

ANNUAL REPORT AND FINANCIAL STATEMENTS

ORIGAMI ENERGY LIMITED

YEAR ENDED 30 JUNE 2017

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ORIGAMI ENERGY LIMITED

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ORIGAMI ENERGY LIMITED

COMPANY INFORMATION

DIRECTORS:

Peter Bance
Oliver Burstall
Simon King
Nick Emery
Andrew Williamson

COMPANY SECRETARY:

Irene Hurrell (appointed 29 September 2017)

REGISTERED OFFICE:

Ashcombe Court
Woolsack Way
Godalming
Surrey GU7 1LQ

REGISTERED NUMBER:

8619644 (England and Wales)

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditor
Abacus House
Castle Park
Cambridge
CB3 0AN

ORIGAMI ENERGY LIMITED

STRATEGIC REPORT

The directors present their Strategic Report on the group and company for the year ended 30 June 2017.

REVIEW OF BUSINESS

The results for the year and financial position are as shown in the group financial statements on pages 8 to 11. The group and company continues the development and commercialisation of technology to enable the control and management of distributed energy assets and electricity storage assets

KEY PERFORMANCE INDICATORS ("KPIS")

During the year ended 30 June 2017 the group and company began to commercialise the technology that has been developed over the previous two financial years, and earned its first revenue of £72,367.

RISKS AND UNCERTAINTIES

As an early stage company the group faces many risks and uncertainties. The main risks and uncertainties are reviewed by the Board every month and when risks are judged to be severe impact and high likelihood a mitigation plan is put in place.

As stated in the Financial Risk Management section of the Directors' Report the main risk is Going Concern and steps are being taken by the Board to review and monitor spending and secure additional funding through a fundraising process.

This report was approved by the board of directors and signed on behalf of the board by:



.....
Peter Bance (Director)

Date: 2 Nov. 2017

ORIGAMI ENERGY LIMITED

DIRECTORS' REPORT

The directors present their report with the audited financial statements of the group and company for the year ended 30 June 2017.

The financial statements have been prepared under FRS 102 for the first time for the year to 30 June 2017. Details of the transition to FRS 102 are given in note 20 to the financial statements.

REVIEW OF BUSINESS

The results for the year and financial position are as shown in the group and company financial statements on pages 8 to 11. The group and company continues the development and commercialisation of technology to enable the control and management of distributed energy assets.

DIRECTORS

The directors shown below have held office during the year and up to the date of this report.

Peter Bance
Oliver Burstall
Simon King
Nick Emery

The following director was appointed during the year and hold office at the date of this report.

Andrew Williamson (appointed 23 June 2017).

The following directors were resigned during the year.

Victor Christou (resigned 20 June 2017).
Amanda King (resigned 29 September 2017)

FINANCIAL RISK MANAGEMENT

The directors have considered the need to disclose financial risks material to the group and company. At this stage in the group's and company's development, the directors are of the opinion that there are no material price, credit, liquidity or interest rate risks. It is recognised that, as stated in the Going Concern note below, that additional funding will be required to carry out all future development.

RESEARCH AND DEVELOPMENT

Origami Energy is in the process of developing and commercialising ground-breaking technology which will monitor, communicate with and control existing industrial and commercial energy-generating, energy-using and energy-storing assets so that they can be used to increase the marginal capacity of the electricity network, improve the security of supply and reduce carbon emissions by reducing the need for "dirty" peaking generation plants and enabling more renewables to be connected to the grid. This new technology goes beyond the current state of knowledge in the industry and the first, most basic, implementation of the technology was deployed into the field for revenue generating activities in the second half of the period. Whilst the present deployment means that the company focus is no longer 100% on research and development, there is still considerable innovative activity aimed at overcoming uncertainty, particularly around automation and optimisation of the system.

ORIGAMI ENERGY LIMITED

DIRECTORS' REPORT (CONTINUED)

GOING CONCERN

The Financial Statements have been prepared on the going concern basis which assumes that the Group and Company will continue in operational existence for the foreseeable future.

The cash on hand at the date of approval of the financial statements is not sufficient for the Group and Company to continue in operational existence for the period of 12 months after the date of signing these financial statements. Additional funding is required within 12 months to support the forecast working capital requirements.

Receipt of these additional funds is conditional upon the Company raising further funding from its existing and new investors, which is not certain. This condition represents a material uncertainty that may cast significant doubt on the Group's and Company's ability to continue as a going concern, and it may therefore be unable to realise its assets and discharge its liabilities in the normal course of business. The directors reasonably expect, based on previous successful funding rounds, that sufficient funding will be found within the required timeframe and hence it is appropriate that these financial statements are prepared on a going concern basis.

If the Group and Company were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to revise the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise on closure of the business, and to reclassify fixed assets as current.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.


ORIGAMI ENERGY LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

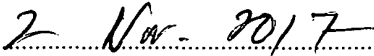
INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report was approved by the board of directors and signed on behalf of the board by:



.....
Peter Bance (Director)



.....
Date

Independent auditors' report to the members of Origami Energy Limited

Report on the audit of the financial statements

Opinion

In our opinion, Origami Energy Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2017 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 30 June 2017; the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty relating to going concern – Group and Company

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3 to the financial statements concerning the group's and company's ability to continue as a going concern. The group's and company's ability to continue in operational existence for a period of 12 months from the date of signing these financial statements is dependent on the company securing further funding from investors. These conditions, along with the other matters explained in note 3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and company were unable to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Origami Energy Limited

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

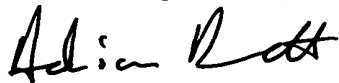
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Adrian Bennett (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge

2 November 2017

ORIGAMI ENERGY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

| | Note | Year ended 30 June 2017 £ | Year ended 30 June 2016 £ |
|---|----------|---------------------------------|---------------------------------|
| TURNOVER | | 72,367 | - |
| Cost of sales | | (277,501) | - |
| GROSS (LOSS)/ RESULT | | (205,134) | - |
| Administrative expenses | | (7,233,028) | (4,304,470) |
| Other operating income | | - | 8,000 |
| OPERATING LOSS | 5 | (7,438,162) | (4,296,470) |
| Interest receivable and similar income | | 32,950 | 25,836 |
| LOSS BEFORE TAXATION | | (7,405,212) | (4,270,634) |
| Tax on loss | 8 | 566,364 | 617,252 |
| LOSS FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE LOSS | | (6,838,848) | (3,653,382) |

The Group and Company have no other comprehensive income or expenditure.

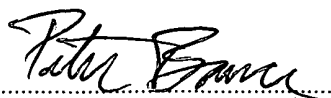
ORIGAMI ENERGY LIMITED

CONSOLIDATED AND COMPANY BALANCE SHEETS
AS AT 30 JUNE 2017

| | Note | Group 30 June 2017 £ | Group 30 June 2016 £ | Company 30 June 2017 £ | Company 30 June 2016 £ |
|---|------|-------------------------------|-------------------------------|---------------------------------|---------------------------------|
| FIXED ASSETS | | | | | |
| Intangible assets | 9 | 39,600 | 45,485 | 39,600 | 45,485 |
| Tangible assets | 10 | 409,103 | 289,784 | 409,103 | 289,784 |
| Investments | 11 | - | - | 100 | - |
| | | 448,703 | 335,269 | 448,803 | 335,269 |
| CURRENT ASSETS | | | | | |
| Debtors | 12 | 939,017 | 531,301 | 1,458,962 | 531,301 |
| Investments | 13 | 2,900,000 | 11,400,000 | 2,900,000 | 11,400,000 |
| Cash at bank and in hand | | 2,754,569 | 1,074,086 | 2,754,569 | 1,074,086 |
| | | 6,593,586 | 13,005,387 | 7,113,531 | 13,005,387 |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 14 | (664,087) | (460,857) | (664,087) | (460,857) |
| NET CURRENT ASSETS | | 5,929,499 | 12,544,530 | 6,449,444 | 12,544,530 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 6,378,202 | 12,879,799 | 6,898,247 | 12,879,799 |
| NET ASSETS | | 6,378,202 | 12,879,799 | 6,898,247 | 12,879,799 |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 15 | 337 | 337 | 337 | 337 |
| Share premium account | | 17,670,992 | 17,670,992 | 17,670,992 | 17,670,992 |
| Share based payments | | 976,575 | 639,324 | 976,575 | 639,324 |
| Other reserves | | (12,269,702)) | (5,430,854) | (11,749,657) | (5,430,854) |
| TOTAL SHAREHOLDERS' FUNDS | | 6,378,202 | 12,879,799 | 6,898,247 | 12,879,799 |

The notes on pages 12 to 24 are an integral part of these financial statements.

The financial statements on pages 8 to 24 were approved by the Board of Directors on 2 Nov-2017 and were signed on its behalf by:



Peter Bance
Director

Registration number 8619644

ORIGAMI ENERGY LIMITED

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2017

Group

| 2017 | Note | Called up share capital | Share premium | Retained earnings | Share based payments reserve | Total |
|---|------|----------------------------|------------------|----------------------|------------------------------------|-------------|
| | | £ | £ | £ | £ | £ |
| Opening Balance | | 337 | 17,670,992 | (5,430,854) | 639,324 | 12,879,799 |
| Loss for the year and total comprehensive loss | | - | - | (6,838,848) | - | (6,838,848) |
| Share based payments | 7 | - | - | - | 337,251 | 337,251 |
| Closing Balance | | 337 | 17,670,992 | (12,269,702) | 976,575 | 6,378,202 |

| 2016 | Note | Called up share capital | Share premium | Retained earnings | Share based payments reserve | Total |
|---|------|----------------------------|------------------|----------------------|------------------------------------|-------------|
| | | £ | £ | £ | £ | £ |
| Opening Balance | | 100 | 4,000,196 | (1,777,472) | - | 2,222,824 |
| Issued in the year | | 237 | 13,670,796 | - | - | 13,671,033 |
| Loss for the year and total comprehensive loss | | - | - | (3,653,382) | - | (3,653,382) |
| Share based payments | 7 | - | - | - | 639,324 | 639,324 |
| Closing Balance | | 337 | 17,670,992 | (5,430,854) | 639,324 | 12,879,799 |

Company

| 2017 | Note | Called up share capital | Share premium | Retained earnings | Share based payments reserve | Total |
|---|------|----------------------------|------------------|----------------------|------------------------------------|-------------|
| | | £ | £ | £ | £ | £ |
| Opening Balance | | 337 | 17,670,992 | (5,430,854) | 639,324 | 12,879,799 |
| Loss for the year and total comprehensive loss | | - | - | (6,318,803) | - | (6,318,803) |
| Share based payments | 7 | - | - | - | 337,251 | 337,251 |
| Closing Balance | | 337 | 17,670,992 | (11,749,657) | 976,575 | 6,898,247 |

| 2016 | Note | Called up share capital | Share premium | Retained earnings | Share based payments reserve | Total |
|---|------|----------------------------|------------------|----------------------|------------------------------------|-------------|
| | | £ | £ | £ | £ | £ |
| Opening Balance | | 100 | 4,000,196 | (1,777,472) | - | 2,222,824 |
| Issued in the year | | 237 | 13,670,796 | - | - | 13,671,033 |
| Loss for the year and total comprehensive loss | | - | - | (3,653,382) | - | (3,653,382) |
| Share based payments | 7 | - | - | - | 639,324 | 639,324 |
| Closing Balance | | 337 | 17,670,992 | (5,430,854) | 639,324 | 12,879,799 |

ORIGAMI ENERGY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

| | Note | 2017 £ | 2016 £ |
|---|------|--------------------|---------------------|
| Net cash from Operating Activities | 19 | (6,959,446) | (3,138,487) |
| Taxation received | | 466,364 | 267,252 |
| Net cash generated from Operating Activities | | (6,493,082) | (2,871,235) |
| Cash flow from Investing Activities: | | | |
| Purchase of Intangible Assets | | (18,603) | (28,262) |
| Purchase of Tangible Assets | | (340,940) | (293,812) |
| Proceeds from disposal of tangible fixed assets | | 158 | - |
| Short term investment release / (deposits) | | 8,500,000 | (11,400,000) |
| Interest received | | 32,950 | 25,836 |
| Net Cash used in Investing Activities | | 8,173,565 | (11,696,238) |
| Cash flow from Financing activities: | | | |
| Issue of shares | | - | 13,670,933 |
| Repayment of director's loan | | - | (70,000) |
| Net Cash used in Financing Activities | | - | 13,600,933 |
| NET (DECREASE)/ INCREASE IN CASH | | 1,680,483 | (966,540) |
| Cash at the start of the year | | 1,074,086 | 2,040,626 |
| Cash at the end of the year | | 2,754,569 | 1,074,086 |
| Cash consists of: | | | |
| Cash at bank and in hand | | 2,754,569 | 1,074,086 |
| CASH AT THE END OF THE YEAR | | 2,754,569 | 1,074,086 |

ORIGAMI ENERGY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Origami Energy Limited ('the Company') and its subsidiary (together 'the Group') operate in the UK.

The company is a private company limited by shares and is incorporated in England. The address of its registered office is Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ.

2. STATEMENT OF COMPLIANCE

The Group and individual financial statements of Origami Energy Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The financial statements have been prepared under FRS 102 for the first time for the year to 30 June 2017. Details of the transition to FRS 102 are given in note 20 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These Group and Company financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies.

The Company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

Going Concern

The Financial Statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

The cash on hand at the date of approval of the financial statements is not sufficient for the Group and Company to continue in operational existence for the period of 12 months after the date of signing these financial statements. Additional funding is required within 12 months to support the forecast working capital requirements.

Receipt of these additional funds is conditional upon the Company raising further funding from its existing and new investors, which is not certain. This condition represents a material uncertainty that may cast significant doubt on the Group's and Company's ability to continue as a going concern, and it may therefore be unable to realise its assets and discharge its liabilities in the normal course of business. The directors reasonably expect, based on previous successful funding rounds, that sufficient funding will be found within the required timeframe and hence it is appropriate that these financial statements are prepared on a going concern basis.

If the Group and Company were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to revise the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise on closure of the business, and to reclassify fixed assets as current.

ORIGAMI ENERGY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions in its individual financial statements:

- i. from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;
- ii. from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;
- iii. from disclosing share based payment arrangements, required under FRS 102 paragraphs 26.18(c), 26.19 to 26.21 and 26.23, concerning its own equity instruments. The Company financial statements are presented with the consolidated financial statements and the relevant disclosures are included therein;
- iv. from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 June 2017.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Foreign Currency

i. Functional and presentation currency

The Group and Company financial statements are presented in pound sterling. The Group's and Company's functional and presentation currency is the pound sterling.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account. All foreign exchange gains and losses are presented in the profit and loss account.

ORIGAMI ENERGY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

i Services – Electricity flexibility

The Group earns revenue from providing electricity flexibility to major electricity system players. Revenue is recognised on a monthly basis at a fixed rate for electricity flexibility that is made available to customers.

ii Services – Battery installation

The Group recognises Battery installation revenue where the storage battery asset is successfully installed, commissioned and tested and the amount of revenue arising can be measured reliably

Employee benefits

i Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii Defined contribution pension plans

The Group operates a defined contribution plans for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

iii Share-based payments

Equity-settled arrangements are measured at fair value (excluding the effect on nonmarket based vesting conditions) at the date of the grant. The share option vest in tranches determined at the date of grant and the fair value is expensed over the vesting period of the respective tranche. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

Taxation

i Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

ii Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

ORIGAMI ENERGY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Intangible fixed assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

| | |
|----------|---------|
| Software | 3 years |
|----------|---------|

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the assets to its working condition for its intended use. Depreciation is provided at the following annual rate in order to write off each asset over its estimated useful life:

| | |
|----------------------------|--------------------|
| Hardware and Lab equipment | 3 years |
| Office equipment | 3 years |
| Office fit out costs | Over term of lease |
| Energy Routers | 15 years |

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Investment in Subsidiaries

Investment in subsidiaries are accounted for at cost.

4. ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

ORIGAMI ENERGY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

5. OPERATING LOSS

The Group operating loss is stated after charging:

| | Year ended 30 June 2017 £ | Year ended 30 June 2016 £ |
|---|------------------------------------|------------------------------------|
| Wages and salaries | 3,413,968 | 1,749,912 |
| Social security costs | 399,511 | 204,289 |
| Other pension costs | 81,466 | 4,229 |
| Share based payments | 337,251 | 639,324 |
| Staff costs charged to profit and loss | <u>4,232,196</u> | <u>2,597,754</u> |
| Loss on disposal of fixed assets | <u>441</u> | <u>-</u> |
| Fees payable to the Company's auditors and its associates for the audit of the parent Company and the Group's consolidated financial statements | 6,650 | 6,550 |
| Audit of the Company's subsidiaries | 2,500 | - |
| Tax compliance services of the Company's subsidiaries | 2,250 | - |
| Tax advisory and compliance services | 8,600 | 7,950 |
| Total amount payable to the Company's auditors and its associates | <u>20,000</u> | <u>14,500</u> |
| Operating lease charge | <u>329,732</u> | <u>117,247</u> |

6. STAFF COSTS

Employees

The average monthly number of employees (including executive directors) employed by the group during the year was as follows:

| | Year ended 30 June 2017 Number | Year ended 30 June 2016 Number |
|-------------------------------|---|---|
| Directors | 4 | 3 |
| Administration and operations | <u>52</u> | <u>29</u> |
| | <u>56</u> | <u>32</u> |

The average monthly number of employees (including executive directors) employed by the company during the year was as follows:

| | Year ended 30 June 2017 Number | Year ended 30 June 2016 Number |
|-------------------------------|---|---|
| Directors | 4 | 3 |
| Administration and operations | <u>47</u> | <u>29</u> |
| | <u>51</u> | <u>32</u> |

ORIGAMI ENERGY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

6. STAFF COSTS – continued

Directors

The directors' emoluments were as follow:

| | Year ended 30 June 2017 £ | Year ended 30 June 2016 £ |
|--|------------------------------------|------------------------------------|
| Aggregate remuneration | 293,858 | 240,258 |
| Pension Contribution | 5,600 | - |
| Sums paid to third parties for directors' services | 60,000 | 46,667 |
| | <u>359,458</u> | <u>286,925</u> |

No share options were exercised in the year.

Highest Paid Director

The highest paid directors' emoluments were as follow:

| | Year ended 30 June 2017 £ | Year ended 30 June 2016 £ |
|------------------------|------------------------------------|------------------------------------|
| Aggregate remuneration | 99,275 | 88,737 |
| Pension Contribution | 2,900 | - |
| | <u>102,175</u> | <u>88,737</u> |

No share options were exercised in the year.

7. SHARE BASED PAYMENTS

The Group has an Enterprise Management Incentive share option scheme for all employees. The options vest in three equal tranches after 1, 2 and 3 years from grant date subject to continued employment within the company. The option period commences from the grant date and ends on the date prior to the tenth anniversary of the grant date.

A reconciliation of share option movements over the year to 30 June is shown below.

| | 2017 | | 2016 | |
|-------------------|----------|---------------------------------------|---------|------------------------------------|
| | Number | Weighted average exercise price | Number | Weighted average exercise price |
| | | £ | | £ |
| Opening Balance | 245,860 | 0.83 | 223,200 | 0.71 |
| Option granted | 77,740 | 2.00 | 33,660 | 1.06 |
| Options exercised | - | - | (1,166) | - |
| Options expired | (18,910) | - | (9,834) | - |
| Closing Balance | 304,690 | 1.13 | 245,860 | 0.83 |

The fair value of the share options granted during the year is determined using the Black Scholes model. Relevant market assumptions have been used and the model is internationally recognised as being appropriate to value employee share options. The total charge for the year was £337,251 (2016 £639,324).

ORIGAMI ENERGY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

8. TAX ON LOSS

| | Year ended 30 June 2017 £ | Year ended 30 June 2016 £ |
|--|------------------------------------|------------------------------------|
| Tax credit included in profit and loss account | | |
| Research and development tax credit at 14.5% (2016: 14.5%) | (450,000) | (350,000) |
| Adjustment in respect of prior years | <u>(116,364)</u> | <u>(267,252)</u> |
| Tax on loss on ordinary activities | <u>(566,364)</u> | <u>(617,252)</u> |

The tax assessed for the year is lower (2016: lower) than the standard effective rate of corporation tax in the UK for the year ended 30 June 2017 of 20% (2016: 20%). The differences are explained below:

| | Year ended 30 June 2017 £ | Year ended 30 June 2016 £ |
|--|------------------------------------|------------------------------------|
| Reconciliation of income tax charge | | |
| Loss on ordinary activities before taxation | (7,438,162) | (4,296,470) |
| Corporation tax charge at 20% (2016: 20%) | <u>(1,487,632)</u> | <u>(859,294)</u> |
| Effects of: | | |
| Losses carried forward to offset against future profit | 1,043,758 | 463,415 |
| Adjustment in respect of prior year | (116,364) | (267,252) |
| Other items | <u>(6,126)</u> | <u>37,879</u> |
| Total tax for the year | <u>(566,364)</u> | <u>(625,252)</u> |

No corporation tax liability arises on the results for the period due to the loss incurred.

The Company had potential deferred tax assets at the prevailing rate of 17% in relation to tax losses carried forward of £1,449,437 (2016: £562,242). The deferred tax asset is not recognised as there is insufficient evidence that they are recoverable. The deferred tax asset would be recoverable if the Company were to become profitable in the future.

ORIGAMI ENERGY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

9. INTANGIBLE ASSETS

Group and Company

| | Software £ | Total £ |
|---------------------------------|-----------------------|----------------------|
| COST | | |
| At 1 July 2016 | 65,386 | 65,386 |
| Additions | <u>18,603</u> | <u>18,603</u> |
| At 30 June 2017 | <u>83,989</u> | <u>83,989</u> |
| ACCUMULATED AMORTISATION | | |
| At 1 July 2016 | 19,901 | 19,901 |
| Charge for year | <u>24,488</u> | <u>24,488</u> |
| At 30 June 2017 | <u>44,389</u> | <u>44,389</u> |
| NET BOOK VALUE | | |
| At 30 June 2017 | <u>39,600</u> | <u>39,600</u> |
| At 30 June 2016 | <u>45,485</u> | <u>45,485</u> |

ORIGAMI ENERGY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

10. TANGIBLE ASSETS

Group and Company

| | Hardware and Lab Equipment £ | Office Equipment £ | Office Fit Out Costs £ | Energy Routers £ | Total £ |
|-------------------------------------|---|-----------------------------------|---------------------------------------|---------------------------------|--------------------|
| COST | | | | | |
| At 1 July 2016 | 389,236 | 19,965 | - | - | 409,201 |
| Additions | 144,721 | 48,099 | 73,230 | 74,890 | 340,940 |
| Disposals | - | (1,419) | - | - | (1,419) |
| At 30 June 2017 | 533,957 | 66,645 | 73,230 | 74,890 | 748,722 |
| ACCUMULATED DEPRECIATION | | | | | |
| At 1 July 2016 | 113,827 | 5,590 | - | - | 119,417 |
| Charge for year | 155,271 | 18,068 | 45,769 | 1,913 | 221,021 |
| Eliminated on disposals | - | (819) | - | - | (819) |
| At 30 June 2017 | 269,098 | 22,839 | 45,769 | 1,913 | 339,619 |
| NET BOOK VALUE | | | | | |
| At 30 June 2017 | 264,859 | 43,806 | 27,461 | 72,977 | 409,103 |
| At 30 June 2016 | 275,409 | 14,375 | - | - | 289,784 |

11. INVESTMENTS

Group

The Group had no fixed asset investments in the year (2016: nil)

Company

**Origami
Storage
Limited
£**

COST AND NET BOOK VALUE

Issued 100 £1 ordinary shares on incorporation 19 October 2016

At 30 June 2017

100

100

The registered office address of Origami Storage Limited is Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ.

The Company owns 100% of the share capital of Origami Storage Limited and it is included in the consolidation.

ORIGAMI ENERGY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

12. DEBTORS

| | Group At 30 June 2017 £ | Group At 30 June 2016 | Company At 30 June 2017 £ | Company At 30 June 2016 |
|-------------------------------------|--|--------------------------------------|--|--|
| Short term bank bonds | 49,955 | - | 49,955 | - |
| Amounts owed by group undertakings | - | - | 580,045 | - |
| Other debtors | 439,062 | 181,301 | 378,962 | 181,301 |
| Research and development tax credit | 450,000 | 350,000 | 450,000 | 350,000 |
| | 939,017 | 531,301 | 1,458,962 | 531,301 |

The amount due from the group undertakings is repayable on demand.

13. INVESTMENTS

Group and Company

| | 2017 £ | 2016 £ |
|-----------------------|-------------------|-------------------|
| 95 Day notice account | 2,900,000 | 11,400,000 |
| | 2,900,000 | 11,400,000 |

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Group and Company

| | 2017 £ | 2016 £ |
|------------------------------|-------------------|-------------------|
| Trade creditors | 235,126 | 221,220 |
| Taxation and social security | 140,310 | 69,721 |
| Accruals and deferred income | 288,651 | 169,916 |
| | 664,087 | 460,857 |

ORIGAMI ENERGY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15. CALLED UP SHARE CAPITAL

Group and Company

**Allotted, issued and fully paid:
Number:**

| | Class: | Nominal | 30 June 2017 £ | 30 June 2016 £ |
|-----------------------------|---------------|----------------|-------------------------------|-------------------------------|
| 1,001,166 (2016: 1,001,166) | Ordinary | £0.0001 | 100 | 100 |
| 2,367,074 (2016: 2,367,074) | A Ordinary | £0.0001 | 237 | 237 |
| | | | 337 | 337 |

The Ordinary shares and A Ordinary shares have equal rights and are ranked pari passu.

During the year ended 30 June 2014 875,000 A Ordinary £0.0001 shares were issued for consideration of £3,500,000 on which share premium of £3,499,912 arose. During the year ended 30 June 2015 125,074 A Ordinary £0.0001 shares were issued for consideration of £500,296 on which share premium of £500,284 arose. During the year ended 30 June 2016 1,367,000 A Ordinary £0.0001 shares were issued for consideration of £13,670,000 on which share premium of £13,669,863 arose and 1,166 Ordinary £0.0001 share options were exercised on which share premium of £933 arose.

16. RELATED PARTY DISCLOSURES

During the year, Octopus Investments and Cambridge Innovation Capital, who employ two of the Directors (Simon King and Victor Christou respectively) each received a monitoring fee of £20,000 (2016: £20,000) and Fred Olsen, who is the employer of one of the Directors (Nick Emery) received £20,000 (2016: £6,667).

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the group

In the opinion of the directors there is no ultimate parent or controlling party.

17. WARRANTS

The company has issued warrants for warrant holders to subscribe for up to 28,126 £0.0001 A ordinary shares (Warrant Shares). (2016: 28,126).

18. FINANCIAL COMMITMENTS

The future minimum operation lease payments are as follows:

Group and Company

| | 30 June 2017 £ | 30 June 2016 £ |
|---|-------------------------------|-------------------------------|
| Expiry date: | | |
| Not later than one year | 204,063 | 47,742 |
| Later than one year and not later than five years | - | 14,260 |
| | 204,063 | 62,002 |

The operating leases relate to the offices and laboratories in Cambridge and London.

ORIGAMI ENERGY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19. CASH FLOW FROM OPERATIONS

| | Year ended 30 June 2017 £ | Year ended 30 June 2016 £ |
|--|------------------------------------|------------------------------------|
| Loss for the financial year | (6,838,848) | (3,653,382) |
| Tax on profit on ordinary activities | (566,364) | (599,945) |
| Net interest expense | (32,950) | (25,836) |
| Operating Profit | (7,438,162) | (4,279,163) |
| Amortisation of Intangible Assets | 24,488 | 14,983 |
| Depreciation of Tangible Assets | 221,022 | 101,624 |
| Loss on disposal of tangible assets | 441 | - |
| Share based payments charge | 337,251 | 639,324 |
| Working capital movements: | | |
| (Increase)/ decrease in debtors | (307,716) | 103,665 |
| Increase in creditors | 203,230 | 281,080 |
| Cash flow from Operating Activities | (6,959,446) | (3,138,487) |

20. FRS 102 TRANSITION

This is the first year that the Group and Company has presented its results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 30 June 2016. The date of transition to FRS 102 was 1 July 2015. Set out below are the changes in accounting policies which reconcile loss for the financial year ended 30 June 2016 and the profit and loss account as at 1 July 2015 and 30 June 2016 between UK GAAP as previously reported and FRS 102. There is no change to the total equity as at 1 July 2015 and 30 June 2016 between UK GAAP as previously reported and FRS 102.

a) Loss for the financial year

| | 2016 £ |
|--|------------------|
| UK GAAP as previously reported | 3,014,058 |
| Share based payments charge | 639,324 |
| Restated Loss for the year ended 30 June 2016 | 3,653,382 |

On transition to FRS102 the Company has recorded a share option charge in respect of options issued in the year ended 30 June 2016.

b) Balance sheet – equity

There is no change in reported equity as a result of the transition to FRS102.

ORIGAMI ENERGY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

20. FRS 102 TRANSITION - continued

In addition to the transition adjustment arising above which affect loss for the financial year the following adjustment has arisen which has had no effect on net equity or profit and loss account but which has affected the presentation of this item in the balance sheet.

Computer software with a net book value of £32,206 at 1 July 2015 has been reclassified from tangible to intangible assets as required under FRS 102. This has no effect on the company's net assets nor on the loss for the year, except that the previous depreciation charge is now described as amortisation.