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CVR no. 20 22 26 70

**STIESDAL A/S**  
**NYROPSGADE 37 1., 1602 KØBENHAVN V**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2022**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 28 April 2023**

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**Mette Godsk Trandbohus**

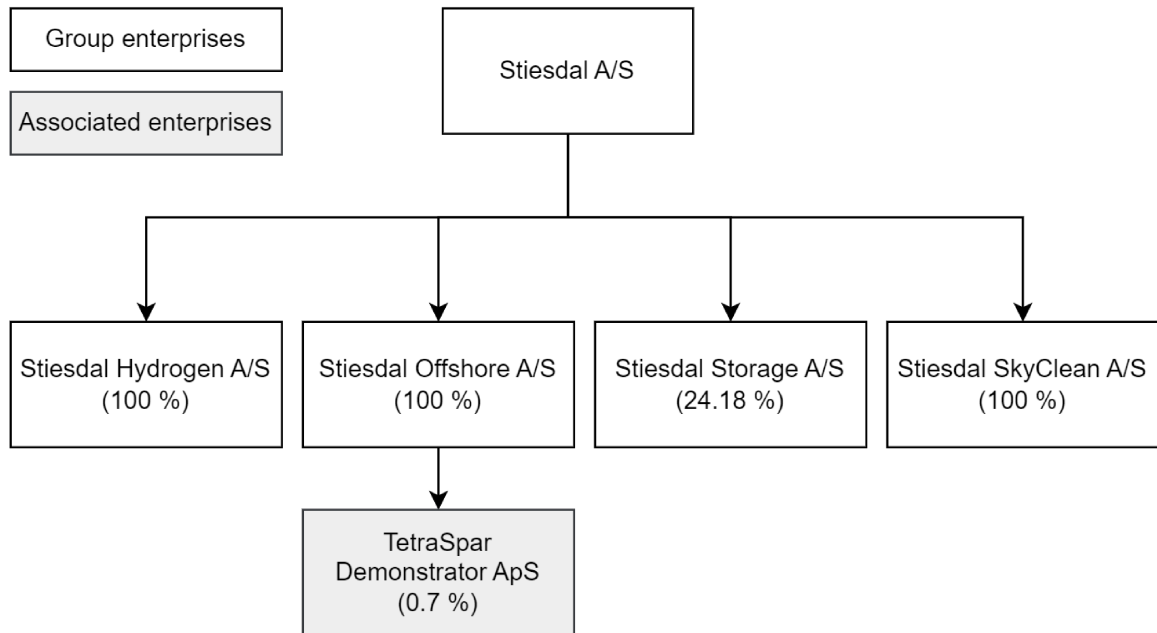
**CVR NO. 37 65 57 08**

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**COMPANY DETAILS**

<b>Company</b>	Stiesdal A/S Nyropsgade 37 1. 1602 Copenhagen V  CVR No.: 37 65 57 08 Established: 1 May 2016 Municipality: Copenhagen Financial Year: 1 January - 31 December
<b>Board of Directors</b>	Kim Schønnemann Bøttkjær, chairman Peder Riis Nickelsen Niels Olaf Ahrengot Henrik Stiesdal Carsten Risvig Pedersen Tove Feld Heidi Hjelm Kamstrup
<b>Executive Board</b>	Jacob Nørgaard Andersen Peder Riis Nickelsen Henrik Stiesdal
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab Fælledvej 1 5000 Odense C
<b>Bank</b>	Nordea Bank Danmark A/S Vestre Stationsvej 7 5000 Odense C
<b>Law Firm</b>	Kromann Reumert Sundkrogsgade 5 2100 Copenhagen

**GROUP STRUCTURE**

The ownership of TetraSpar Demonstrator ApS comprises 0.70 % ownership and 28.35 % voting share.

The ownership of Stiesdal Storage A/S comprises 24.18 % ownership and 61 % voting share.

## MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Stiesdal A/S for the financial year 1 January - 31 December 2022.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2022 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2022.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 28 April 2023

### Executive Board

\_\_\_\_\_  
Jacob Nørgaard Andersen

\_\_\_\_\_  
Peder Riis Nickelsen

\_\_\_\_\_  
Henrik Stiesdal

### Board of Directors

\_\_\_\_\_  
Kim Schønnemann Bøttkjær  
Chairman

\_\_\_\_\_  
Peder Riis Nickelsen

\_\_\_\_\_  
Niels Olaf Ahrengot

\_\_\_\_\_  
Henrik Stiesdal

\_\_\_\_\_  
Carsten Risvig Pedersen

\_\_\_\_\_  
Tove Feld

\_\_\_\_\_  
Heidi Hjelm Kamstrup

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Stiesdal A/S

### Opinion

We have audited the Consolidated Financial Statements and the Annual Financial Statements of the Company of Stiesdal A/S for the financial year 1 January - 31 December 2022, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2022 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Annual Financial Statements of the Company" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Emphasis of matter

We draw attention to the note "Information on uncertainty with respect to recognition and measurement" in the Financial Statements, which describes the uncertainty connected to the recognised equity investments in subsidiaries of DKK 243.2 m in the balance sheet for the Parent Company. Our conclusion is not modified with respect to this matter.

### Management's Responsibilities for the Consolidated Financial Statements and the Annual Financial Statements of the Company

Management is responsible for the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company that give a true and fair view in accordance with the Danish Financial Statements Act and for such Internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company, Management is responsible for assessing the Group's and the Parent 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 in preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

## INDEPENDENT AUDITOR'S REPORT

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Annual Financial Statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 and the additional requirements applicable in Denmark 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 Consolidated Financial Statements and the Annual Financial Statements of the Company.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Annual Financial Statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and the Annual Financial Statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Annual Financial Statements of the Company, including the disclosures, and whether the Consolidated Financial Statements and the Annual Financial Statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Consolidated Financial Statements and the Annual Financial Statements of the Company does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

## INDEPENDENT AUDITOR'S REPORT

In connection with our audit of the Consolidated Financial Statements and the Annual Financial Statements of the Company, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Consolidated Financial Statements and the Annual Financial Statements of the Company or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary is in accordance with the Consolidated Financial Statements and the Annual Financial Statements of the Company and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.

Odense, 28 April 2023

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

Jesper Bechsgaard Jørgensen  
State Authorised Public Accountant  
MNE no. mne31412



**FINANCIAL HIGHLIGHTS OF THE GROUP**

	<b>2022</b>	<b>2021</b>
	DKK '000	DKK '000
<b>Income statement</b>		
Gross profit/loss.....	25,664	8,528
Operating profit/loss of main activities.....	-53,702	-124,143
Financial income and expenses, net.....	-3,620	-4,030
Profit/loss for the year.....	-32,308	-93,506
<b>Balance sheet</b>		
Total assets.....	586,800	641,269
Equity.....	506,238	538,546
Equity ex minority interests.....	470,963	502,149
<b>Cash flows</b>		
Investment in property, plant and equipment.....	-4,188	-8,205
<b>Key ratios</b>		
Quick ratio.....	719.8	1,248.3
Solvency ratio incl. minorities.....	80.3	78.3
Return on equity.....	-6.2	-26.9
Return on equity (excl. minority interests).....	-6.4	-11.5

The ratios stated in the list of key figures and ratios have been calculated as follows:

Quick ratio:	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio:	$\frac{\text{Equity (ex. minorities), at year-end} \times 100}{\text{Total assets, at year-end}}$
Return on equity:	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$
Return on equity (ex minorities):	$\frac{\text{Profit/loss after tax ex minorities} \times 100}{\text{Average equity ex minorities}}$

## MANAGEMENT COMMENTARY

### Principal activities

The Group develops and commercializes innovative technologies and solutions that can have a large impact on climate change mitigation. The key activities of the Group relate to design of floating foundations for offshore wind power, development of a low-cost hydrogen electrolyzer, design of a thermal energy storage system and development of pyrolysis units for carbon removal and production of green fuels. The technology-related activities take place in the subsidiaries of Stiesdal A/S while Stiesdal A/S provides strategic and administrative support as well as necessary infrastructure.

Products and services are sold globally.

### Recognition and measurement uncertainty

#### *Parent Company:*

In these Financial Statements equity investments in subsidiaries of DKK 243.2 m are recognized, of which, equity investments in the subsidiary Stiesdal Storage A/S amount to DKK 47.7 m. With reference to the Company's applied accounting policies subsidiaries are recognised at cost. According to the annual report 2021 for the subsidiary Stiesdal Storage A/S the net loss for the year amounts to DKK 1.5 m and the equity amounts to DKK 46.5 m, of which the Company's proportional share amounts to DKK 11.2 m. Management of Stiesdal Storage A/S has prepared a budget for the coming 7 years, of which it is evident that Management expects that Stiesdal Storage A/S will be profitable in 2026 and onwards. The valuation of equity investments in Stiesdal Storage A/S is based on the expectation of perfection and commercialisation of the technology, which includes storage of energy.

The valuation of the equity investments in Stiesdal A/S is thereby connected with material uncertainty at recognition and measurement as the development project is not yet completed, the net loss for the year amounts to DKK 1.5, the project is paused for the remaining of 2023, and Management's expectation of positive earnings is expected to be realized in 2026.

It is Management's opinion that the assumptions for completion and profitable commercialization of the technology are present in Stiesdal Storage A/S, for which reason it is Management's opinion that the assumptions for the recognition and measurement of the Company's equity investments in Stiesdal Storage A/S are present.

#### *Group:*

In these present Financial Statements, a tax asset of DKK 49.5 m is recognized. The value of this depends on the future earnings capacity. Based on the Group's expectations for the future earnings, the Group's expectations for the future growth in the market for carbon free energy and continued investment in development assets it is Management's opinion that the tax loss will be used in full in the Group in 4-7 years.

### Development in activities and financial and economic position

During the year, Stiesdal A/S has granted loans of DKK 171 m to its subsidiaries to finance the individual development projects in the subsidiaries. The Management has very high expectations of the individual subsidiaries, which is backed by budgets, market research and the generally high potential that the Management sees in the technologies. Stiesdal A/S expects to support the subsidiaries, by loans or alternatively by capital increases, with the completion and implementation of their development projects. Stiesdal A/S has issued a loan guarantee for the financial year 2023 for Stiesdal SkyClean A/S and Stiesdal Hydrogen A/S.

The Group financial year was primarily focused on technology development activities. However, there is an increase in activities related to customer sales and business development. The technologies, particularly Hydrogen, SkyClean, and Offshore, continue to generate significant interest and relevance in the market, as evidenced by the clear market pull.

The Group has estimated a total additional amount of DKK 220 m is required to finalize the development projects in Stiesdal Offshore A/S, Stiesdal Hydrogen A/S, and Stiesdal SkyClean A/S in the financial year 2023.

## MANAGEMENT COMMENTARY

### Development in activities and financial and economic position (continued)

Highlights of the year in the subsidiaries:

- *Stiesdal Offshore A/S*  
 During the financial year of 2022, the Company incurred development costs of DKK 34 m related to Stiesdal Offshore A/S. An additional amount which is expected to be no more than in 2022 is needed to finalize the Tetra commercial floating foundation concept. The Company's future development activities will be financed by prepaid license revenues received from a significant customer.

In 2021 Stiesdal Offshore A/S in partnership with Shell, RWE and TEPCO deployed the TetraSpar Demonstrator, a full-scale floating wind demonstration project. The project has been operating successfully throughout 2022.

In October 2022, the Stiesdal TetraSub foundation was selected for the Pentland Demonstrator project, which is currently being developed and is expected to be installed in 2025.

The Tetra foundation concept offers industrialized floating foundation designs to the exponentially growing offshore wind market, benefiting from the development and test results achieved by the TetraSpar Demonstrator.
- *Stiesdal SkyClean A/S*  
 For Stiesdal SkyClean A/S, the Company inaugurated a fully automatic 200kW SkyClean test plant in 2021. The test plant served to validate the technology design of SkyClean as well as SkyClean's potential to substantially reduce carbon emissions from the agricultural sector by converting residual biomass to carbon-stable biochar and green fuels.

In March 2022 the Company inaugurated a 2 MW SkyClean demonstration plant, located at GreenLab, Skive. The 2 MW plant serves as a testing facility for validation and verification campaigns for the next phase 20 MW commercial scale SkyClean plants. In 2021, the Danish parliament passed an agreement that acknowledges pyrolysis as one of the technologies capable of contributing to a technology-neutral national carbon capture and storage strategy. In 2022 Stiesdal SkyClean A/S, together with a number of partners received a grant of DKK 124 m for the SkyClean Scale-up project. The 20MW SkyClean plant is currently under construction near Vrå and is expected to be operational during 2023.
- *Stiesdal Hydrogen A/S*  
 For Stiesdal Hydrogen A/S, the Company signed the first sales order in 2022 and the first 3MW HydroGen prototype unit was pre-assembled and will be tested during the first part of 2023. Within Stiesdal Hydrogen A/S, the Company had development costs of DKK 46.2 m in the financial year, and a significant amount is expected to be needed in order to complete the first 3 MW prototype commercial scale electrolyzer. The Company has developed a 150 kW HydroGen Electrolyzer demo unit in 2021 and has made satisfactory progress in design and testing of the 3 MW unit.

In April 2022, Stiesdal Hydrogen A/S forged a collaboration and licensing agreement with Reliance Industries for the Indian market. The Company has in general been experiencing strong interest in the HydroGen Electrolyzer.
- *Stiesdal Storage A/S*  
 For Stiesdal Storage A/S, the Company incurred development costs during the financial year of DKK 1.7 m, which were allocated towards completing specific ongoing development work that is not directly linked to the Lolland prototype project. Despite the GridScale project being in hibernation, the Company had to incur payments of DKK 19.9 m to fulfill pre-committed obligations related to the project.

During 2022, staff from Stiesdal Storage A/S have been lent out to other entities within the Group. At the beginning of 2022 the Company had a substantiable intercompany balance payable of DKK 26 m which has been cleared.

## MANAGEMENT COMMENTARY

### **Profit/loss for the year compared to the expected development**

The current activities of the Company are primarily related to technology development, which per definition is linked to a certain degree of uncertainty. The timelines of ongoing development activities of the various concepts are longer than what were initially estimated and as a consequence the result shows a lower result than expected in the financial year 2022.

### **Significant events after the end of the financial year**

A share capital increase of DKK 166,113 at a price of DKK 602 per share has been registered after the end of the financial year. In addition to the above, no events have occurred after the end of the financial year of material importance for the company's financial position.

### **Knowledge resources**

The company's primary activity of developing innovative solutions requires an agile and entrepreneurial approach. To continue to deliver innovative solutions, it is crucial that the company can recruit and retain talented employees, both with a high level of education and with a technical background. Employee composition and turnover are important indicators for this purpose. The company conducts annual employee surveys. The result of the 2022 survey shows a high engagement level, and the turnover has been low.

The Group is able to attract highly skilled employees and is working closely together with universities such as DTU in Denmark. We continue to have a strong position and voice in the public arena in addition to a strong and trustworthy brand. This is something we need to utilize when recruiting and retaining talents.

During 2022, The Group achieved ISO certification in the two standards 9001 and 45001. In 2023, The Group plan to initiate a Stiesdal Sustainability program with focus on the ESG agenda.

### **Research and development activities**

The development costs incurred during the year were utilized to bring the commercialization concepts closer to completion. The Group has capitalized DKK 167.5 m as development projects in the financial year. The Group has estimated a total additional amount of DKK 220 m is required to finalize the development projects in Stiesdal Offshore A/S, Stiesdal Hydrogen A/S, and Stiesdal SkyClean A/S in the financial year 2023.

#### *Stiesdal Offshore A/S*

DKK 34.1 m was invested in our development of the Tetra Concept for floating offshore wind turbine foundations. Management has significant expectations for the development project, which is supported by budgets, market surveys and the general demand in the world market for green technologies.

The financing hereof is funded by prepaid license revenues from a significant customer, and over longer term in the form of licenses from Offshore customers in addition to revenue from customer-based activities.

#### *Stiesdal SkyClean A/S*

DKK 85.4 m has been used on progressing the SkyClean concept during 2022. The management has high expectations for the development of SkyClean, which are supported by budgets, market surveys, and the growing demand for green technologies in the global market. The agriculture sector, along with other relevant sectors, has shown very significant interest in SkyClean.

A 2MW pilot plant has been completed during 2022 and the Company's SkyClean subsidiary is working on the development of a 20MW SkyClean prototype which is expected to be operational during the second part of 2023. It is Management's expectation that a significant amount will be required to complete the development project, and it is also Management's expectation that the development project can be commercialized from the financial year 2023 and contribute with a positive cash flow from 2025.

In addition to the grant funds from The Danish Energy Agency, the Company has received a loan guarantee from Stiesdal A/S for the financial year 2023 in relation to the financing required for the completion.

## MANAGEMENT COMMENTARY

### Research and development activities (continued)

#### *Stiesdal Hydrogen A/S*

DKK 46.2 m was invested in our Hydrogen Electrolyzer Concept during 2022. Management has significant expectations for the development of the HydroGen Electrolyzer, which is supported by budgets, market surveys and the general demand in the world market for affordable green hydrogen.

The Company is experiencing high interest for the HydroGen Electrolyzer and has entered a collaboration and licensing agreement with the largest industrial company in India as well as secured a significant framework sales agreement with a customer.

The Company is working on the technical design of a 3 MW prototype commercial scale electrolyzer, and it is Management's expectation that a significant amount will be required to complete development of the first 3 MW prototype. From commercialization in 2023, we expect the Concept to contribute with a positive cash flow from 2024.

In support of operations, Stiesdal A/S has issued a loan guarantee for the financial year 2023.

#### *Stiesdal Storage A/S*

The development costs in the year (DKK 1.7 m) have been used to complete specific ongoing development work not directly linked to the Lolland prototype project.

Management has considerable expectations for GridScale technology, which is supported by budgets, market surveys and the general demand in the world market for green technologies.

The technology enables cost complete mid-term storage of energy.

The first full-scale plant for thermal energy storage has been planned on the island of Lolland Denmark. The project is currently hibernated. The machinery, which has been ordered at an early stage of the project has shown not to be suitable for a later commercial version of the plant. The Company has realized that the equipment can be used for demonstration purposes only and will not fulfill the requirements for an optimized commercial system in production.

Consequently, a new topology for the turbo machinery, which supports the requirement for competitive solutions and the expected cost and performance levels must be developed.

These acknowledgements have led Management to make an impairment in 2021 of the development costs of the first full-scale plant for thermal energy storage. As the assumptions have not changed during 2022 this remains the position of Management.

Based on the expectations for the future earnings, it is Management's assessment that all the capitalized development costs in The Group meet the requirements for recognition and measurement in the Financial Statements, and that the valuation of the development costs is valid.

## MANAGEMENT COMMENTARY

### Future expectations

The Company's management has high expectations for its development, driven by positive market expectations and customer feedback. The key focus is to mature the technologies and prepare them for market entry. The 20MW SkyClean Scale-up plant will be inaugurated in H2 2023. There is a significant pipeline with potential SkyClean projects. The first deliveries of the 3MW HydroGen Electrolyzer are planned for H2 2023, and supply chain is being ramped up to be able to deliver higher number HydroGen units in 2024. Stiesdal Offshore A/S has a significant pipeline of ongoing customer activities related to Front End Engineering Design which is the first phase of a floating wind project. Stiesdal Storage A/S has conducted additional market studies and has engaged with potential partners for the Chinese and Indian markets, as they are believed to be the best fit for the technology.

The main focus for the Group is in 2023 to complete development concepts, with a target turnover in the range of DKK 60-70 m. Operating losses are expected to be in the range of DKK 30-40 m, resulting in a combined negative cash flow from business operations in the range of DKK 70-100 m.

A share capital increase of DKK 100 m has been carried out in the first quarter of 2023, which together with prepaid license revenues from a significant customer and grant funds will carry the company towards commercialization in 2024.

**INCOME STATEMENT 1 JANUARY - 31 DECEMBER**

	Note	Group		Parent Company	
		2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000
<b>GROSS PROFIT</b> .....		<b>25,664</b>	<b>8,528</b>	<b>21,219</b>	<b>11,060</b>
Staff costs.....	1	-77,015	-42,668	-19,274	-15,109
Depreciation, amortisation and impairment losses.....	2	-2,351	-90,003	-439	-47
<b>OPERATING LOSS</b> .....		<b>-53,702</b>	<b>-124,143</b>	<b>1,506</b>	<b>-4,096</b>
Income from investments in subsidiaries and associates.....		64	-822	-30	0
Other financial income.....		361	0	9,030	2,712
Other financial expenses.....		-3,981	-4,030	-819	-1,134
<b>LOSS BEFORE TAX</b> .....		<b>-57,258</b>	<b>-128,995</b>	<b>9,687</b>	<b>-2,518</b>
Tax on profit/loss for the year.....	3	24,950	35,489	-2,153	266
<b>LOSS FOR THE YEAR</b> .....	4	<b>-32,308</b>	<b>-93,506</b>	<b>7,534</b>	<b>-2,252</b>

## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group		Parent Company	
		2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000
Development projects in progress and prepayments.....		346,305	180,511	0	0
<b>Intangible assets.....</b>	<b>5</b>	<b>346,305</b>	<b>180,511</b>	<b>0</b>	<b>0</b>
Land and buildings.....		8,298	0	0	0
Production plant and machinery...		189	54	0	0
Other plant, machinery tools and equipment.....		2,302	29	2,195	29
Leasehold improvements.....		924	751	924	751
Tangible fixed assets in progress and prepayment.....		0	7,377	0	0
<b>Property, plant and equipment...</b>	<b>6</b>	<b>11,713</b>	<b>8,211</b>	<b>3,119</b>	<b>780</b>
Investments in subsidiaries.....		0	0	243,152	243,152
Investments in associates.....		323	258	0	30
Rent deposit and other receivables.....		1,356	463	983	118
<b>Financial non-current assets.....</b>	<b>7</b>	<b>1,679</b>	<b>721</b>	<b>244,135</b>	<b>243,300</b>
<b>NON-CURRENT ASSETS.....</b>		<b>359,697</b>	<b>189,443</b>	<b>247,254</b>	<b>244,080</b>
Work in progress.....		8,628	0	0	0
<b>Inventories.....</b>		<b>8,628</b>	<b>0</b>	<b>0</b>	<b>0</b>
Trade receivables.....		883	9,164	78	0
Contract work in progress.....	8	9,639	0	0	0
Receivables from group enterprises.....		0	0	307,768	137,825
Receivables from associated enterprises.....		0	275	0	26
Receivables from owners and Management.....	9	1,787	1,787	60	60
Deferred tax assets.....	10	49,486	30,036	21	208
Other receivables.....		20,473	14,805	0	16
Corporation tax receivable.....		5,500	5,500	5,500	5,500
Prepayments.....	11	3,579	5,119	2,791	4,122
<b>Receivables.....</b>	<b>12</b>	<b>91,347</b>	<b>66,686</b>	<b>316,218</b>	<b>147,757</b>
<b>Cash and cash equivalents.....</b>		<b>127,128</b>	<b>385,140</b>	<b>51,671</b>	<b>215,243</b>
<b>CURRENT ASSETS.....</b>		<b>227,103</b>	<b>451,826</b>	<b>367,889</b>	<b>363,000</b>
<b>ASSETS.....</b>		<b>586,800</b>	<b>641,269</b>	<b>615,143</b>	<b>607,080</b>



## BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent Company	
		2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000
Share capital.....	13	2,326	2,326	2,326	2,326
Reserve for development costs.....		307,967	159,082	0	0
Retained earnings.....		160,670	340,741	596,287	588,753
Minority shareholders.....		35,275	36,397	0	0
<b>EQUITY.....</b>		<b>506,238</b>	<b>538,546</b>	<b>598,613</b>	<b>591,079</b>
Other provisions.....	14	31,354	51,173	0	0
<b>PROVISIONS.....</b>		<b>31,354</b>	<b>51,173</b>	<b>0</b>	<b>0</b>
Lease liabilities.....		17,659	15,356	0	0
<b>Non-current liabilities.....</b>	15	<b>17,659</b>	<b>15,356</b>	<b>0</b>	<b>0</b>
Bank debt.....		0	171	0	171
Contract work in progress.....	8	842	5,523	0	0
Trade payables.....		23,602	24,485	1,593	6,565
Joint tax contribution payable.....		0	0	7,466	5,442
Other liabilities.....		3,617	4,378	7,471	3,823
Deferred income.....	16	3,488	1,637	0	0
<b>Current liabilities.....</b>		<b>31,549</b>	<b>36,194</b>	<b>16,530</b>	<b>16,001</b>
<b>LIABILITIES.....</b>		<b>49,208</b>	<b>51,550</b>	<b>16,530</b>	<b>16,001</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>586,800</b>	<b>641,269</b>	<b>615,143</b>	<b>607,080</b>
Contingencies etc.	17				
Charges and securities	18				
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Development in activities and financial and economic position	21				

## EQUITY

	Group					
	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Minority shareholders	Total
Equity at 1 January 2022.....	2,326	0	159,082	340,741	36,397	538,546
Proposed profit allocation, see note 4.....		64		-31,250	-1,122	-32,308
<b>Other legal bindings</b>						
Capitalized development costs.....			167,462	-167,462		0
Revaluations in the year.....			-1,666	1,666		0
<b>Transfers</b>						
Allowed equalization.....		-64		64		0
Tax on changes in equity...			-16,911	16,911		0
<b>Equity at 31 December 2022.....</b>	<b>2,326</b>	<b>0</b>	<b>307,967</b>	<b>160,670</b>	<b>35,275</b>	<b>506,238</b>

	Parent Company		
	Share capital	Retained earnings	Total
Equity at 1 January 2022.....	2,326	588,753	591,079
Proposed profit allocation, jf. note 4.....		7,534	7,534
<b>Equity at 31 December 2022.....</b>	<b>2,326</b>	<b>596,287</b>	<b>598,613</b>

**CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER**

	<b>Group</b>	
	<b>2022</b> DKK '000	<b>2021</b> DKK '000
Profit/loss for the year.....	-32,308	-93,506
Depreciation and amortisation, reversed.....	2,351	90,003
Profit/loss from associates.....	-64	822
Adjustment of other financial expenses.....	0	1,545
Tax on profit/loss, reversed.....	-24,950	-35,489
Corporation tax paid.....	5,500	5,500
Change in inventories.....	-8,628	0
Change in receivables (ex tax).....	-5,211	-9,109
Change in other provisions.....	-19,819	28,362
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility).....	-4,473	0
Other cash flows from operating activities.....	2,301	-544
<b>CASH FLOWS FROM OPERATING ACTIVITY.....</b>	<b>-85,301</b>	<b>-12,416</b>
Purchase of intangible assets.....	-167,460	-114,855
Purchase of property, plant and equipment.....	-4,187	-7,907
Purchase of financial assets.....	-893	-961
<b>CASH FLOWS FROM INVESTING ACTIVITY.....</b>	<b>-172,540</b>	<b>-123,723</b>
Capital increases.....	0	475,000
Changes in current bank debt.....	-171	171
<b>CASH FLOWS FROM FINANCING ACTIVITY.....</b>	<b>-171</b>	<b>475,171</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>-258,012</b>	<b>339,032</b>
Cash and cash equivalents at 1. januar.....	385,140	46,108
<b>CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....</b>	<b>127,128</b>	<b>385,140</b>
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents.....	127,128	385,140
<b>CASH AND CASH EQUIVALENTS.....</b>	<b>127,128</b>	<b>385,140</b>

## NOTES

	Group		Parent Company		Note
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000	
<b>Staff costs</b>					<b>1</b>
Average number of employees	89	51	15	13	
Wages and salaries.....	63,804	36,491	15,398	13,052	
Pensions.....	9,160	4,809	2,357	1,349	
Social security costs.....	809	305	138	94	
Other staff costs.....	3,242	1,063	1,381	614	
	<b>77,015</b>	<b>42,668</b>	<b>19,274</b>	<b>15,109</b>	
Remuneration of Executive Board....	8,306	5,253	8,306	5,253	
Remuneration of Board of Directors.	200	125	200	125	
	<b>8,506</b>	<b>5,378</b>	<b>8,506</b>	<b>5,378</b>	
<b>Special items</b>					<b>2</b>
The Group has under depreciation, amortization and impairment losses recognized an impairment of the Group's development projects.					
	Group		Parent Company		
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000	
Impairment of development projects.....	1,666	89,954	0	0	
	<b>1,666</b>	<b>89,954</b>	<b>0</b>	<b>0</b>	
<b>Tax on profit/loss for the year</b>					<b>3</b>
Calculated tax on taxable income of the year.....	-5,500	-5,500	1,966	-58	
Adjustment of deferred tax.....	-19,450	-29,989	187	-208	
	<b>-24,950</b>	<b>-35,489</b>	<b>2,153</b>	<b>-266</b>	
<b>Proposed distribution of profit</b>					<b>4</b>
Allocation to reserve for net revaluation under the equity method.....	64	-824	0	0	
Retained earnings.....	-31,250	-37,158	7,534	-2,252	
Minority interests share of subsidiaries results.....	-1,122	-55,524	0	0	
	<b>-32,308</b>	<b>-93,506</b>	<b>7,534</b>	<b>-2,252</b>	

NOTES

Note

Intangible assets

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	<u>Group</u>
	Development projects in progress and prepayments
Cost at 1 January 2022.....	270,465
Additions.....	167,460
<b>Cost at 31 December 2022.....</b>	<b>437,925</b>
Revaluation at 1 January 2022.....	-89,954
Revaluation of the year.....	-1,666
<b>Revaluation at 31 December 2022.....</b>	<b>-91,620</b>
<b>Carrying amount at 31 December 2022.....</b>	<b>346,305</b>
Value of leased assets recognised as intangible fixed assets.....	9,765

*The development costs from Stiesdal Offshore A/S (DKK 171 m):*

The development costs in the year (DKK 34.1 m) have been used for development of floating foundations for offshore wind turbines. Management has significant expectations for the development project, which is supported by budgets, market surveys and the general demand in the world market for green technologies.

An additional amount which is expected to be no more than in 2022 is needed in order to complete the development project for commercial floating wind turbine foundations.

The financing hereof is funded by prepaid license revenues from a significant customer, and longer term in the form of licenses from Offshore customers in addition to revenue from customer-based activities.

*The development costs from Stiesdal SkyClean A/S (DKK 110.7 m):*

The development costs in the financial 2022 year (DKK 85.4 m) have been used for development of a SkyClean 2MW pilot plant and the concept for a commercial 20MW plant. Management has significant expectations for the development of SkyClean, which is supported by budgets, market surveys and the general demand in the world market for alternative green technologies. The agriculture sector as well as other relevant sectors are showing huge interest in SkyClean.

The Company is working on the development of a 20MW SkyClean prototype which is expected to be operational during the second part of 2023.

## NOTES

## Note

**Intangible fixed assets (continued)**

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It is Management's expectation that a significant amount will be required to complete the development project, and it is also Management's expectation that the development project can be commercialized from the financial year 2023 and contribute with a positive cash flow from 2025.

In addition to the grant funds, the Company has received a loan guarantee from the parent company for the financial year 2023 in relation to the financing required for the completion.

The Group has estimated a total additional amount of DKK 220 m is required to finalize the development projects in Stiesdal Offshore A/S, Stiesdal Hydrogen A/S, and Stiesdal SkyClean A/S in the financial year 2023.

*The development costs from Stiesdal Hydrogen A/S (DKK 64.6 m):*

The development costs in the year (DKK 46.2 m) have been used for development of a 3MW hydrogen commercial scale electrolyzer.

Management has significant expectations for the development of the HydroGen Electrolyzer, which is supported by budgets, market surveys and the general demand in the world market for affordable green hydrogen.

The Company is experiencing high interest for the HydroGen Electrolyzer and has entered collaboration and licensing agreement with the largest industrial company in India and secured a significant framework sales agreement with a customer.

The Company is working on the technical design of a 3 MW prototype commercial scale electrolyzer, and it is Management's expectation that a significant amount will be required to complete development of the first 3 MW prototype. The first prototype unit is expected to be in operation H1 2023.

*The development costs from Stiesdal Storage A/S (DKK 0 m):*

The development costs in the year (DKK 1.7 m) have been used to complete specific ongoing development work not directly linked to the Lolland prototype project.

Management has considerable expectations for GridScale technology, which is supported by budgets, market surveys and the general demand in the world market for green technologies. The technology enables cost complete mid-term storage of energy.

The first full-scale plant for thermal energy storage has been planned on the island of Lolland Denmark. The project is currently hibernated. The machinery, which has been ordered at an early stage of the project has shown not to be suitable for a later commercial version of the plant. The Company has realized that the equipment can be used for demonstration purposes only and will not fulfill the requirements for an optimized commercial system in production.

Consequently, a new topology for the turbo machinery, which supports the requirement for competitive solutions and the expected cost and performance levels must be developed.

These acknowledgements have led Management to make an impairment in 2021 of the development costs of the first full-scale plant for thermal energy storage. As the assumptions have not changed during 2022 this remains the position of Management.

Stiesdal SkyClean A/S and Stiesdal Hydrogen A/S has received a loan guarantee from Stiesdal A/S for the financial year 2023 in relation to the financing required for the completion.

Based on the expectations for the future earnings, it is Management's assessment that the Group development costs meet the requirements for recognition and measurement in the Financial Statements, and that the valuation of the development costs is proper.

## NOTES

Note

## Property, plant and equipment

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	Group		
	Land and buildings	Production plant and machinery	Other plant, machinery tools and equipment
Cost at 1 January 2022.....	0	56	128
Transferred.....	7,377	0	0
Additions.....	1,134	168	2,523
<b>Cost at 31 December 2022.....</b>	<b>8,511</b>	<b>224</b>	<b>2,651</b>
Depreciation and impairment losses at 1 January 2022.....	0	2	100
Depreciation for the year.....	213	33	249
<b>Depreciation and impairment losses at 31 December 2022.....</b>	<b>213</b>	<b>35</b>	<b>349</b>
<b>Carrying amount at 31 December 2022.....</b>	<b>8,298</b>	<b>189</b>	<b>2,302</b>
	Group		
	Leasehold improvements	Tangible fixed assets in progress and prepayment	
Cost at 1 January 2022.....		772	7,377
Transferred.....		0	-7,377
Additions.....		363	0
<b>Cost at 31 December 2022.....</b>		<b>1,135</b>	<b>0</b>
Depreciation and impairment losses at 1 January 2022.....		21	
Depreciation for the year.....		190	
<b>Depreciation and impairment losses at 31 December 2022....</b>		<b>211</b>	
<b>Carrying amount at 31 December 2022.....</b>		<b>924</b>	<b>0</b>
	Parent Company		
	Other plant, machinery tools and equipment	Leasehold improvements	
Cost at 1 January 2022.....	128	772	
Additions.....	2,416	363	
<b>Cost at 31 December 2022.....</b>	<b>2,544</b>	<b>1,135</b>	
Depreciation and impairment losses at 1 January 2022.....	100	21	
Depreciation for the year.....	249	190	
<b>Depreciation and impairment losses at 31 December 2022....</b>	<b>349</b>	<b>211</b>	
<b>Carrying amount at 31 December 2022.....</b>	<b>2,195</b>	<b>924</b>	

## NOTES

Note

## Financial non-current assets

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	Group	
	Investments in associates	Rent deposit and other receivables
Cost at 1 January 2022.....	1,964	463
Additions.....	0	893
Disposals.....	-30	0
<b>Cost at 31 December 2022.....</b>	<b>1,934</b>	<b>1,356</b>
Revaluation at 1 January 2022.....	-1,705	0
Profit/loss for the year.....	67	0
Reversal of revaluation of assets disposed of.....	27	
<b>Revaluation at 31 December 2022.....</b>	<b>-1,611</b>	<b>0</b>
<b>Carrying amount at 31 December 2022.....</b>	<b>323</b>	<b>1,356</b>

	Parent Company		
	Investments in subsidiaries	Investments in associates	Rent deposit and other receivables
Cost at 1 January 2022.....	243,152	30	118
Additions.....	0	0	865
Disposals.....	0	-30	0
<b>Cost at 31 December 2022.....</b>	<b>243,152</b>	<b>0</b>	<b>983</b>
<b>Carrying amount at 31 December 2022.....</b>	<b>243,152</b>	<b>0</b>	<b>983</b>

## Investments in subsidiaries (DKK '000)

Name and domicil	Equity	Profit/loss for the year	Ownership
Stiesdal Offshore A/S, Give (DK).....	44,190	-24,408	100 %
Stiesdal SkyClean ApS, Give (DK).....	30,778	-7,115	100 %
Stiesdal Hydrogen ApS, Give (DK).....	30,895	-6,934	100 %
Stiesdal LLC, Delaware (USA).....	6	-	100 %
Stiesdal Storage A/S, Give (DK).....	46,525	-1,479	24.18 %

## Investments in associates (DKK '000)

Name and domicil	Equity	Profit for the year	Ownership
TetraSpar Demonstrator ApS, Copenhagen.....	46,098	10,446	0.7 %

Equity investments in associated enterprises comprise of 0.70 % ownership of TetraSpar Demonstrator Aps with 28.35 % voting share.



## NOTES

	<u>Group</u>		<u>Parent Company</u>		Note
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000	
<b>Contract work in progress</b>					<b>8</b>
Sales value of completed work.....	49,734	16,975	0	0	
Progress invoicing/advances received.....	-40,937	-22,498	0	0	
<b>Contract work in progress, net.....</b>	<b>8,797</b>	<b>-5,523</b>	<b>0</b>	<b>0</b>	
Recognized as follows:					
Contract work in progress (asset)....	9,639	0	0	0	
Contract work in progress (liability).	-842	-5,523	0	0	
	<b>8,797</b>	<b>-5,523</b>	<b>0</b>	<b>0</b>	

**Receivables from owners and Management**

Receivables from owners and management comprise of joint taxation contribution from previous management company.

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**Deferred tax assets**

Deferred tax assets is related to differences between the carrying amount and tax value of intangible and tangible fixed assets, other provisions for liabilities, lease assets and remaining unused losses.

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	<u>Group</u>		<u>Parent Company</u>	
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000
Deferred tax, beginning of year.....	30,036	48	208	0
Deferred tax of the year, income statement.....	19,450	29,988	-187	208
<b>Deferred tax assets 31 December 2022.....</b>	<b>49,486</b>	<b>30,036</b>	<b>21</b>	<b>208</b>

It is Management's opinion that the tax loss will be used in full in the Group in 4-7 years. Further information appears in the note "Information on uncertainty with respect to recognition and measurement"

	<u>Group</u>		<u>Parent Company</u>	
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000
<b>Prepayments</b>				
Costs.....	3,579	5,119	2,791	4,122
	<b>3,579</b>	<b>5,119</b>	<b>2,791</b>	<b>4,122</b>

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Prepayments include prepaid expenses, including insurance etc. relating to the following financial year.

## NOTES

	<u>Group</u>		<u>Parent Company</u>		Note
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000	
<b>Receivables falling due after more than one year</b>					<b>12</b>
Deferred tax assets.....	49,486	30,036	21	208	
	<b>49,486</b>	<b>30,036</b>	<b>21</b>	<b>208</b>	
<b>Share capital</b>			2022 DKK '000	2021 DKK '000	<b>13</b>
Allocation of share capital:					
Shares, 2,326,485 unit in the denomination of 1 DKK.....			2,326	2,326	
			<b>2,326</b>	<b>2,326</b>	
	<u>Group</u>		<u>Parent Company</u>		
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000	
<b>Other provisions</b>					<b>14</b>
0-1 year.....	8,791	26,531	0	0	
The provision concerns a loss-making contract.					
<b>Long-term liabilities</b>					<b>15</b>
	<u>Group</u>				
	31/12 2022 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2021 total liabilities	
Lease liabilities.....	17,659	0	0	15,356	
	<b>17,659</b>	<b>0</b>	<b>0</b>	<b>15,356</b>	
<b>Accruals and deferred income</b>					<b>16</b>
Accruals and deferred include grants that relate subsequent years.					

## NOTES

### Contingencies etc.

Note

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### Contingent liabilities

	Group		Parent Company	
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000
Lease liabilities (operating leases):				
Within 1 year.....	427	345	322	345
Between 1 and 5 years.....	482	600	333	600
	<b>909</b>	<b>945</b>	<b>655</b>	<b>945</b>
Rental commitments, the remaining non-cancellable period being:				
Less than 1 year.....	2,733	985	1,966	295
Between 1 and 5 years.....	6,196	688	5,736	0
	<b>8,929</b>	<b>1,673</b>	<b>7,702</b>	<b>295</b>
Other contingent liabilities.....	445	234	276	0

Stiesdal A/S has given letters of support to the following subsidiaries for the financial year 2023:

Stiesdal SkyClean A/S, CVR no. 40 63 05 54 (DKK 70 m)  
Stiesdal Hydrogen A/S, CVR no. 41 82 86 92 (DKK 70 m)

The letter of support is given for the purpose of ensuring the liquidity required to complete the development projects in the subsidiaries and it includes a total credit to the subsidiaries of DKK 140 m.

Stiesdal A/S has issued a Parent Company Guarantee for one of the subsidiaries' business partners. The guarantee covers 18 m. EUR plus interest.

### Joint liabilities

The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group's jointly taxed income amounts to DKK ('000) 0 at the Balance Sheet date.

### Charges and securities

The Group has no charges and securities as of 31 December 2022.

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## NOTES

### Note

#### **Related parties**

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The Company's related parties include:

#### **Controlling interest**

None of the company's shareholders have a controlling interest.

#### **Other related parties having performed transactions with the company**

The company's related parties having a significant influence comprise subsidiaries and associates as well as the companies' Board of Directors, Board of Executives and executive officers and their relatives. Related parties include also companies in which the above mentioned group of persons has material interests.

#### **Transactions with related parties**

The Company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

#### **Information on uncertainty with respect to recognition and measurement**

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##### *Parent Company:*

In these Financial Statements equity investments in subsidiaries of DKK 243.2 m are recognised, of which, equity investments in the subsidiary Stiesdal Storage A/S amount to DKK 47.7 m. With reference to the Company's applied accounting policies subsidiaries are recognised at cost. According to the annual report 2021 for the subsidiary Stiesdal Storage A/S the net loss for the year amounts to DKK 1.5 m and the equity amounts to DKK 46.5 m, of which the Company's proportional share amounts to DKK 11.2 m. Management of Stiesdal Storage A/S has prepared a budget for the coming 7 years, of which it is evident that Management expects that Stiesdal Storage A/S will be profitable in 2026 and onwards. The valuation of equity investments in Stiesdal Storage A/S is based on the expectation of perfection and commercialisation of the technology, which includes storage of energy.

The valuation of the equity investments in Stiesdal Storage A/S is thereby connected with material uncertainty at recognition and measurement as the development project is not yet completed, the net loss for the year amounts to DKK 1.5, the project is paused for the remaining of 2023, and Management's expectation of positive earnings is expected to be realised in 2026.

It is Management's opinion that the assumptions for completion and profitable commercialisation of the technology are present in Stiesdal Storage A/S, for which reason it is Management's opinion that the assumptions for the recognition and measurement of the Company's equity investments in Stiesdal Storage A/S are present.

##### *Group:*

In these present Financial Statements, a tax asset of DKK 49.5 m is recognized. The value of this depends on the future earnings capacity. Based on the Group's expectations for the future earnings, the Group's expectations for the future growth in the market for carbon free energy and continued investment in development assets it is Management's opinion that the tax loss will be used in full in the Group in 4-7 years.

**NOTES****Note****Development in activities and financial and economic position****21**

During the year, Stiesdal A/S has granted loans of DKK 170 m to its subsidiaries to finance the individual development projects in the subsidiaries. The Management has very high expectations of the individual subsidiaries, which is backed by budgets, market research and the generally high potential that the Management sees in the technologies. Stiesdal A/S expects to support the subsidiaries, by loans or alternatively by capital increases, with the completion and implementation of their development projects. Stiesdal A/S has issued loan guarantees for the financial year 2023.

The Company expects significant payments on intercompany receivables from one of the subsidiaries during the year.

Stiesdal A/S has completed a capital increase of DKK 100 m in March 2023. Management has prepared budgets for the financial year 2023, which support that Stiesdal A/S has the liquidity necessary to service their liabilities concurrently with their due date in the financial year 2023.

## ACCOUNTING POLICIES

The Annual Report of Stiesdal A/S for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium-size enterprises.

The Annual Report is prepared consistently with the accounting principles applied last year.

### **Consolidated Financial Statements**

The Consolidated Financial Statements include the Parent Company Stiesdal A/S and the subsidiaries in which Stiesdal A/S directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the Group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the Group structure.

The Consolidated Financial Statements consolidate the Financial Statements of the Parent Company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, intercompany accounts and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

Newly acquired or newly formed entities within the Group are recognised in the Consolidated Financial Statements as if the entity has been combined from the earliest financial period included in the Consolidated Financial Statements. Consolidated or wound up entities are recognised in the Consolidated Income Statement from the earliest financial period included in the Financial Statements. Comparative figures are corrected for newly acquired, sold or wound-up entities.

Acquired entities within the Group are recognised in the Consolidated Financial Statements according to the combination method, the combination being regarded as completed as from the earliest financial period included in the Consolidated Financial Statements, and by using the carrying amounts of the assets and liabilities acquired.

Positive and negative differences between the acquisition cost and the carrying amounts of acquired and identified assets and liabilities are recognised in equity at the acquisition. The difference from acquired entities is DKK ('000).

Transaction costs incurred in relation to acquisition of entities are recognised in the Income Statement in the year they were paid.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Investments in associates are measured in the Balance Sheet at the proportional share of the equity value of the enterprises, calculated under the accounting policies of the Parent Company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the Income Statement after elimination of the proportional share of internal gains and losses.

### **Minority interests**

The accounting items of the subsidiaries are recognised in full in the Consolidated Financial Statements. The minority interests' proportional share of the results and equity of the subsidiaries is stated as separate items in the allocation of profit/loss and equity, respectively.

## ACCOUNTING POLICIES

### INCOME STATEMENT

#### Net revenue

Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Where services with a high degree of individual adjustment are delivered, recognition in net revenue is made as and when the service progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total income and expenses regarding the contract and the degree of completion at the Balance Sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the Company.

When the result of contract work cannot be assessed reliably, revenue is only recognised corresponding to the related costs and only to the extent that it is likely that they will be recovered.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

#### Own work, recognised under assets

Own work, recognised under assets comprise staff costs incurred in the financial year and is included in the cost price for self-developed intangibles fixed assets and inventories.

#### Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, operating loss and conflict compensations, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable.

#### Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

#### Other external expenses

Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, operating lease expenses, etc

Payments related to operating lease expenses and other lease agreements are recognised in the Income Statement over the contract period. The Company's total liability concerning operating and other lease agreements are stated under contingencies, etc.

#### Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Group and the Parent Company's employees.

#### Income from investments in subsidiaries and associates

Dividend from subsidiaries and associates is recognised in the financial year in which the dividend is declared. In connection with transfers, potential profits are recognised when the economic rights related to the sold equity interests are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

#### Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

**ACCOUNTING POLICIES**

**Tax**

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

**BALANCE SHEET**

**Intangible fixed assets**

Development projects in progress and prepayments comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company’s development activities and which fulfil the criteria for recognition.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

**Tangible fixed assets**

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Buildings.....	30 years	0-25 %
Production plant and machinery.....	3-5 years	0-25 %
Other plant, fixtures and equipment.....	3-5 years	0-25 %
Leasehold improvements.....	3 years	0 %

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.



## ACCOUNTING POLICIES

### Lease contracts

Lease contracts relating to tangible fixed assets for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) are recognised as assets in the Balance Sheet. The assets are at the initial recognition measured at the lower of cost stated at fair value and the present value of the future lease payments. The internal interest rate of the lease contract, or alternatively the Company's loan interest, is used as discounting factor when calculating the present value. Finance lease assets are hereafter treated as the Company's other similar fixed assets.

for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) are recognised as assets in the Balance Sheet. The assets are at the initial recognition measured at the lower of cost stated at fair value and the and present value of the future lease payments. The internal interest rate of the lease contract, or alternatively the Company's loan interest, is used as discounting factor when calculating the present value. Finance lease assets are hereafter treated as the Group's and the Company's other similar tangible fixed assets.

The capitalised residual lease liability is recognised in the Balance Sheet as a liability and the interest portion of the lease payment is recognised in the Income Statement over the term of the contract.

All other lease contracts are considered to be operating leases. Payments related to operating leases and other rental agreements are recognised in the Income Statement over the contract period. The Company's total liability relating to operating leases and rental agreements is disclosed as contingencies etc.

### Financial non-current assets

Investments in subsidiaries and associates are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

The combination method is applied when acquiring enterprises within the Group, where the combination is regarded as completed from the earliest financial period included in the Financial Statements, and by using the carrying amounts of the assets and liabilities acquired.

Deposits include rental deposits which are recognised and measured at cost. Deposits are not depreciated.

### Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value,, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

## ACCOUNTING POLICIES

### Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll cost and other direct and other indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, the cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

### Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

### Contract work in progress

Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the Balance Sheet date and the total anticipated revenue related to the specific piece of work in progress.

The specific piece of work in progress is recognised in the Balance Sheet as receivables or payables, depending on the net value of the selling price less progress invoicing and progress payments.

Costs relating to sales work and obtaining of contracts are recognised in the Income Statement as and when they are incurred.

### Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

### Other provisions for liabilities

Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructurings etc. and deferred tax.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 to 5 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

When it is likely that the total costs will exceed the total income on the contract work in progress, a provision is made for the total loss that is anticipated on the contract.

## ACCOUNTING POLICIES

### Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

### Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

### Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

## CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.

The cash flow statement shows the Company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

### Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

### Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

### Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

## ACCOUNTING POLICIES

### **Cash and cash equivalents:**

Cash and cash equivalents include cash in hand.