

EUROSITE POWER INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

| | September 30, 2017 | December 31, 2016 |
|--|-----------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | 3,914,996 | 3,734,526 |
| Accounts receivable | 302,856 | 270,199 |
| Value added and other tax receivable | - | 9,280 |
| UK energy tax incentives receivable | - | 227,536 |
| Inventory | 127,671 | 158,833 |
| Other current assets | 230,759 | 233,351 |
| Total current assets | 4,576,283 | 4,633,725 |
| Property and equipment, net | 8,021,606 | 8,233,773 |
| Other assets, long-term | - | 8,143 |
| TOTAL ASSETS | \$ 12,597,889 | \$ 12,875,641 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | 187,001 | 388,616 |
| Accrued expenses and other current liabilities | 194,243 | 213,492 |
| Due to related party | - | 38,811 |
| Note payable - bank, short-term | 150,453 | 69,933 |
| Total current liabilities | 531,697 | 710,852 |
| Long-term liabilities: | | |
| Convertible debentures | - | 305,017 |
| Convertible debentures Due to related parties | - | - |
| Note payable - bank | 682,236 | 252,271 |
| Note payable - related party | - | - |
| Total liabilities | 1,213,933 | 1,268,140 |
| Stockholders' equity: | | |
| Common Stock, \$0.001 par value; 100,000,000 shares authorized; 82,265,056 and 65,747,100 issued at September 30, 2017 and December 31, 2016 | 82,265 | 82,265 |
| Additional paid-in capital | 22,532,225 | 22,243,742 |
| Accumulated deficit | (11,267,796) | (10,718,506) |
| Cumulative translation adjustment (CTA) | 37,263 | - |
| Total stockholders' equity | 11,383,957 | 11,607,501 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 12,597,889 | \$ 12,875,641 |

EUROSITE POWER INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

| | Three Months Ended | |
|---|---------------------|---------------------|
| | September 2017 | September 2016 |
| Revenues | | |
| Energy revenues | 646,590 | 459,114 |
| Turnkey revenues | 85,957 | - |
| Other revenues | 3,927 | - |
| | <u>736,474</u> | <u>459,114</u> |
| Cost of sales | | |
| Fuel, maintenance and installation | 380,726 | 308,511 |
| Turnkey costs | 70,487 | - |
| Site impairments | 20,401 | - |
| Depreciation expense | 135,547 | 111,761 |
| | <u>607,161</u> | <u>420,272</u> |
| Gross profit (loss) | <u>129,313</u> | <u>38,842</u> |
| Operating expenses | | |
| General and administrative | 209,703 | 379,286 |
| Selling | 89,283 | 127,917 |
| Engineering | 113,964 | 110,593 |
| | <u>412,950</u> | <u>617,796</u> |
| Loss from operations | <u>(283,637)</u> | <u>(578,954)</u> |
| Other income (expense) | | |
| Interest income | 91 | 6,167 |
| Interest expense, net of debt premium amortization | (13,754) | (10,039) |
| Debt conversion expense | - | - |
| | <u>(13,663)</u> | <u>(3,872)</u> |
| Loss before income taxes | <u>(297,300)</u> | <u>(582,826)</u> |
| Benefit for income taxes | - | - |
| Net loss | <u>\$ (297,300)</u> | <u>\$ (582,826)</u> |
| Net loss per share - basic and diluted | <u>\$ (0.00)</u> | <u>\$ (0.01)</u> |
| Weighted-average shares outstanding - basic and diluted | <u>82,265,056</u> | <u>82,265,056</u> |
| <u>Non-GAAP financial disclosure</u> | | |
| Loss from operations | (283,637) | (578,954) |
| Depreciation expense | 139,955 | 113,611 |
| Site Impairments | 20,401 | - |
| Foreign Exchange | - | - |
| Stock based compensation | 67,655 | 126,885 |
| Adjusted EBITDA | <u>\$ (55,626)</u> | <u>\$ (338,458)</u> |

EUROSITE POWER INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

| | Nine Months Ended | |
|---|---------------------|-----------------------|
| | September 2017 | September 2016 |
| Revenues | | |
| Energy revenues | 2,269,141 | 1,784,844 |
| Turnkey revenues | 85,957 | |
| Other revenues | 5,883 | 1,739 |
| | <u>2,360,981</u> | <u>1,786,583</u> |
| Cost of sales | | |
| Fuel, maintenance and installation | 1,332,399 | 1,160,274 |
| Turnkey costs | 70,487 | - |
| Site impairments | 20,401 | - |
| Site depreciation expense | 421,738 | 341,482 |
| | <u>1,845,024</u> | <u>1,501,756</u> |
| Gross profit (loss) | <u>515,957</u> | <u>284,827</u> |
| Operating expenses | | |
| General and administrative | 717,235 | 1,011,546 |
| Selling | 238,866 | 421,251 |
| Engineering | 310,551 | 289,089 |
| | <u>1,266,652</u> | <u>1,721,886</u> |
| Loss from operations | <u>(750,695)</u> | <u>(1,437,059)</u> |
| Other income (expense) | | |
| Interest income | | 9,606 |
| Interest expense, net of debt premium amortization | (29,382) | (30,341) |
| Debt conversion expense | - | (224,782) |
| | <u>(29,382)</u> | <u>(245,517)</u> |
| Loss before income taxes | <u>(780,076)</u> | <u>(1,682,576)</u> |
| Benefit for income taxes | - | - |
| Net loss | <u>\$ (780,076)</u> | <u>\$ (1,682,576)</u> |
| Net loss per share - basic and diluted | <u>\$ (0.01)</u> | <u>\$ (0.02)</u> |
| Weighted-average shares outstanding - basic and diluted | <u>82,265,056</u> | <u>73,605,329</u> |
| <u>Non-GAAP financial disclosure</u> | | |
| Loss from operations | \$ (750,695) | \$ (1,437,059) |
| Depreciation expense | 426,154 | 347,066 |
| Site Impairments | 20,401 | - |
| Stock based compensation | 289,510 | 243,175 |
| Adjusted EBITDA | <u>\$ (14,630)</u> | <u>\$ (846,818)</u> |

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

| | Nine Months Ended | |
|--|---------------------|---------------------|
| | September 2017 | September 2016 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss | \$ (780,076) | \$ (1,682,576) |
| <i>Adjustments to reconcile net loss to net cash used in operating activities:</i> | | |
| Non cash debt conversion expense | - | - |
| Depreciation | 426,154 | 347,066 |
| Non cash interest expense | - | 235,782 |
| Non-cash site impairments | - | - |
| Amortization of convertible debt premium | | (44,132) |
| Stock-based compensation | 289,510 | 243,175 |
| <i>Changes in operating assets and liabilities</i> | | |
| <i>(Increase) decrease in:</i> | | |
| Accounts receivable | (32,657) | 86,937 |
| Value added and other tax receivable | 9,280 | (34,635) |
| Accrued UK energy tax incentives | 226,510 | 369,485 |
| Inventory | 31,162 | (55,040) |
| Prepaid and other current assets | 2,592 | (22,271) |
| Other assets, long term | 8,143 | 1,121 |
| <i>Increase (decrease) in:</i> | | |
| Accounts payable | (201,615) | (106,675) |
| Due to related party | (38,811) | (40,991) |
| Accrued expenses and other current liabilities | (19,249) | (59,908) |
| Note payable - bank | - | - |
| Net cash used in operating activities | <u>(79,059)</u> | <u>(762,662)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of property and equipment | <u>(213,988)</u> | <u>(823,132)</u> |
| Net cash used in investing activities | <u>(213,988)</u> | <u>(823,132)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from sale of Common Stock net of costs | - | 7,246,090 |
| Payments on note payable | (305,017) | (2,000,000) |
| Proceeds from loan payable - bank | 510,485 | 349,665 |
| Net cash provided by (used in) financing activities | <u>205,468</u> | <u>5,595,755</u> |
| Effect of Exchange Rate on Cash and Cash Equivalents | 268,049 | - |
| Net increase (decrease) in cash and cash equivalents | 180,469 | 4,009,961 |
| Cash and cash equivalents, beginning of the period | 3,734,526 | 587,819 |
| Cash and cash equivalents, end of the period | <u>\$ 3,914,995</u> | <u>\$ 4,597,780</u> |