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***iQ International AG***

***Zug***

***iQ Power Licensing AG***

***Zug***

***Report of the jointly  
appointed auditor  
of the merger***

***to the Boards of Directors***





# ***Report of the jointly appointed auditor of the merger***

***to the Boards of Directors of***

***iQ International AG, Zug and***

***iQ Power Licensing AG, Zug***

iQ International AG, Zug and iQ Power Licensing AG, Zug have concluded an agreement dated 19 November 2018 concerning the planned merger of the two companies, whereby iQ International AG will absorb iQ Power Licensing AG as of 8 November 2018 with retroactive effect by means of a merger in accordance with article 3 para. 1 lit. a Merger Act. The merger is subject to approval by the General Meetings of both companies, which are both intended to be held on 20 December 2018, respectively, and any other conditions set out in the merger agreement. The merger becomes legally binding upon its entry in the commercial register.

In accordance with article 15 para. 1 Merger Act, the Boards of Directors of iQ International AG and iQ Power Licensing AG have jointly appointed us as the auditor of the merger.

## ***Boards of Directors' responsibility***

The Boards of Directors of the companies involved in the merger are responsible for the preparation and the contents of the merger agreement dated 19 November 2018, the merger report dated 19 November 2018 and the balance sheet of iQ Power Licensing AG as of 7 November 2018 used as the basis for the merger, as well as for their conformity to the legal provisions.

## ***Responsibility of the jointly appointed auditor of the merger***

Our responsibility is to express an opinion on the merger agreement, merger report and the balance sheet of iQ Power Licensing AG (collectively the subject matters) used as the basis for the merger in accordance with article 15 para. 4 Merger Act, based on our audit of the aspects relating to the valuations. We conducted our audit according to the principles of the Recommendation for Audits No. 30: audits in accordance with the Swiss Federal Act on Mergers, Demergers, Transformations and Transfers of Assets and Liabilities. The Recommendation for Audits requires that we adhere to the professional rules of conduct and plan and perform the audit to obtain reasonable assurance as to whether the above-mentioned subject matters are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the disclosures made in the above-mentioned subject matters. The procedures selected depend on the auditor's judgement. This includes the assessment of the risks of material misstatements in the above-mentioned subject matters, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**Opinion**

With reference to article 15 para. 4 Merger Act, our assessment is as follows:

- *Capital increase*  
The planned capital increase of iQ International AG, as the absorbing company, is sufficient to ensure the rights of the shareholders of iQ Power Licensing AG, as the absorbed company.
- *Justification of the share exchange ratio*  
The shareholders of the absorbed company shall receive, for their 686'359'876 registered shares with a nominal value of CHF 0.01, all registered and newly issued shares of iQ International AG, i.e. 26'398'456 (after capital increase) shares with a nominal value of CHF 0.01. The exchange ratio is therefore 26:1. As the shareholders of iQ Power Licensing AG will hold directly the same share in iQ International AG after the merger (reverse merger), the exchange ratio is justifiable.
- *Applied method to determine the share exchange ratio*  
As the shareholders of the absorbed iQ Power Licensing AG receive all registered and newly issued shares of the absorbing iQ International AG there is no need for a valuation of the merging companies with regard to the determination of the share exchange ratio.

PricewaterhouseCoopers AG

Christian Kessler  
Audit expert

Thomas Senn  
Audit expert

Zürich, 19 November 2018

Enclosures (to the original copy of the report):

- Merger agreement as of 19 November 2018
- Merger report as of 19 November 2018
- Balance sheet of iQ Power Licensing AG used as the basis of the merger as of 7 November 2018