH FLOWS - FINANCING ACTIVITIES:		
Issuance of share capital, net of issuance cost*	-	112,038
Long-term loan	-13,911	-
Net cash (used in) provided by financing activities	-13,911	112,038
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	-22,287	107,164
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	107,164	-
CASH AND CASH EQUIVALENTS - END OF YEAR	84,877	107,164

*Net of issuance cost of SEK 8,718.

3. The accompanying notes on pages 60-64 are an integral part of the consolidated financial statements.

4. The accompanying notes on pages 60-64 are an integral part of the consolidated financial statements.

Notes to the Parent Company's Financial Statements

NOTE 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 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 minimize 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.

Certain amounts within the statement of loss have in the prior year, 2019, been reclassified to conform to the presentation of the current period financial statements. These reclassifications had no effect on the previously reported net loss.

NOTE 2 – COSTS BY FUNCTION

a. Selling and marketing expenses:

SEK Thousand	2020	2019
Overseas travels	22	523
Other	383	451
Total	405	974

b. General and administrative expenses:

SEK Thousand	2020	2019
Payroll and related expenses	2,770	1,441
Professional services	664	5,013
Other	372	1,573
Total	3,806	8,027

c. Financial income:

SEK Thousand	2020	2019
Interest on intercompany loan	315	-
Total	315	-

d. Financial expenses:

SEK Thousand	2020	2019
Bank commissions	10	-
Total	10	-

NOTE 3 – AUDITOR'S FEE

SEK Thousand	2020	2019
Ernst & Young AB, Audit of parent company and group	245	220
KPMG AB, Audit in IPO	-	864
Total	245	1,084

NOTE 4 – PERSONNEL COSTS

The Parent Company had no employees in 2020 and in 2019. The CEO and the CFO are employed by Eco Wave Power Ltd, from where the CEO's and the CFO's remuneration is paid. The CFO Sweden 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 Sweden. No bonuses or share-related amounts were paid out in 2020 and 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.

NOTE 5 – TAXES ON INCOME

a. Corporate taxation:

The Parent Company did not pay income tax in 2020 and in 2019 because it did not show any taxable earnings during the period.

b. Tax loss carryforwards:

The Parent Company has unused loss carry-forwards. The tax effect of these has not been recognized 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

c. Theoretical taxes:

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:

SEK Thousand		2020	2019
Loss before taxes	21.4%	-3,906	-9,001
Theoretical tax benefit		836	1,926
Tax effect of non-deductible costs		-1	-7
Tax losses incurred in the reporting year for which deferred taxes were not created		-835	-1,919
Taxes on income for the reported year		-	-

NOTE 6 – FINANCIAL INSTRUMENTS PER CATEGORY AND MATURITY ANALYSIS

SEK Thousand	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Composition at 31 December 2019					
Assets					
Current receivables	-	716	-	-	716
Cash and cash equivalents	107,164	-	-	-	107,164
31 December 2019	107,164	716	-	-	107,880
Liabilities					
Trade payables	-	4,476	-	-	4,476
Other current payables	-	53	-	-	53
31 December 2019	-	4,529	-	-	4,529
Composition at 31 December 2020					
Assets					
Short term loan to a related party	-	-	14,226	-	14,226
Current receivables	-	1,155	-	-	1,155
Cash and cash equivalents	84,877	-	-	-	87,898
31 December 2020	87,898	1,155	14,226	-	103,279
Liabilities					
Trade payables	-	260	-	-	260
Current payables to group companies	-	53	-	-	53
Other current payables	-	814	-	-	814
31 December 2020	-	1,127	-	-	1,127

NOTE 7 – SHARES IN SUBSIDIARIES

SEK Thousand	31 Dec 2020	31 Dec 2019
Opening cost	577	-
Formation of EWPG Holding AB (publ)	-	577
Total	577	577

Name	Corporation ID	Country of registration and operation	Number of shares
Eco Wave Power Ltd.	514593722	Israel	115,357

NOTE 8 - SHORT-TERM LOAN TO RELATED PARTY

a. Composition:

SEK Thousand	31 Dec 2020	31 Dec 2019
Loan to Eco Wave Power Ltd	14,226	-

b. Change during the year:

SEK Thousand	2020	2019
Beginning of year	-	-
Addition during the year	13,911	-
Interest charged	315	-
End of year	14,226	-

c. Additional disclosure:

The Parent Company has entered into a loan agreement with Eco Wave Power Ltd, a related party. The loan agreement relates to an amount of up to SEK 84 million or any other amount available and agreed upon between the parties according to the actual needs of the Eco Wave Power Ltd. At any time during the term of the agreement, Eco Wave Power Ltd may draw under the loan any amounts in any volumes necessary for the operations of Eco Wave Power Ltd, and in the aggregate up to the Limit Amount, which may change from time to time. The loan agreement is subject to an annual interest rate of 4%, calculated on the total debt including accrued interest. All outstanding principal amount advanced hereunder plus all accrued and unpaid interest thereon, shall be due and payable on any date as mutually agreed by the Parties in writing (the "Maturity Date"). Notwithstanding the foregoing, at any time prior to the Maturity Date, Eco Wave Power Ltd. may prepay the loan Amount, either in whole or in part, without prior notice, and without incurring any penalty. The loan is presented as a short-term loan.

The loan amounts to SEK 14,226 at 31 December 2020. The loan is presented as a short-term loan to a related party in the statement of financial position.

NOTE 9 – CURRENT RECEIVABLES

SEK Thousand	31 Dec 2020	31 Dec 2019
VAT receivable	351	716
Total	351	716

NOTE 10 – PREPAID EXPENSES AND ACCRUED INCOME

SEK Thousand	31 Dec 2020	31 Dec 2019
Prepaid expenses	804	326
Total	804	326

NOTE 11 – CASH AND CASH EQUIVALENTS

SEK Thousand	31 Dec 2020	31 Dec 2019
Cash and cash equivalents	84,877	107,164
Total	84,877	107,164

NOTE 12 – EQUITY

a. Share capital:

Number of Common Shares	31 Dec 2020	31 Dec 2019
Authorized share capital	100,000,000	100,000,000
Issued and paid up share capital	35,194,844	35,194,844

SEK	31 Dec 2020	31 Dec 2019
Authorized share capital (in thousands SEK)	2,000	2,000
Issued and paid-up share capital (in thousands SEK)	704	704

b. Rights related to shares:

The common shares confer upon their holders voting and dividend rights and the right to receive assets of the Company upon its liquidation. As of 31 December, 2020, all outstanding share capital consisted of common shares.

c. Changes in the Company's equity:

In July 2019, the Company completed an underwritten public offering of 6,355,594 common shares at a public offering price of SEK 19 per share. The offering raised a total of SEK 120,756 thousands, with net proceeds of SEK 112,038 thousands, after deducting fees and expenses.

NOTE 13 – OTHER ACCOUNTS PAYABLE

SEK Thousand	31 Dec 2020	31 Dec 2019
Payroll and related expenses	500	500
Total	500	500

NOTE 14 – ACCRUED EXPENSES AND PREPAID INCOME:

SEK Thousand	31 Dec 2020	31 Dec 2019
Other accrued expenses	314	140
Total	314	140

NOTE 15 – RELATED-PARTY TRANSACTIONS

Transactions with related parties:

- Key management compensation
- Key management includes directors and executive officers. The compensation paid or payable to key management for services during the year indicated is presented below.

SEK Thousand	2020	2019
Payroll and related expenses	2,770	1,441
Total	2,770	1,441

- Loan to related party (see Note 8)
- Interest expenses on related party loan (see Note 8)

NOTE 16 – CONTINGENT LIABILITIES

The parent company has no contingent liabilities or material pledged assets.

NOTE 17 – EVENTS AFTER THE REPORTING PERIOD

See note 24 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 2021-06-23. 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 28 May 2021

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 2021-05-28

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 2020. The annual accounts and consolidated accounts of the company are included on pages 42-70 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 2020 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 2020 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.

Enlightenment of special importance

We would like to draw attention to Note 2 – Adjustment of previous years balance sheet and income statement, which contains information on the effect of adjustments of previous years comparative figures. Our opinion has not been modified in this regard.

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

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-41 and page 74. The Board of Directors and the Managing Director are responsible for this other information.

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 Managing Director

The Board of Directors and the Managing Director 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 Managing Director 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 Managing Director 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 Managing Director 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 Managing Director].
- Conclude on the appropriateness of the Board of Directors' [and the Managing Director'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

significant 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 Managing Director of EWPG Holding AB (publ) for the year 2020 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 Managing Director 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 Managing Director

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 Managing Director 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 Managing Director 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 whether the proposal is in accordance with the Companies Act.

Stockholm 28 May 2021

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. 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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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 2020, the Company's shares are owned by 3,418 shareholders. In the table below the Company's largest shareholders are listed.

SHAREHOLDERS	SHARES/VOTES	PERCENT
David Leb	11,810,102	34%
Inna Braverman	11,750,000	33%
Pirveli Investments Ltd.	1,951,000	6%
Fjärde AP-fonden	525,000	1%
Skandia Sverige Hållbar	455,195	1%
Others	8,703,547	25%
Total	35,194,844	100%



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