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To the Board of Directors of
ALEVO GROUP SA

1936 Verbier

Report of the auditors on the consolidated financial statements for the year 2014

(for the period ended 31.12.2014)

Lausanne, 11th September 2015
30879/21508702/5/3
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Report of the Auditors on the Consolidated Financial Statements
to the Board of Directors of

ALEVO GROUP SA, Verbier

In accordance with your instructions, we have audited the accompanying consolidated financial statements of ALEVO GROUP SA, which comprise the balance sheet, income statement and notes for the year ended 31 December 2014.

Board of Directors' Responsibility

The board of directors is responsible for the preparation of the consolidated financial statements in accordance with the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss Auditing Standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the existence and effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2014 are in compliance with Swiss law and the consolidation and valuation principles disclosed in the notes.

We draw your attention to the fact that the value of the intangible fixed assets depends on the future free cash flow. Therefore, an uncertainty regarding the evaluation exists. If the expectations regarding the cash flow are not realised, a value adjustment should be recorded.

We also draw your attention to the fact that the going concern is possible only if the shareholders continue to support the company, in particular by making available, when needed, the necessary cash in order to allow the company to assure its current commitments. Failing that, the financial statements must be established at liquidation value.

Lausanne, 11th September 2015

BDO Ltd



Nigel Le Masurier
Licensed Audit Expert



Bastien Forré
Licensed Audit Expert
(Auditor in Charge)

Attachments
Consolidated Financial Statements



ALEVO GROUP SA

Consolidated Financial Accounts

31/12/2014

Consolidated Balance Sheet

CHF		31/12/2014	31/12/2013
Assets	Note		
Current Assets		15 233 077	2 449 162
Cash and cash equivalents		13 874 873	1 473 946
Prepayments		96 289	129 948
Trade and other receivables		1 039	147 119
Inventories		212 391	73 530
Current tax assets		688 001	98 684
Other current assets		360 484	525 935
CURRENT ASSETS		15 233 077	2 449 162
Property, plant and equipment	3	97 388 760	549 615
Land and Buildings		74 432 238	0
Leasehold improvements		1 104 618	496 144
Office equipment		17 191	49 121
Machinery & Equipment		5 413 609	4 350
Assets under Construction		16 421 104	0
Intangible assets	4	43 394 982	12 352 636
Patents and trademarks		1 427 768	628 925
Developed technology and know-how		22 550 000	0
Software licences		298 420	11 042
Goodwill		18 139 794	11 712 669
Other Intangible Assets		979 000	0
Financial assets		5 224 750	889 300
NON CURRENT ASSETS		146 008 492	13 791 551
TOTAL ASSETS		161 241 569	16 240 713

Consolidated Balance Sheet

CHF		31/12/2014	31/12/2013
Equity and Liabilities			
	Note		
Current Liabilities			
Accrued expenses		1 442 928	486 294
Trade and other payables		9 612 404	522 905
Employee benefits		240 589	374 031
Short-term Loan		1 351 489	0
Convertible Notes		9 925 385	0
Current tax liabilities		764 683	0
Shareholder Loan		243 581	3 659 902
CURRENT LIABILITIES		23 581 059	5 043 132
Non-Current Liabilities			
Long-term liabilities	6	72 394 181	0
Convertible Notes		0	9 600 000
NON CURRENT LIABILITIES		72 394 181	9 600 000
TOTAL LIABILITIES		95 975 240	14 643 132
Equity			
	7		
Share Capital		116 278	103 598
Share Premium		82 477 625	11 871 402
Other reserves		29 996 250	0
Translation Reserve		-1 029 494	0
Accumulated Losses		-10 377 419	-846 000
Loss for the period		-35 916 911	-9 531 419
TOTAL EQUITY		65 266 329	1 597 581
TOTAL EQUITY & LIABILITIES		161 241 569	16 240 713

Consolidated Income Statement

CHF	Note	31/12/2014	31/12/2013
Revenue		5 062	0
Revenue		5 062	0
Manufacturing Expenses		-1 872 660	-218 651
Indirect Manufacturing Labor		-296 944	-218 651
Repairs & Maintenance		-856 346	0
Other Expenses		-719 370	0
GROSS LOSS		-1 867 598	-218 651
Selling and Distribution Expenses		-1 392 020	-30 820
Sales & Marketing Personnel		-467 176	-30 820
Marketing		-625 353	0
Other Sales & Marketing Expenses		-299 491	0
General & Administrative Expenses		-25 335 828	-5 101 520
General & Administrative Personnel		-5 468 110	-1 563 029
Rent and Office Expenses		-3 621 615	-313 789
Information & Communications Technology		-491 542	-34 509
Insurance		-365 675	-3 767
Commissions & Professional Fees		-13 131 508	-1 980 145
Other General & Administrative Expenses		-2 257 378	-800 300
Acquisition expense on investment		0	-405 981
Research & Development Expenses		-5 593 494	-399 651
R&D Personnel		-1 855 110	-211 923
R&D Subcontracting		-2 153 583	-73 987
Other R&D Expenses		-1 584 801	-113 741
EBITDA		-34 188 940	-5 750 642
Depreciation & Amortization Expense		-730 611	-99 709
OPERATING LOSS		-34 919 551	-5 850 351
Net Finance Cost		-1 707 384	-265 902
Other Non-operating Incomes		1 417 159	0
Other Non-operating expenses		-315 684	-3 413 925
LOSS BEFORE TAX		-35 525 460	-9 530 178
Income Tax Expense		-391 451	-1 241
LOSS AFTER TAX		-35 916 911	-9 531 419

ALEVO GROUP S.A., Verbier

Notes to the Financial Statements

31st December 2014

Note 1. Background and Operations

ALEVO GROUP SA was registered in Verbier, Valais, Switzerland, on the 29th June 2012. The company is engaged in developing energy storage solutions for industrial applications through the Alevo battery-powered systems.

Note 2. Significant accounting policies

These financial statements have been prepared in accordance with the provisions of the Swiss Code of Obligations. The significant accounting policies adopted by the Company are as follows:

Principles of consolidation

The financial statements of Alevo Group SA and its subsidiaries are fully reported in the consolidated financial statements ended as of 31st of December 2013 and 2014.

Intercompany items

All intercompany balances, transactions and margins between companies included in the consolidation are eliminated.

Foreign currency translation

	<u>2014</u>	<u>2013</u>
Exchange rate use at the end of the year EUR 1	1.2024	1.2255
Exchange rate use at the end of the year USD 1	0.9936	0.8893
Exchange rate use at the end of the year NOK 1	0.1325	0.1456

The accounting records of the Company are maintained in Swiss Francs. All transactions in other currencies are translated into Swiss Francs at the rate prevailing at the time of the transaction. Assets and liabilities in other currencies remaining at the balance sheet date are translated at the appropriate year-end rate. Transaction and translation foreign exchange profits and losses are included in the statement of income and expenses in the year in which they are incurred, except for unrealized foreign exchange gains that are deferred until they are realized.

Research and development expenses

Research and development costs are recorded separately. Research costs are expensed as incurred. Development costs are monitored where possible on a product/project basis. The relevant costs for developers' time & materials are capitalised for the most part on a project by project basis. Some development work can benefit a number of projects/products. All development costs are depreciated on a straight-line basis over a period of 5 - 10 years.

Property, plant and equipment

Property, plant and equipment comprise Data Center construction, technical equipment, office facilities, fixtures and fittings, and computer equipment and software. These tangible fixed assets are valued at cost and depreciated on a straight-line basis over the estimated useful lives as follows:

Property & Plant	20 - 30 years
Leasehold Improvements	5 - 10 years
Equipment	5 - 10 years
Software	3 years
Office Equipment	3 - 5 years

Impairment of Long-lived Assets

Impairment of financial fixed assets, property, plant and equipment and intangible assets is recognized when events or changes in circumstances indicate that the carrying amount of the asset, or related groups of assets, may not be recoverable and the Company's estimate of discounted cash flows over the assets' remaining estimated useful life are less than the carrying value of the assets. Measurement of the amount of impairment may be based on appraisal, market values of similar assets or estimated discounted future cash flows resulting from the use and ultimate disposal of the asset.

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits, and short-term highly liquid investments, which are convertible to a known amount of cash and bear an insignificant risk of change in value.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less any necessary provision for impairment in value. Please refer to note 5 for more details.

Note 3. Property, plant and equipment, net

	Land and building	Leasehold improvement	Office equipment	Machinery & equipment	Assets under Construction	Total
Balance at the beginning of the year, net of accumulated depreciation	-	496'143	49'122	4'350	-	549'615
Additions	76'356'697	619'920	13'135	5'572'235	16'421'104	98'983'091
Disposals, net of accumulated depreciations	(1'417'159)	-	-	-	-	(1'417'159)
Depreciation	507'300	11'445	45'066	162'976	-	726'787
Balance at the end of the year, net of accumulated depreciation	74'432'238	1'104'618	17'191	5'413'609	16'421'104	97'388'760

Note 4. Intangible Assets - Licenses - Net

Table with	31 Dec 2014	31 Dec 2013
Software Licenses	302 244	11 692
Accumulated Amortization	-3 824	-650
Software Licenses net of Amortization	298 420	11 042
Developed Technology and Know-how	22 550 000	0
Patents & Trademarks	1 427 768	628 925
Goodwill	18 139 794	11 712 669
Other Intangible Assets	979 000	0
Total	43 394 982	12 352 636

In assessing the potential impairment of the licenses, the Company considers the additional expected cashflow that will be generated from these licenses. Management believes that, on the basis of these expected cashflow, the carrying value of these licenses as at December 31st, 2014 is not impaired. However, there is a remaining uncertainty as to whether these expectations will be met.

Note 5. Investments in subsidiaries, net

Name of the subsidiary	Ownership	Carrying value of investment
Alevo Inc.	100 %	7 800 000
Alevo Manufacturing Inc.	100 %	100
Victory Truck & Bus Company	100 %	2 000 000
Alevo Battery Technology Gmbh	100 %	799 154
Alevo Marine AS	100 %	14 918
Alevo Research Ltd.	100 %	50 000
Alevo Analytics /Data Scientia Inc.	100 %	30 000 000
Victory Industrial Park LLC	100 %	0
Victory Industrial Park Inc.	100 %	1 000

Each year Management reviews the carrying value of the investments in the Company's subsidiaries and adjusts the value of the investments whenever needed.

Note 6. Lease Commitments

The Group leases several premises for periods up to 30 years with indexed payments over the same period.

At year-end, the Group has outstanding commitments under leases that fall due as follows:

- Within one year 537'184 CHF
- Later than one year but within five years 5'705'167 CHF
- Later than five years 66'359'254 CHF

The lease commitments on long-term leases are accounted for at present value.

Note 7. Equity & Share Capital

Share capital	116,278
Number of Shares	11 627 768
Authorized Share Capital, not issued	3 732 080

7.1 Statement of changes in shareholders' equity

The movements of the changes in shareholders' equity are explained below.

PART OF THE GROUP	Capital Share premium	Reserves related to the Capital / Carry forward	Other results booked directly in equity	Translation reserve	Reserves and Consolidated results	TOTAL GROUP
EQUITY AS AT 01/01/2012						
MOVEMENTS 2012						
<i>Net operations on the capital and reserves</i>	100 000					100 000
<i>Share-based payments</i>						
<i>Own control share of the company</i>						
<i>Distribution</i>						
<i>Net result of the year (group part)</i>					-846 000	-846 000
<i>Financial Instruments</i>						
<i>Translation differences</i>						
<i>Other variations</i>						
EQUITY AS AT 31 DECEMBRE 2012	100 000				-846 000	-746 000
MOVEMENTS 2013						
<i>Net operations on the capital and reserves</i>	3 598	11 871 402				11 875 000
<i>Share-based payments</i>						
<i>Own control share of the company</i>						
<i>Distribution</i>						
<i>Net result of the year (group part)</i>					-9 531 419	-9 531 419
<i>Financial Instruments</i>						
<i>Translation differences</i>						
<i>Other variations</i>						
EQUITY AS AT 31 DECEMBRE 2013	103 598	11 871 402			-10 377 419	1 597 581
MOVEMENTS 2014						
<i>Net operations on the capital and reserves</i>	12 679	70 606 223				70 618 902
<i>Share-based payments</i>						
<i>Own control share of the company</i>						
<i>Distribution</i>						
<i>Net result of the year (group part)</i>					-35 916 911	-35 916 911
<i>Financial Instruments</i>						
<i>Translation differences</i>				-1 029 494		-1 029 494
<i>Other variations</i>			29 996 250			29 996 250
EQUITY AS AT 31 DECEMBRE 2014	116 278	82 477 625	29 996 250	-1 029 494	-46 294 330	65 266 329
TOTAL NET EQUITY	116 278	82 477 625	29 996 250	-1 029 494	-46 294 330	65 266 329

Movements in shareholders' equity in 2013 and 2014 mainly relate to the issuance of shares resulting from various capital increases during the period.

During the year under review, the Company made 3 Authorised Share Capital Increases in total from CHF 103,598 to CHF 116,278 by issuing 1,267,920 ordinary shares at a Nominal Value of CHF 0.01 with a Share premium of CHF 70,606,223.

The legal general reserves from capital contribution made since 2012, which, under Swiss tax law, may be distributed without being subject to Swiss withholding tax effective 1 January 2011, if certain conditions are met.

A revaluation of the Investment in Data Scientia Inc. company was recorded for CHF 29,996,250 in accordance with Swiss Code of Obligation § 670.

7.2 Authorised share capital, not issued

The Board of Directors may increase the Company's share capital by an amount of CHF 37,320.80 (2013 CHF 50,000.00) by issuing a maximum of 3'732'080 (2013 5,000,000) registered bound shares of CHF 0.01 each. The Board may use this authorisation on one or several occasions within the limits of the maximum amount

authorised. This authorisation is valid until 12th December 2015.

The preferred right of subscription of the shareholders may be suppressed for at least one of the following reasons:

- The takeover of enterprises, parts of enterprises or shareholdings through the exchange of shares
- Financing of the acquisition of enterprises, parts of enterprises or shareholdings
- The purpose of strategic partnerships or strategic investors

Note 8. Tax

The Company is liable for Swiss federal income tax and cantonal/communal income and capital taxes. The Company accrues for all taxes due for the period.

Note 9. Payable to Pension Funds

The Company has a net payable of CHF 14,660 as at 31th December 2014 (CHF 107,735 at the end of 2013) toward its pension funds.

Note 10. Risk Assessment

The main risks of the company are identified and known to the management and the Board of Directors. A risk assessment was presented to the Board of Directors on 2 June 2015.

Note 11. Subsequent events.

The company made the following authorised share capital increases after 31 December 2014:

Date	Description	No. Of Shares	Share capital (Nominal Val.)	Accumulated Share Capital	Share Premium	Cost and tax	Accumulated Share Premium net
31-Dec-14	Balance			116 278			82 477 625
23-Mar-15	4th Capital increase	92 308	923	117 201	11 999 117	120 753	94 355 989
16-Apr-15	5th Capital increase	68 965	690	117 890	9 999 235	101 064	104 254 161
27-Jul-15	6th Capital Increase	62 500	625	118 515	9 999 375	100 990	114 152 545
31-Aug-15	Balance			118 515			114 152 545