



Tel.: +45 63 12 71 00
odense@bdo.dk
www.bdo.dk

BDO Statsautoriseret revisionsaktieselskab
Fælledvej 1
DK-5000 Odense C
CVR no. 20 22 26 70

STIESDAL STORAGE TECHNOLOGIES A/S

VEJLEVEJ 270, 7323 GIVE

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2021

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 29 April 2022**

Mette Godsk Trandbohus

CVR NO. 38 91 01 83

CONTENTS

	Page
Company Details	
Company Details.....	3
Statement and Report	
Management's Statement.....	4
Independent Auditor's Report.....	5-6
Management Commentary	
Management Commentary.....	7-8
Financial Statements 1 January - 31 December	
Income Statement.....	9
Balance Sheet.....	10
Equity.....	11
Notes.....	12-15
Accounting Policies.....	16-18

COMPANY DETAILS

Company	Stiesdal Storage Technologies A/S Vejlevej 270 7323 Give CVR No.: 38 91 01 83 Established: 1 September 2017 Municipality: Odense Financial Year: 1 January - 31 December
Board of Directors	Kim Schønnemann Bøttkjær, chairman Henrik Stiesdal Ole Martin Alm Peder Riis Nickelsen Henrik Wej Petersenen
Executive Board	Peder Riis Nickelsen
Auditor	BDO Statsautoriseret revisionsaktieselskab Fælledvej 1 5000 Odense C
Bank	Nordea Bank Danmark A/S Vestre Stationsvej 7 5000 Odense C

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Stiesdal Storage Technologies A/S for the financial year 1 January - 31 December 2021.

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

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

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.

Give, 7 April 2022

Executive Board

Peder Riis Nickelsen

Board of Directors

Kim Schønnemann Bøttkjær
Chairman

Henrik Stiesdal

Ole Martin Alm

Peder Riis Nickelsen

Henrik Wej Petersenen

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Stiesdal Storage Technologies A/S

Opinion

We have audited the Financial Statements of Stiesdal Storage Technologies A/S for the financial year 1 January - 31 December 2021, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 Financial Statements" section of our report. We are independent of the Company 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.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements 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 Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the 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 Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements 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 Financial Statements.

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 Financial Statements, 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 Company's internal control.

INDEPENDENT AUDITOR'S REPORT

- 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 Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 Financial Statements 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 Financial Statements does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Financial Statements 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 Financial Statements 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, 7 April 2022

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Jesper Bechsgaard Jørgensen
State Authorised Public Accountant
MNE no. mne31412

MANAGEMENT COMMENTARY

Principal activities

The principal activities comprise of enlightenment, development, utilization and invention energy storing including consultancy services and investment related to the activities.

Recognition and measurement uncertainty

In these present Financial Statements, a tax asset of DKK 22.2 m is recognised. 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 5-8 years.

In these Financial Statements provisions for liabilities of DKK 50.9 m are recognised relating to entered agreements in connection with construction of a prototype of a full-scale plant on the island of Lolland, Denmark, as described in the note to the Financial Statements on intangible assets. The Company expects to deliver the plant in 2023. Except for the provision for liabilities Management also expects to incur costs in 2023 in connection with the construction of the plant, which according to Management's assessment is expected to fulfil the criteria for recognition and activation as development costs. It is Management's assessment that the provision for liabilities corresponds to the loss that the Company will realise in connection with construction and handover of the plant. However, the determination of this is subject to uncertainty as Management has chosen to pause the project for the remaining of the financial year 2022.

Development in activities and financial and economic position

The Company has incurred development costs of DKK 81 m in the financial year.

The financing has been secured with the DKK 75 m investment from Anedel Holding A/S into the Company and with the additional investment of DKK 45 m from the Company's parent company. The parent company has acquired a new significant investor in PensionDanmark, which together with existing shareholders has invested DKK 400 m in the parent company.

The Company has made satisfactory progress in design and testing of the GridScale system during 2021. Satisfactory progress has also been made in planning the first GridScale demonstrator project on the island of Lolland, Denmark, for which site permission has been secured.

The first full-scale plant for thermal energy storage is expected to be completed and delivered in 2023. The machinery, which has been ordered at an early stage of the project, is a suitable basis for further optimized versions of the plant. The first full-scale plant is relevant for further development and can be used for demonstration purposes but still need to be optimized to bring the system to a commercial level.

At this point, there is an uncertainty regarding the technology and the costs involved to bring the plant to a fully competitive and well performing system. Consequently these acknowledgements have led management to impair the development costs of the existing first full-scale plant for thermal energy storage.

The result was therefore less than what was expected in early 2021.

The Management expects profitable operations in 2026, which is supported by budgets, market surveys and the general good potential of the technology.

MANAGEMENT COMMENTARY

Significant events after the end of the financial year

On 18 March 2022, after the end of the financial year 2021, the board of directors resolved to pause construction activities of the GridScale project at Lolland until 31 December 2022. The decision was made due to the extraordinary market situation for raw materials. In particular the decision was driven by acute steel price increases and lack of steel supply.

The decision to pause the construction activities of the GridScale project is considered to be a short-term measure and therefore not considered to have an impact on the value of the Company's development projects.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2021 DKK	2020 DKK '000
GROSS LOSS	1	-4,469,106	-261
Staff costs.....	2	-1,012,699	1
Depreciation, amortisation and impairment.....	1	-89,955,926	-2
OPERATING LOSS		-95,437,731	-262
Other financial expenses.....	3	-984,022	-70
LOSS BEFORE TAX		-96,421,753	-332
Tax on profit/loss for the year.....	4	23,190,134	672
LOSS FOR THE YEAR		-73,231,619	340
PROPOSED DISTRIBUTION OF PROFIT			
Retained earnings.....		-73,231,619	340
TOTAL		-73,231,619	340

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2021 DKK	2020 DKK '000
Development projects in progress and prepayments.....		0	9,071
Intangible assets	5	0	9,071
NON-CURRENT ASSETS		0	9,071
Deferred tax assets.....		22,207,653	144
Other receivables.....		1,659,229	1,668
Corporation tax receivable.....		1,015,363	544
Prepayments and accrued income.....		960	0
Receivables	6	24,883,205	2,356
Cash and cash equivalents		104,569,084	964
CURRENT ASSETS		129,452,289	3,320
ASSETS		129,452,289	12,391
EQUITY AND LIABILITIES			
Share capital.....		24,730,002	980
Reserve for development costs.....		0	7,075
Retained profit.....		23,274,297	-6,819
EQUITY		48,004,299	1,236
Other provisions for liabilities.....	7	50,923,000	0
PROVISIONS		50,923,000	0
Accruals and deferred income.....		0	16
Non-current liabilities	8	0	16
Trade payables.....		2,348,316	784
Payables to group enterprises.....		26,021,314	10,114
Payables to owners and management.....	9	15,567	0
Corporation tax.....		0	16
Other liabilities.....		502,436	225
Accruals and deferred income.....		1,637,357	0
Current liabilities		30,524,990	11,139
LIABILITIES		30,524,990	11,155
EQUITY AND LIABILITIES		129,452,289	12,391
 Contingencies etc.	 10		
 Charges and securities	 11		
 Information on uncertainty with respect to recognition and measurement	 12		

EQUITY

	Share capital	Reserve for development costs	Retained profit	Total
Equity at 1 January 2021.....	980,000	7,075,378	-6,819,460	1,235,918
Proposed profit allocation.....			-73,231,619	-73,231,619
Transactions with owners				
Capital increase.....	23,750,002		96,249,998	120,000,000
Other legal bindings				
Capitalized development costs.....		80,882,847	-80,882,847	0
Impairments in the year.....		-89,953,846	89,953,846	0
Tax on changes in equity.....		1,995,621	-1,995,621	0
Equity at 31 December 2021	24,730,002	0	23,274,297	48,004,299

NOTES

			Note
Special items			1
The Company has under depreciation, amortization and impairment losses recognized an impairment of the Company's development projects.			
	2021 DKK	2020 DKK '000	
Impairment of development projects (recognised in depreciation, amortisation and impairment).....	89,953,846	0	
	89,953,846	0	
Staff costs			2
Average number of employees	7	1	
Wages and salaries.....	4,373,554	697	
Pensions.....	593,631	97	
Social security costs.....	40,297	4	
Other staff costs.....	90,923	16	
Capitalised payroll costs of development.....	-4,085,706	-815	
	1,012,699	-1	
Other financial expenses			3
Group enterprises.....	626,299	64	
Other interest expenses.....	357,723	6	
	984,022	70	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year.....	-1,015,363	-528	
Adjustment of deferred tax.....	-22,174,771	-144	
	-23,190,134	-672	

NOTES

		Note
Intangible assets		5
	Development projects in progress and prepayments	
Cost at 1 January 2021.....	9,070,999	
Additions.....	80,882,847	
Cost at 31 December 2021.....	89,953,846	
Revaluation of the year.....	-89,953,846	
Revaluation at 31 December 2021.....	-89,953,846	
Carrying amount at 31 December 2021.....	0	

The development costs in the year have been used for production of a small 1MW test unit for thermal energy storage at the Company's address.

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

The technology enables storage of large quantities of energy over longer periods, at significantly lower prices than seen in existing technologies.

The first full-scale plant for thermal energy storage has been planned on the island of Lolland, Denmark, with completion in January 2023. 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 but will never reach the requirements for an optimized commercial system in production.

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

These acknowledgements have led Management to make an of impairment the development costs of the first full-scale plant for thermal energy storage.

The financing of installation of the full-scale plant for thermal energy storage on Lolland and future development activities are by the Company.

	2021 DKK	2020 DKK '000	
Receivables falling due after more than one year			6
Deferred tax assets.....	22,207,653	144	
	22,207,653	144	

NOTES

	2021 DKK	2020 DKK '000	Note
Other provisions for liabilities			7
The due dates for provisions are expected to be:			
0-1 year.....	26,531,484	0	
> 1 year og < 5 years.....	24,391,516	0	
	50,923,000	0	

The provision concerns a loss-making contract.

	31/12 2021 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2020 total liabilities	8
Transition to the new Holiday Act.....	0	0	0	15,610	
	0	0	0	15,610	

	2021 DKK	2020 DKK '000	9
Payables to owners and management			
Payables to owners and management.....	15,567	0	
	15,567	0	

Payables to owners and management comprise of joint taxation contribution to the previous Management Company.

Contingencies etc. 10

Joint liabilities

The Company is jointly and severally liable together with the parent company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of Stiesdal A/S, which serves as Management Company for the joint taxation.

Charges and securities 11

The company has no charges and securities as of 31 December 2021.

NOTES

Note

Information on uncertainty with respect to recognition and measurement

12

In these present Financial Statements, a tax asset of DKK 22.2 m is recognised. 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 5-8 years.

In these Financial Statements provisions for liabilities of DKK 50.9 m are recognised relating to entered agreements in connection with construction of a prototype of a full-scale plant on the island of Lolland, Denmark, as described in the note to the Financial Statements on intangible assets. The Company expects to deliver the plant in 2023. Except for the provision for liabilities Management also expects to incur costs in connection with the construction of the plant, which according to Management's assessment is expected to fulfil the criteria for recognition and activation as development costs. It is Management's assessment that the provision for liabilities corresponds to the loss that the Company will realise in connection with construction and handover of the plant. However, the determination of this is subject to uncertainty as Management has chosen to pause the project for the remaining of the financial year 2022.

ACCOUNTING POLICIES

The Annual Report of Stiesdal Storage Technologies A/S for 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

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

INCOME STATEMENT

Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the Company's employees. Repayments from public authorities are deducted from staff costs.

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 investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

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 portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

ACCOUNTING POLICIES

BALANCE SHEET

Intangible fixed assets

Development costs 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.

Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

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.

Impairment of fixed assets

The carrying amount of intangible fixed assets are valued on an annual basis 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 net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

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, restructuring 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 for the contract. The provision is recognised as a cost under development projects in progress and prepayments.

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 on account tax 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 carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off 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 would 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 borrowing 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 term of loan.

Amortised cost of current liabilities usually corresponds to nominal value.

Accruals, liabilities

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