

9-Month Report 2014



automechanika
innovationaward



The ECO.
Award-winning
and TÜV tested.





Table of contents

Remarks from the CEO	3
Consolidated financial statements	6
Consolidated Balance Sheet	6
Consolidated Statement of Comprehensive Income	7
Consolidated Statement of Cashflow	8
Disclaimer	9
Contact	10

2nd Interim Report – 30. September. 2014 – Management Report

Remarks from the CEO

Dear Shareholders and Stakeholders.

In the first nine months of 2014 iQ Power AG was able to accomplish significant progress in the execution of its strategy as Licensor for Technology. iQ Power AG was able to record significant income and also to greatly reduce the of the company.

Revenues during the first 9 month

The net revenue for the period was EUR 761k (vs. 1st 9 months of 2013: EUR 12k). The large increase was due to the start of sales of the strategic licensee, Discover Energy and the conclusion of the license contract with the Brazilian licensee including an upfront royalty payment.

The net revenues are a combination of sales from plastic parts and license income. Due to contractual confidentiality commitments, the revenue per licensee may not be disclosed.

Losses for the first 9 months were reduced by 70%. The loss after tax was EUR 356k (versus 1st 9 months of 2013: loss of EUR 1.153k). The reduction in losses is due to the increased license revenues as the expenses of the company remained constant at EUR 1.1 million for the 9 months versus the same period in 2013. The total assets of the company were EUR 4,7 million and cash-on-hand was EUR 827k. The equity as a percent of total assets improved to 55% (versus 30.Sept.2013: 27%).

Sales Forecast

A sales forecast for the total year 2014 can not be made at this time due to the unclear situation at the licensee and Joint Venture, iQ Power Asia, Gwangju, Korea and the early phase of sales of the strategic licensee, Discover Energy, however iQ Power AG anticipates a reduced income in the 4th Quarter of 2014 but thereafter a continual and steady increase in revenues in the 2nd half of 2014. Given the lean cost structure and the good results from the first nine months, iQ Power AG anticipates a significant improvement in all financials for 2014 versus 2013.

Capital Increase & Financing

The successful capital increase and results from the first half of 2014 has strengthened the financial stability of the company significantly. The administrative closing of the capital increase was finalized in early October. All shares have been issued to investors. The delay was due to technical difficulties with the banks conducting the capital increase.

The financing of the strategy to source own tooling for the many and varied plastic parts of the new iQ2 technology remains a challenge, on which management is actively working. The iQ2 parts can be used almost universally by all battery manufacturers. This allows a much quicker integration of the iQ Power technology at existing battery factories. Licensees must no longer risk capital to create their own tooling for the plastic parts.

Although tooling exists for the most important battery sizes, there remains a large number of tools, including commercial (truck) batteries, to be produced to complete the necessary product portfolio. This is especially important because many potential licensees see commercial sizes as the best use of iQ Power technology. All passenger car size tooling has been sourced, however further changes are needed to optimize ease of manufacturing for the battery assembly lines.

Licensing Agreement & Outlook

As reported previously, the company accomplished a significant step towards OEM business through the conclusion of the license agreement with the Brazilian battery manufacturer, Moura Baterias. Prototypes have been delivered for production of samples for testing at major automobile manufacturers. The testing at automobile manufacturers will take a long time before significant orders can be placed because the batteries include many new technical enhancements.

Management is in various stages of discussions with several OEM-oriented battery manufacturers. OEM automotive manufacturers are under pressure to reduce CO2 and fuel consumption and are using increasingly the start-stop engines to meet the tighter regulations. iQ Power technology increases the cycle lifetime of the starter battery, which is a key criteria for batteries under the stress of multiple starts and stops per day. iQ Power technology is affordable and has no negative side effects on the electrics or electronics of the vehicle.

The situation for all other major licensees remains unchanged from the last reporting period.

Bob Sullivan, CEO / Management



Consolidated Balance Sheet

in EUR 1,000	30 September 2014	31 December 2013
Assets		
Cash and cash equivalents	827	65
Accounts receivables, trade	65	57
Receivables against associated companies	87	87
Other receivables	196	129
Prepayments to suppliers	200	0
Current assets	1.375	338
Tangible assets	251	175
Intangible assets	608	747
Shares in affiliated companies	2.168	2.168
Long-term financial assets	328	326
Non-current assets	3.355	3.416
Total assets	4.730	3.754
Liabilities and Shareholders' Equity		
Accounts payables, trade	130	483
Other liabilities	5	51
Accrued expenses	860	949
Accruals	295	318
Convertible bond	261	289
Other loans	0	76
Current liabilities	1.551	2.166
Accruals	222	212
Borrowing from shareholder	378	363
Non-current liabilities	600	575
Share capital	13.804	12.390
Additional paid-in capital and other reserves	14.314	13.811
Treasury shares	0	-5
Accumulated deficit	-25.539	-25.183
Shareholders' equity	2.579	1.013
Total liabilities and shareholders' equity	4.730	3.754

Consolidated Statement of Comprehensive Income

in EUR 1,000	Jan.-Sep. 2014	Jan.-Sep. 2013	
Revenues	761	12	
Cost of sales	0	0	
Gross Margin	761	12	
Research and Development expenses	-320	-261	
General and Administrative expense, net	-729	-806	
Operating Margin	-288	-1.055	
Financial income	19	9	
Financial expense	-79	-107	
Loss before income tax	-348	-1.153	
Tax	-8	0	
Total loss after tax	-356	-1.153	
Other comprehensive income for the year, net of tax	0	0	
Total comprehensive income for the year	-356	-1.153	
Loss attributable to:			
Owners of the parent	100%	-356	-1.153
Minority interest		0	0



Consolidated Statement of Cashflow

in EUR 1,000	Jan.-Sep. 2014	Jan.-Sep. 2013
Net loss (after tax)	-356	-1.153
Adjustments:		
Financial result - net	60	98
Depreciation, amortisation	185	176
Other non-cash (income) / expense	-15	8
Net cashflow before changes in working capital	-126	-871
(Increase) / decrease in receivables and other current assets	-275	-155
Increase / (decrease) in payables and other current liabilities	-399	171
Increase / (decrease) in accruals and accrued expenses	-102	-321
Operating activities	-902	-1.176
Interest paid	-42	-36
Net cash used in operating activities	-944	-1.212
Interest received	1	9
Investments in property, plant and equipment	-121	-71
Repayments received from financial assets	0	29
Cashflow from non-discontinuing operations	0	-386
Net cash used in investing activities	-120	-419
Free Cash Flow	-1.064	-1.631
Issuance of convertible bonds / liability component	0	100
Repayments from borrowings	-76	-170
Repayments convertible bond	-35	-23
Sale of treasury shares	12	0
Proceeds from issuance of shares, net	1.925	828
Net cash from financing activities	1.826	735
Net decrease in cash and cash equivalents	762	-896
Foreign currency differences	0	0
Cash and cash equivalents at the beginning of the period	65	937
Cash and cash equivalents at the end of the period	827	41

Disclaimer

The iQ Power AG 9-Month Interim Report 2014 contains forward-looking statements about expected developments. These statements are based on current estimates and are inherently subject to risks and uncertainties. Actual developments may differ materially from those statements formulated. The Interim Report is not audited.



Contact

Contact

iQ POWER AG
Metallstrasse 6
CH – 6304 Zug
Switzerland

Tel.: +41 (0)41 768 03 63

Fax: +41 (0)41 768 03 68

info@iqpower.com

www.iqpower.com

Conception, Editing, Investor Relations:

Dr. Reuter Investor Relations
Mendelstrasse 11
48149 Münster
Germany

+49 (0)251-9801560

Dr. Eva Reuter
e.reuter@dr-reuter.eu
www.dr-reuter.eu

iQ Power AG

Metalstrasse 6
CH-6304 Zug

Tel.: +41 (0)417680363

Fax.: +41 (0)417680368

info@iqpower.com
www.iqpower.com