



Heimdal Power

Financial Statement 2021

Income Statement Heimdall Power AS

Operating income and operating expenses	Note	2021	2020
Operating income		2 949 555	722 520
Other income	4	4 781 088	0
Total income		7 730 643	722 520
Cost of materials		3 034 101	1 786 675
Salaries and personnel expenses	1	17 523 760	3 969 202
Depreciation and amortisation expenses	2, 3	12 629 564	73 521
Other operating expenses	1	12 389 387	6 086 365
Total expenses		45 576 812	11 915 764
Operating loss		-37 846 169	-11 193 243
Financial income and expenses			
Other interest income		523 525	56 077
Other financial income		47 587	6 955
Other interest expenses		1 714	7 383
Other financial expenses		89 202	13 333
Net financial items		480 196	42 317
Loss before tax		-37 365 973	-11 150 926
Income tax expense	9	0	0
Loss after tax		-37 365 973	-11 150 926
Net loss	6	-37 365 973	-11 150 926
Brought forward			
Loss brought forward		37 365 973	11 150 926
Total brought forward		-37 365 973	-11 150 926

Balance sheet

Heimdall Power AS

Assets	Note	2021	2020
Non-current assets			
Intangible assets			
Research and development	2	57 544 567	43 653 638
Patents and certifications	2	2 521 291	2 054 435
Total intangible assets		60 065 858	45 708 072
Tangible assets			
Office equipment	3	402 317	180 654
Total tangible assets		402 317	180 654
Non-current financial assets			
Investments	5	60 000 000	0
Total non-current financial assets		60 000 000	0
Total non-current assets		120 468 175	45 888 727
Current assets			
Inventories	10	117 668	0
Receivables			
Accounts receivables		490 578	121 875
Other short-term receivables	4	9 844 080	7 589 008
Other short-term receivables from shareholders		0	999 593
Total receivables		10 334 658	8 710 477
Cash and cash equivalents	8	91 123 872	41 102 297
Total current assets		101 576 198	49 812 773
Total assets		222 044 373	95 701 500

Balance sheet Heimdall Power AS

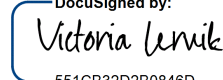
Equity and liabilities	Note	2021	2020
Equity			
Share capital	7	6 663 022	4 070 873
Share premium		177 893 525	60 367 277
Not registered capital increase		2 963 443	4 627 890
Total equity	6	187 519 990	69 066 039
Liabilities			
Non-current liabilities			
Deferred government grant	4	17 803 664	19 668 094
Other non-current liabilities		0	84 745
Total non-current liabilities		17 803 664	19 752 839
Current liabilities			
Deferred government grant	4	4 781 091	0
Trade payables		3 598 816	2 303 531
Public duties payable		2 511 876	1 110 646
Other current liabilities		5 828 936	3 468 445
Total current liabilities		16 720 719	6 882 622
Total liabilities		34 524 383	26 635 461
Total equity and liabilities		222 044 373	95 701 500

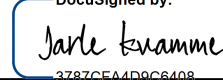
Sandnes, 06.04.2022

The board of Heimdall Power AS

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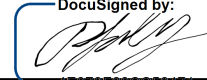
 Dag Herland Honningsvåg
 Chairman of the board

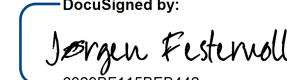
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 Victoria Lervik
 Member of the board

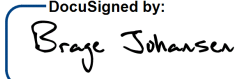
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 Jarle Severin Pettersen Kvamme
 Member of the board

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 Jon Trygve Berg
 Member of the board

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 Patrick Sandahl
 Member of the board

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 Jørgen Festervoll
 Member of the board

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 Brage Wærheim Johansen
 General Manager

General Accounting principles

The financial statements of Heimdall Power AS ("Heimdall Power" / "The Company") has been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway (NGAAP). Heimdall Power is a small company based on the regulations of the Norwegian Accounting Act, section 1-6.

The financial statements has been prepared on the basis of going concern.

Operating income

Income from sale of goods and services are recognised at fair value of the consideration, net after deduction of VAT, returns, discounts and reductions. Sales are taken to income when the company has delivered its products to the customer and there are no unsatisfied commitments which may influence the customer's acceptance of the product. Delivery is not completed until the products have been sent to the agreed place, and risks relating to loss and obsolescence have been transferred to the customer.

Heimdall Power AS recognised revenue related to sale of neuron at delivery and revenue related to software services over the contract period.

Tax

The tax expense in the income statement includes both the tax payable for the period and the change in deferred tax. Deferred tax is calculated at 22% on the basis of the temporary differences that exist between accounting and tax values, as well as tax losses carried forward at the end of the financial year. Tax-increasing and tax-reducing temporary differences that reverse or can be reversed in the same period are offset and netted.

Heimdall Power has not recognised any deferred tax asset in the financial statement for 2021.

Intangible assets

R&D expenses are taken into the balance sheet providing a future financial benefit relating to the development of an identifiable intangible asset can be identified and the expenses can be reliably measured. Otherwise such expenses are expensed as and when incurred. R&D expenses are depreciated on a straight-line basis over the asset's expected useful life.

Classification and assessment of tangible assets

Tangible assets include assets intended for permanent ownership and use. Tangible assets are valued at acquisition cost. Office equipments are capitalized and depreciated over the asset's economic life. Office equipment are written down to the recoverable amount in the event of a fall in value that is not expected to be temporary. The recoverable amount is the higher of net sales value and value in use. Value in use is the present value of future cash flows associated with the asset. The write-down is reversed when the basis for the write-down is no longer present.

Government grants

Heimdall Power receives various types of government grants in relation to its research and development activities. When such grants are received to carry out certain activities or compensate specific expenses, the grant is recognised in the income statement over the same period as the associated costs. Grants that compensate the company for the cost of an asset are recognised as deferred government grants in the statement of financial position, and subsequently recognised as revenue over the useful life of the asset. Heimdall Power recognised government grants using the gross method. Deferred government grant expected to be recognised as revenue during 2022 is classified as current liability.

Classification and assessment of current assets

Current assets and current liabilities normally include items that fall due for payment within one year after the balance sheet date, as well as items related to the product cycle. Current assets are valued at the lower of acquisition cost and fair value.

Cash and cash equivalent

Bank deposits, cash and cash equivalents includes all cash, bank deposits and other liquid investments that can be immediately converted into cash, with negligible exchange rate risk. To the extent that overdraft facilities are used, the amount drawn is presented as current liabilities to credit institutions in the statement of financial position.

Receivables

Accounts receivable and other receivables are entered at face value after deduction of provisions for expected losses. Provisions for losses are made on the basis of an individual assessment of the individual receivables.

Investments in shares

The cost method is applied to investments in shares. The shares is expected to be hold for a period above one year and is as such classified as non-current financial assets. Dividends received, and both realised and unrealised gains/losses are recognised as other financial income.

Liabilities

Liabilities, with the exception of certain liability provisions, are recognised in the balance sheet at nominal amount.

Inventory

Inventories are valued at the lower of purchase cost (according to the FIFO principle) and fair value. Recoverable amount has been used as approximation to net realisable value for raw mateials and work in progress.

Note 1 Salaries and personnel expenses

	2021	2020
Payroll expenses		
Salaries/wages	24 769 754	9 886 537
Social security fees	3 959 776	1 773 688
Pension expenses	1 877 189	855 005
Other remuneration	831 006	931 411
Capitalized salaries and personnel expenses	-13 913 965	-9 477 439
Total	17 523 760	3 969 202

The average number of employees: 28 15

	General manager	Board
Remuneration of management		
Salaries/board fee	1 292 349	258 401
Other remuneration	11 572	0

Employee option

General manager holds in total 600 000 option. Board members holds in total 60 000 options.

Pension obligations

The company has established a defined contribution scheme in accordance with the requirements of the Norwegian Act on Mandatory Occupational Pensions ("OTP").

Expensed audit fee

	2021	2020
Statutory audit (Bjørgvin Revisjon AS)	72 000	117 000
Statutory audit (PricewaterhouseCoopers AS)	20 000	0
Other assurance services (Bjørgvin Revisjon AS)	12 782	91 266
Other assurance services (PricewaterhouseCoopers AS)	6 000	0
Tax advisory fee (incl. technical assistance with tax return)	0	0
Other non-audit services (incl. technical assistance with financial statements)	0	0
Total audit fees ex. VAT	110 782	208 266

Note 2 Intangible assets

	Research and development	Patents and certifications	Total
Cost 01.01.	43 653 638	2 054 435	45 708 072
Additions	11 765 800	1 161 048	12 926 848
Capitalized salary and personnel expenses	13 913 965	0	13 913 965
Cost 31.12.	69 333 403	3 215 483	72 548 886
Accumulated depreciation 31.12.	11 788 836	694 192	12 483 028
Net book value 31.12.	57 544 567	2 521 291	60 065 858

Depreciation in the year 11 788 836 694 192 12 483 028

Estimated useful life 3 years 3 years
Depreciation plan Straight line Straight line

Research and development

Cost relates to development of technology to facilitate digitalization of the power grid. The aim of Heimdall Power's product is to maximize the true capacity of the grid. Heimdall Power has completed version 3 of the neuron in 2020. This technology is currently being sold to customers. The capitalized cost relating to this version has been amortised in 2021. The Company has continued their development of the neuron technology in 2021. The technology currently being developed is version 4. This version will optimize the sensor technology and provide even more detailed communication of the power grid to future customers. In addition, the version 4 neuron has a smaller environmental footprint and is installable by drone. This technology is expected to be finalized in 2022.

Patents and certifications

The Company's expenses related to the ISO Certification for ISO 9001 and ISO 14001 have in 2021 been capitalised as we expect these to bring future economic benefit to Heimdall Power beyond the year in which the costs are incurred. We amortise the costs over 3 years based on the frequency of renewal. The capitalisation of cost has accrued late in 2021 and as such no amortization for 2021 is applicable.

Note 3 Tangible assets

	Office equipments	Total
Cost 01.01.	263 206	263 205
Additions	368 199	368 199
Cost 31.12.	631 405	631 405
Accumulated depreciation 31.12.	229 087	229 087
Net book value 31.12.	402 317	402 317
Depreciation in the year	146 536	146 536
Estimated useful life	3 years	
Depreciation plan	Straight line	

Note 4 Government grant**Government grants**

Heimdall Power has received government grants for their research and development activities in 2021. The Company has received grants related to SkatteFUNN, Innovation Norway and Research Council of Norway. The SkatteFUNN project covers all costs related to research and development activities, including costs covered by Innovation Norway and Research Council of Norway. This year's SkatteFUNN project has been granted for their project related to digitalization of the power grid. The project was started in June 2020 and is expected to be finalized in 2022.

The company has applied for a SkatteFUNN grant of NOK 4 750 000 this year, which is part of current receivables as of 31.12.2021.

Deferred government grants:

Deferred government grants are recognized in the income statement in line with the amortisation of the connected intangible assets. Heimdall Powers neuron version 3 was finalized by the end of 2020 and has been amortised during 2021. The corresponding government grant is recognized as other revenue (straight line over 3 years). During 2021, a total amount of NOK 4 781 088 has been recognised as other revenue. This is related to received government grants for research and development activities finalized at the end of 2020.

Innovation Norway ("Innovasjon Norge"):

The Company has been granted a research and development subsidy of NOK 6 500 000, for total cost related to the project of NOK 14 600 000. The subsidy will cover 44.5 % of the expected project cost. Project cost per 31.12.2021 is NOK 2 453 710. Earned grants are NOK 1 092 392 pr. 31.12.2021 which is equal to 44.5 %. The grant is booked as a deferred government grant (gross method) as well as cost reduction associated with the project. The difference between earned grants and received payout of grants is recognised as short-term receivables.

Research Council of Norway ("Norsk Forskningsråd"):

The company has been granted a research and development subsidy of NOK 10 750 000 for a total cost of NOK 26 000 000 related to the project. The subsidy will cover 42.4 % of expected project costs. The project is called Sensegrid and aims to develop technology to facilitate monitoring and analysing real-time grid data. This is mainly related to the version 4 neuron. Expected total cost per. 31.12.2021 is NOK 34 170 670. Earned grants are NOK 10 750 000 pr. 31.12.2021. The grant is booked as unearned income (gross method) as well as cost reduction associated with the project. The difference between earned grants and received payout of grants is recognised as short-term receivables.

Short term receivable related to government grants	2021	2020
SkatteFUNN	4 750 000	4 424 947
Innovasjon Norge	1 608 028	515 636
Norges Forskningsråd	1 404 667	1 326 690
Balance sheet value 31.12.	7 762 695	6 267 273

Note 5 Investment

	Purchase cost	Market value	Value change in the period	Balance sheet value
Investments in Skagen Høyrente	60 000 000	60 248 517	248 517	60 000 000
Balance sheet value 31.12	60 000 000	60 248 517	248 517	60 000 000

Note 6 Shareholders' equity

	Share capital	Share premium	Not registered capital increase	Total
Equity changes in the year				
Equity 01.01.	4 070 873	60 367 277	4 627 890	69 066 039
Capital increase registered 21.01.21	204 172	4 423 718	-4 627 890	0
Capital increase registered 05.05.21	2 207 978	146 396 003	0	148 603 981
Capital increase registered 27.10.21	180 000	4 072 500	0	4 252 500
Not registered capital increase	0	0	2 963 443	2 963 443
Loss for the year	0	-37 365 973	0	-37 365 973
Equity 31.12.	6 663 022	177 893 525	2 963 443	187 519 990

Not registered capital increase relates to employee share purchase approved by the Board 02.12.2021.

A total amount of 154 346 new shares has been issued. The capital increase was registered in the Brønnøysund Register Centre 03.02.2022.

Note 7 Share capital and shareholder information

	Number of shares	Nominal value	Book value
Share capital	22 210 074	0,3	6 663 022
Total 31.12.			6 663 022

Heimdall Power has historically had A, B and C shares. During 25.02.2021, the board approved to convert all B- and C-shares to original A-shares. As of year end 2021 Heimdall Power have one class of shares.

List of major shareholders at 31.12.	Total shares	Ownership
Investinor Direkte AS	4 497 502	20,25 %
SAGA Pure ASA	3 961 255	17,84 %
Sarsia Seed Fond II AS	3 343 417	15,05 %
Spesialfondet KLP Alfa Global Energi	1 624 502	7,31 %
Hafslund Ny Energi AS	1 504 417	6,77 %
Lyse Vekst AS	1 504 417	6,77 %
Eviny Ventures AS	1 504 417	6,77 %
Valinor AS	714 200	3,22 %
Odfjell Land AS	474 800	2,14 %
Other investors	1 356 000	6,11 %
Employees	1 725 147	7,77 %
Total number of shares	22 210 074	100 %

Shares owned by members of the board and general manager:

Name	Position	Total
Brage Wårheim Johansen	General Manager	57 000
Dag Herland Honningsvåg	Chairman of the board	207 000
Total number of shares		264 000

Saga Pure ASA is represented in the board with board member Jørgen Festervoll. Saga Pure ASA holds a total amount of 3 961 255 shares.

Note 8 Restricted bank deposits

Restricted bank deposits	2021	2020
Withheld employee taxes	1 401 683	646 033

Note 9 Taxes

Tax expense	2021	2020
Income tax on ordinary profit or loss:	0	0
Payable tax	0	0
Change in deferred tax asset	0	0
Tax expense ordinary result	0	0

Taxable income:

Ordinary profit before tax	-37 365 973	-11 150 926
Permanent differences	-11 146 966	-4 416 503
Change in temporary differences	1 253 561	3 627 057
Taxable income	-47 259 378	-11 940 373

	2021	2020	Change
Fixed assets	202 562	-7 550	210 112
Provisions	-10 616 609	-9 152 936	-1 463 673
Total	-10 414 047	-9 160 487	-1 253 560
Accumulated loss carry-forward	-75 007 385	-27 748 006	-47 259 379
Not included in the calculation of deferred tax	85 421 432	36 908 493	48 512 939
Deferred tax in the balance sheet (22 %)	0	0	0

In accordance with generally accepted accounting principles for small enterprises, deferred tax assets are not recognized in the balance sheet.

Note 10 Inventory

Inventory	2021	2020
Power Neurons parts	117 668	0
Balance sheet value 31.12.	117 668	0

Note 11 Employee option plan

The board of Heimdall Power has since the establishment of the company issued Employee Option Plans. The Employee Option Plan is designed to provide long-term incentives for employees to deliver long-term shareholder returns. Under the plan, participants are granted options which vest based on the period of employment (limited to three years).

Participation in the plan is at the board's discretion, and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The remaining part of Board authorisation for incentive program at 31.12.21 is 481 759 options.

Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option is converted into one ordinary share. The exercise price of options is set based on the last capital injection at the grant of the option.

Heimdall Power has applied the simplified rules for small companies and has not recognised the effect of the employee option plan as employee benefits expense in the financial statement of 2021.

Set out below are summaries of options granted under the plan:

Employee options	Average exercise price per share option	Number of options
01.01		1 338 241
Granted during the year	8,25	620 000
Exercised during the year		0
Forfeited during the year		0
31.12.	8,25	1 958 241

Note 12 Subsequent events

War in Ukraine

At the time of the reporting of the financial statements the geo-political situation is challenging. Management has evaluated potential impacts and concluded that there is no material impact on the financial statements for 2021. Management will monitor the situation closely going forward.