

Monday, June 26, 2017

Dear Partners,

During the second week of June, we closed on the balance of a \$2MM funding at a \$16M pre-money valuation for the company, our highest valuation round. On the 21st we held the first board meeting of our reconstituted board, welcoming Rafi Ben-Dror representing the new investors, and James F. Lavin. Both are highly experienced entrepreneurs and investors and will add a great deal to the company.

The new investor KT Square intends to invest another \$1M on upon EGM installation of a significant trial of its system. We have fully defined the trial with IEC (finally) and, pending Albanian election results next week, we will have a significant trial underway in Albania.

Despite our severe shortage of funds, we made a great deal of progress over the past 9 months and with the new funds, are finally able to respond to the many opportunities in front of us. Specifically, our microgrid project and integration with a Siemens control systems at kibbutz Maale Gilboa is working superbly and providing the information needed for a project integrating wind, solar, battery, generator and utility power feeds. Siemens is in the process of deciding what resources they want to devote to the microgrid market and will revert to us shortly.

We recently held meetings with a major European energy firm, Poyry, in Norway with Norwegian and Swedish electric utilities. They and a Finnish utility are interested in large scale paid trials. We are currently defining the scope and seeking regulatory approval. The total revenues of these trials would be around Euros 3M. We expect to have this fully defined and underway before the end of 2017. Poyry also set up a telephone conference with a major Spanish utility which expressed similar interest. We are meeting the first week in July with three Austrian utility companies.

With regard to the United States, we are evaluating and organizing a pre-marketing effort. We believe there is tremendous opportunity, but we need to focus for the next few months on implementation of deals on our doorstep where we can maximize the learning and the personal interaction with the utility companies. We are deemphasizing China, Africa, and India for the balance of the year, although we may finish the trial, we have underway in India to retain credibility and access to one of the most dynamic electrical markets in the world. But first we have to get systems up and operating in our backyard.

The driving forces behind the need for our technology is increasing, and the needs have become even more critical. In Norway, the driving force is literally a driving force, electric vehicle and the demands on neighborhood grids of their charging. Without the real time



measurement we can provide, local grids can collapse if multiple EV's charge at the same time. In Albania the need is to understand and control the tremendously high level of losses in the grid, estimated by several hundreds of US\$ M annually. In other areas, the need is to be able to localize line failures. In all areas, the intrusion of local generation from wind or solar and local gas generators is forcing the grid to be more dynamic, reactive and transactive and it simply can't be done without real time data which we can provide. We are in the right market at the right time with the right product.

With regard to capital, we believe we need up to \$6M in addition to the KT investment, and will be developing a strategy to obtain the rest of the funds. This amount of money would allow us to have a fully funded plan and to grow as rapidly as the opportunities in front of us.

Thank you for having been so patient with us.

Sincerely,

Amir Cohen
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