

Steeper Energy ApS

Korinthvej 5, 9220 Aalborg Øst
CVR no. 33 38 38 35

Annual report for 2023

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The company

Steeper Energy ApS
Korinthvej 5
9220 Aalborg Øst
Tel.: 41 39 56 01
Website: www.steeperenergy.com
Registered office: Aalborg Øst
CVR no.: 33 38 38 35
Financial year: 01.01 - 31.12

Executive Board

Adm. direktør Bevan Eugene May

Board of Directors

Anthony F. W. Grenon
John-Paul Joseph Grenon

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.23 - 31.12.23 for Steeper Energy ApS.

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 as at 31.12.23 and of the results of the company's activities for the financial year 01.01.23 - 31.12.23.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Aalborg Øst, July 18, 2024

Executive Board

Bevan Eugene May
Adm. direktør

Board of Directors

Anthony F. W. Grenon
Chairman

John-Paul Joseph Grenon

To the capital owners of Steeper Energy ApS**Opinion**

We have audited the financial statements of Steeper Energy ApS for the financial year 01.01.23 - 31.12.23, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including 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 company's financial position at 31.12.23 and of the results of the company's operations for the financial year 01.01.23 - 31.12.23 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 (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty regarding going concern

We draw attention to note 1 in the annual accounts, in which the management has stated the conditions under which the company can continue its operations, and thus justified why the company's annual accounts have been prepared under the assumption of continued operations. We agree with the management in the description of the uncertainty and the choice of accounting principle. Our conclusion is therefore not modified regarding this matter..

Statement on the management's review

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, it is our responsibility is to read

management's review and, in doing so, consider whether management's review 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's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management's review 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 the management's review.

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 scepticism 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.
- 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.

Aalborg, July 18, 2024

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Peter Thor Kellmer

State Authorized Public Accountant
MNE-no. mne26805

Primary activities

The company's activities is to directly, or through holdings of shares in other companies, conduct technology based business and other activities deemed by the Board to be associated with such business.

Development in activities and financial affairs

The income statement for the period 01.01.23 - 31.12.23 shows a profit/loss of DKK -124,383,174 against DKK -2,258,762 for the period 01.01.22 - 31.12.22. The balance sheet shows equity of DKK -35,237,540.

Information on going concern

The company's ability to continue as a going concern is highly uncertain due to its and its subsidiary, Steeper Energy Canada Limited's, inability to repay the debt owed to 2176 Investments Ltd. (the "Lender"). Continued financing from 2176 Investments Ltd. is conditional upon transferring the company's assets, including shares of its subsidiary, to the Lender immediately after January 1, 2024. This arrangement, which allows for operational continuity under the discretion of the Lender, is critical given the company's acknowledgment that the asset value likely falls short of the debt. The company's ongoing operations hinge on the successful completion of this arrangement and continued financing, raising substantial doubt about its ability to continue as a going concern.

Subsequent events

In may 2024 the company initiated significant restructuring efforts to streamline operations and reduce costs. This included laying off employees and closing de Vedbæk office location.

Income statement

Note		2023	2022
		DKK	DKK
	Gross loss	-1,493,007	-1,885,925
2	Staff costs	-5,042,603	-761,884
	Loss before depreciation, amortisation, write-downs and impairment losses	-6,535,610	-2,647,809
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-109,553,888	0
	Operating loss	-116,089,498	-2,647,809
	Financial income	1,144,394	0
	Impairment losses on financial assets	-19,938,698	0
	Financial expenses	-7,111,929	-89,356
	Loss before tax	-141,995,731	-2,737,165
	Tax on loss for the year	17,612,557	478,403
	Loss for the year	-124,383,174	-2,258,762
Proposed appropriation account			
	Retained earnings	-124,383,174	-2,258,762
	Total	-124,383,174	-2,258,762

Balance sheet

ASSETS		31.12.23	31.12.22
		DKK	DKK
Note			
	Acquired rights	21,102,882	19,110,282
	Development projects in progress	0	103,582,952
3	Total intangible assets	21,102,882	122,693,234
4	Equity investments in group enterprises	0	19,938,698
5	Deposits	232,700	268,698
	Total investments	232,700	20,207,396
	Total non-current assets	21,335,582	142,900,630
	Trade receivables	0	145,137
	Receivables from group enterprises	9,421,010	2,867,294
	Income tax receivable	1,313,606	0
	Other receivables	7,488,265	5,972,237
	Prepayments	10,000	124,677
	Total receivables	18,232,881	9,109,345
	Cash	2,830,275	1,645,612
	Total current assets	21,063,156	10,754,957
	Total assets	42,398,738	153,655,587

EQUITY AND LIABILITIES

Note	31.12.23 DKK	31.12.22 DKK
Share capital	259,754	259,754
Share premium	102,314,921	102,314,921
Reserve for development costs	0	80,794,703
Retained earnings	-137,812,215	-94,223,744
Total equity	-35,237,540	89,145,634
Provisions for deferred tax	0	14,207,319
Total provisions	0	14,207,319
Payables to other credit institutions	23,683	23,655
Trade payables	2,640,846	1,894,229
Payables to group enterprises	73,165,304	47,163,315
Other payables	1,806,445	1,221,435
Total short-term payables	77,636,278	50,302,634
Total payables	77,636,278	50,302,634
Total equity and liabilities	42,398,738	153,655,587

6 Charges and security

Statement of changes in equity

Figures in DKK	Share capital	Share premium	Reserve for development costs	Retained earnings	Total equity
Statement of changes in equity for 01.01.22 - 31.12.22					
Balance as at 01.01.22	259,754	102,314,921	73,378,918	-84,549,197	91,404,396
Other changes in equity	0	0	7,415,785	-7,415,785	0
Net profit/loss for the year	0	0	0	-2,258,762	-2,258,762
Balance as at 31.12.22	259,754	102,314,921	80,794,703	-94,223,744	89,145,634
Statement of changes in equity for 01.01.23 - 31.12.23					
Balance as at 01.01.23	259,754	102,314,921	80,794,703	-94,223,744	89,145,634
Other changes in equity	0	0	-80,794,703	80,794,703	0
Net profit/loss for the year	0	0	0	-124,383,174	-124,383,174
Balance as at 31.12.23	259,754	102,314,921	0	-137,812,215	-35,237,540

The company has due to a loss a negative equity, and lost more than 50% of the share capital. The company expect the equity will be restored by either profit from operations or restructure of capital.

1. Information as regards going concern

The company incurred a deficit of DKK 124,383,174 in 2023 and had negative equity of DKK 35,237,540 as of December 31, 2023. The company's financial situation indicates uncertainty about its continued operations.

The company's ability to continue as a going concern is highly uncertain due to its and its subsidiary, Steeper Energy Canada Limited's, inability to repay the debt owed to 2176 Investments Ltd. (the "Lender"). Continued financing from 2176 Investments Ltd. is conditional upon transferring the company's assets, including shares of its subsidiary, to the Lender immediately after January 1, 2024. This arrangement, which allows for operational continuity under the discretion of the Lender, is critical given the company's acknowledgment that the asset value likely falls short of the debt. The company's ongoing operations hinge on the successful completion of this arrangement and continued financing, raising substantial doubt about its ability to continue as a going concern.

2. Staff costs

Wages and salaries	11,310,397	11,248,809
Pensions	1,801,986	1,820,138
Other social security costs	61,630	59,358
Other staff costs	41,118	5,674
Staff costs recognised in assets	-8,172,528	-12,372,095
Total	5,042,603	761,884
 Average number of employees during the year	 18	 18

3. Intangible assets

Figures in DKK	Acquired rights	Development projects in progress	Total
Cost as at 01.01.23	19,110,282	103,582,952	122,693,234
Additions during the year	1,992,600	5,970,936	7,963,536
Cost as at 31.12.23	21,102,882	109,553,888	130,656,770
Amortisation and impairment losses as at 01.01.23	0	0	0
Impairment losses during the year	0	-109,553,888	-109,553,888
Amortisation during the year	0	0	0
Amortisation and impairment losses as at 31.12.23	0	-109,553,888	-109,553,888
Carrying amount as at 31.12.23	21,102,882	0	21,102,882

In order to assure, that the intangible assets is not carried at more than their recoverable amount the company have made an impairment of development costs reducing the carrying amount at DKK 0.

The company has not demonstrated any revenues or gains from sales to justify capitalising the development costs. According to local GAAP, the calculated recoverable amount is highly uncertain, leading to the decision to impair the entire investment.

4. Equity investments in group enterprises

Figures in DKK	Equity investments in group enterprises
Cost as at 01.01.23	19,938,698
Cost as at 31.12.23	19,938,698
Impairment losses during the year	-19,938,698
Depreciation and impairment losses as at 31.12.23	-19,938,698
Carrying amount as at 31.12.23	0
Name and registered office:	Ownership interest
Subsidiaries:	
Steeper Energy Canada Limited, Canada	100%

5. Other non-current financial assets

Figures in DKK	Deposits
Cost as at 01.01.23	232,700
Cost as at 31.12.23	232,700
Carrying amount as at 31.12.23	232,700

6. Charges and security

The company has issued active security to credit institutions through a deposit of t.DKK 200 for all outstanding balances.

7. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

INCOME STATEMENT

Gross loss

Gross loss comprises revenue and other operating income and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

7. Accounting policies - continued -

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful life, year	Residual value DKK
Acquired rights	10	0

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Impairment losses on financial assets

Impairment losses on financial assets comprise impairment of investments at a lower recoverable amount and write-downs of financial current assets at a lower net realisable value.

7. Accounting policies - continued -

Other net financials

Interest income and interest expenses etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

BALANCE SHEET

Intangible assets

Development projects in progress

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights

Acquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets

Gains or losses on the disposal of intangible assets are determined as the difference between

7. Accounting policies - continued -

the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Equity investments in group enterprises

Equity investments in subsidiaries are measured in the balance sheet at cost less any impairment losses. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

If dividends are distributed on equity investments in subsidiaries exceeding the year earnings from the enterprise in question, this is considered an indication of impairment.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

7. Accounting policies - continued -**Receivables**

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank account.

Equity

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation

7. Accounting policies - continued -

rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.