
HIGHVIEW ENTERPRISES LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**



HIGHVIEW ENTERPRISES LIMITED

COMPANY INFORMATION

Directors	Javier Cavada Camino Niko Elmaleh Paul Nicholas Woollacott Colin Thomas Roy Shaun Dean Tomas William Harju-Jeanty Gerhard Hermann Cromme Rikin Shah Richard James Butland Laura Sandys (appointed 1 May 2022)
Company secretary	Sandra Redding
Registered number	04489271
Registered office	Pennine Place 2a Charing Cross Road London WC2H 0HF
Trading Address	Pennine Place 2A Charing Cross Road London WC2H 0HF
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square London EC2A 1AG

HIGHVIEW ENTERPRISES LIMITED

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HIGHVIEW ENTERPRISES LIMITED

**CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

A global pandemic, energy crisis and inflationary pressures have certainly presented huge challenges to the world over the past three years. We have had to flex and adjust as each of these external events hit. However, as we faced each challenge, Highview Power (Highview Enterprises Limited and subsidiary companies) tackled them head on and came through stronger, focused, and ready to make a significant contribution to one of the UK's biggest challenges – decarbonising the grid and improving energy security.

The Ukraine war has acted as a catalyst across Europe as governments have had to rapidly define strategies to improve energy security. For the UK, a key component of security will come from the abundance of wind. It is also slowly dawning on politicians and regulators that if we are going to fully harness the power of wind, stop curtailing it to the tune of £1bn in taxpayers' cash, and achieve energy security, long duration energy storage is going to be critical.

Highview Power is sitting at the centre of today's biggest conversation – decarbonising our planet. We not only make a significant impact to the global ambitions of achieving net zero but in the UK, we address many of the government's challenges – grid decarbonisation, energy security, infrastructure investment and levelling up. It could be argued that this really is our moment.

2022 was a turning point for the business as we pivoted from licensing our technology and took the bold decision to build a network of liquid air energy storage (LAES) plants across the UK which we will own ourselves, starting with the 300MWh plant at Carrington. This will be followed by a string of LAES plants located at key areas of constraint across the country with the ambition of delivering over 15% of the UK's long duration energy storage capacity by 2035. Integrated into our LAES plant is another key component of our technology – the stability island – which will provide other essential services to help balance the UK grid.

The size and scale of each plant will differ ranging from a 300MWh plant in Carrington to our largest 'Humber Class' at 2.5GWh. The build time for each LAES plant is projected to be 3 years from start to commissioning. The build time for the stability island component is 2 years from start to commissioning which has presented the business with an opportunity to accelerate revenues as we can commission and activate our stability islands ahead of the LAES coming online.

Finalising the strategy early in 2022 required the business to focus on two key areas – raising capital and preparing to accelerate plans to commence the build of the Carrington plant as soon as funding is secured.

The investment climate has been challenging and there is no question that the capital raise has taken longer than we had hoped. However, we are on course to closing the capital raise successfully with a group of investors that will add value to our business journey with their scale, knowledge, experience and reach.

Alongside the fundraising, a large part of the business has been laying the ground for work to commence at Carrington. This has resulted in a great deal of progress including planning approval being granted along with the completion of the ecology and environmental surveys. In addition, the front-end engineering and design was completed with design optimisation well progressed. A prime contractor has been selected and the project is shovel-ready.

Whilst Carrington remains the prime project for the business, a number of other projects have been progressing. In Hunterston heads of terms have been completed for the land and the planning submission is well underway. In Australia the business continues to work closely with our partner, TGen, where we are designing a solution to reduce their carbon emissions in the Northern Territories by 50% by 2030.

The last important activity in 2022 was building the right team to drive our business forward. We have hired a group of fantastically dedicated people that are not only experts in their individual disciplines but also driven by the purpose of Highview Power and the role we can play in decarbonising the world.

HIGHVIEW ENTERPRISES LIMITED

**CHAIRMAN'S STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Our strategy and vision are clear, and our people are ready to accelerate. 2023 is going to be the year when Highview Power takes another step forward in becoming one of the world's leaders in long duration energy storage and recognised as a UK business that is going to make a significant difference to the country's energy security and net zero ambitions.

We are all immensely excited by the future – the possibilities ahead and the role we will play as we make the benefits of a clean energy economy possible for all.

This report was approved by the board on 04-Jul-23 and signed on its behalf.

DocuSigned by:

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Colin Thomas Roy
Chairman

HIGHVIEW ENTERPRISES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The Directors present their report and the financial statements for the year ended 31 December 2022.

Principal activity

The principal activity of the Company during the year was the development of energy storage systems using liquefied air.

Results and dividends

The loss for the year, after taxation, amounted to £23,274,909 (2021: loss £13,093,113).

The Directors did not recommend the payment of dividend in the year (2021: £Nil).

Directors

The Directors who served during the year were:

Javier Cavada Camino
Niko Elmaleh
Paul Nicholas Woollacott
Colin Thomas Roy
Shaun Dean
Tomas William Harju-Jeanty
Gerhard Hermann Cromme
Rikin Shah
Richard James Butland
Rupert Edward Pearce (appointed 1 February 2022, resigned 31 March 2023)
Laura Sandys (appointed 1 May 2022)

Directors' Responsibilities Statement

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HIGHVIEW ENTERPRISES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue to be able to meet its liabilities as they fall due for the foreseeable future.

The Company is well advanced with its plans to build and operate its first commercial plant in Carrington, Greater Manchester, with the project due to commence in the second half of 2023 and take approximately two and a half years to deliver, including procurement, construction and commissioning. The Company will operate its plant via Cryobattery One Limited, an entity under the Company's control.

In parallel with developing its project plans for Carrington, the Company has been looking to raise sufficient funds for the project and to provide working capital. This fundraising activity is well advanced and expected to be completed in second half of 2023.

Until the fundraising is complete the company remains reliant on support from existing shareholders. The most recent support from shareholders, agreed in March 2023, was in the form of an additional £4m loan to provide a bridge to complete the fundraising.

In assessing the going concern assumptions, management have reviewed the Company's funding plans, reviewed its business plan together with sensitivities. Following this assessment, the Board has a reasonable expectation that the Company will be able to operate as a going concern for the foreseeable future. In undertaking this assessment the Board has considered the fact that, whilst the fundraising is on track, its successful completion is partly outside of its control.

Whilst the Directors are highly confident that the fundraising efforts highlighted above will be successfully concluded, nonetheless the successful outcome is a material uncertainty as to whether the business will be able to continue as a going concern.

Post balance sheet events

The following post balance sheet events took place:

- In March 2023 a £4m loan from existing shareholders was agreed. The first drawdown of the loan is forecast in July 2023.
- Richard Butland was appointed Chief Executive Officer on 1st April 2023, replacing Rupert Pearce who resigned on 31st March 2023.

Disclosure of information to auditor

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

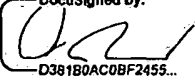
HIGHVIEW ENTERPRISES LIMITED

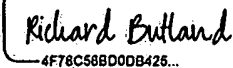
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

This report was approved by the board on

04-Jul-23

and signed on its behalf.

DocuSigned by:

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Colin Thomas Roy
Chairman

DocuSigned by:

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Richard James Butland
Chief Executive Officer



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGHVIEW ENTERPRISES LIMITED

Opinion

We have audited the financial statements of Highview Enterprises Limited (the 'Company') for the year ended 31 December 2022, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which indicates that the Company has been looking to raise sufficient funds for the Carrington project and to provide working capital for its operations as the Company is yet to start generating revenue. This fundraising activity is well advanced and expected to be completed in second half of 2023. Until the fundraising is complete the Company remains reliant on support from existing shareholders. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGHVIEW ENTERPRISES LIMITED
(CONTINUED)**

Our responsibilities

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause company to cease to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGHVIEW ENTERPRISES LIMITED
(CONTINUED)**

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine 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, the Directors are 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 unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGHVIEW ENTERPRISES LIMITED
(CONTINUED)**

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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud;
- We corroborated the results of our enquires to relevant supporting documentation;
- The company is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a material effect if non-compliance were to occur: financial reporting legislation, tax legislation, anti-bribery legislation and employment law;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management from relevant parts of the business to understand where management considered there was a susceptibility to fraud. This included the evaluation of the risk of management override of controls. Audit procedures performed by the engagement team included:
 - evaluation of the programmes and controls established to address the risks related to irregularities and fraud;
 - assessing any significant judgements or estimates within revenues or other areas of the financial statements;
 - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
 - identifying and testing related party transactions.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGHVIEW ENTERPRISES LIMITED
(CONTINUED)**

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team including consideration of the engagement team's:
 - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of the industry in which the Company operates; and
 - understanding of the legal and regulatory requirements specific to the Company.
- Team communications in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition through manipulation of accrued income from external customers.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Anthony Thomas FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
Date: 4 July 2023

HIGHVIEW ENTERPRISES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover		258,797	-
Cost of sales		(738,157)	(638,083)
Gross loss		<u>(479,360)</u>	<u>(638,083)</u>
Administrative expenses		(22,836,286)	(12,499,449)
Operating loss		<u>(23,315,646)</u>	<u>(13,137,532)</u>
Interest receivable and similar income		131,572	89,891
Interest payable and similar expenses		(90,835)	(359,676)
Loss before tax		<u>(23,274,909)</u>	<u>(13,407,317)</u>
Tax on loss	5	-	314,204
Loss for the financial year		<u>(23,274,909)</u>	<u>(13,093,113)</u>
Total comprehensive income for the year		<u><u>(23,274,909)</u></u>	<u><u>(13,093,113)</u></u>

There were no recognised gains and losses for 2022 or 2021 other than those included in the Profit and Loss Account.

The notes on pages 15 to 28 form part of these financial statements.

HIGHVIEW ENTERPRISES LIMITED
REGISTERED NUMBER: 04489271

BALANCE SHEET
AS AT 31 DECEMBER 2022

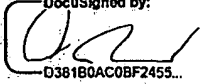
	Note	2022 £	2021 £
Fixed assets			
Intangible assets	6	2,117,936	1,687,948
Tangible assets	7	6,487,982	6,446,780
Investments	8	12,696	161,087
		<u>8,618,614</u>	<u>8,295,815</u>
Current assets			
Debtors: amounts falling due after more than one year	9	-	101,251
Debtors: amounts falling due within one year	9	7,327,694	8,731,991
Cash at bank and in hand	10	9,529,797	26,573,766
		<u>16,857,491</u>	<u>35,407,008</u>
Creditors: amounts falling due within one year	11	(2,381,867)	(3,568,550)
Net current assets		<u>14,475,624</u>	<u>31,838,458</u>
Total assets less current liabilities		<u>23,094,238</u>	<u>40,134,273</u>
Creditors: amounts falling due after more than one year	12	(1,199,173)	(1,108,338)
Net assets		<u><u>21,895,065</u></u>	<u><u>39,025,935</u></u>
Capital and reserves			
Called up share capital		133,882	133,882
Share premium account		88,149,051	88,149,051
Other reserves		7,790,985	1,646,946
Profit and loss account		(74,178,853)	(50,903,944)
		<u><u>21,895,065</u></u>	<u><u>39,025,935</u></u>

HIGHVIEW ENTERPRISES LIMITED
REGISTERED NUMBER: 04489271

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

This report was approved by the board on 04-Jul-23 and signed on its behalf.

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Colin Thomas Roy
Chairman

DocuSigned by:

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Richard James Butland
Chief Executive Officer

The notes on pages 15 to 28 form part of these financial statements.

HIGHVIEW ENTERPRISES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Share premium account	Share option reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2022	133,882	88,149,051	1,646,946	(50,903,944)	39,025,935
Comprehensive income for the year					
Loss for the year	-	-	-	(23,274,909)	(23,274,909)
Total comprehensive income for the year	-	-	-	(23,274,909)	(23,274,909)
Contributions by and distributions to owners					
Share option charge	-	-	6,144,039	-	6,144,039
At 31 December 2022	133,882	88,149,051	7,790,985	(74,178,853)	21,895,065

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Share premium account	Share option reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 31 December 2020	122,280	69,456,182	949,269	(37,810,831)	32,716,900
Comprehensive income for the year					
Loss for the year	-	-	-	(13,093,113)	(13,093,113)
Total comprehensive income for the year	-	-	-	(13,093,113)	(13,093,113)
Shares issued during the year	11,602	18,692,869	-	-	18,704,471
Share option charge	-	-	697,677	-	697,677
Total transactions with owners	11,602	18,692,869	697,677	-	19,402,148
At 31 December 2021	133,882	88,149,051	1,646,946	(50,903,944)	39,025,935

The notes on pages 15 to 28 form part of these financial statements.

HIGHVIEW ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. General information

Highview Enterprises Limited is a private Company limited by shares and incorporated in England and Wales. Registered number 04489271. Its registered head office is located at Pennine Place, 2A Charing Cross Road, London, WC2H 0HF.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest pound (£) except when otherwise stated.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue to be able to meet its liabilities as they fall due for the foreseeable future.

The Company is well advanced with its plans to build and operate its first commercial plant in Carrington, Greater Manchester, with the project due to commence in the second half of 2023 and take approximately two and a half years to deliver, including procurement, construction and commissioning. The Company will operate its plant via Cryobattery One Limited, an entity under the Company's control.

In parallel with developing its project plans for Carrington, the Company has been looking to raise sufficient funds for the project and to provide working capital. This fundraising activity is well advanced and expected to be completed in second half of 2023.

Until the fundraising is complete the company remains reliant on support from existing shareholders. The most recent support from shareholders, agreed in March 2023, was in the form of an additional£4m loan to provide a bridge to complete the fundraising.

In assessing the going concern assumptions, management have reviewed the Company's funding plans, reviewed its business plan together with sensitivities. Following this assessment, the Board has a reasonable expectation that the Company will be able to operate as a going concern for the foreseeable future. In undertaking this assessment the Board has considered the fact that, whilst the fundraising is on track, its successful completion is partly outside of its control.

Whilst the Directors are highly confident that the fundraising efforts highlighted above will be successfully concluded, nonetheless the successful outcome is a material uncertainty as to whether the business will be able to continue as a going concern.

HIGHVIEW ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.3 Turnover

Turnover comprises licence fees and engineering and design fees recognised by the Company in respect of services supplied during the year, exclusive of Value Added Tax and trade discounts.

2.4 Intangible assets

Intangible assets recognised within the Balance Sheet relate exclusively to Development costs and IP Patents and Trademarks since 2019.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation will begin when the intangible asset is available for use, i.e. when it is in the location and condition necessary for it to be usable in the manner intended by management.

Patents and trademarks:

Costs and other directly attributable costs in relation to Patents and Trademarks acquired by the Company are measured at cost less accumulated amortisation and any accumulated impairment losses.

Patents usually last for 20 years from the date of filing, subject to all parts of the patenting procedure being followed and renewal fees paid. Highview's portfolio has patents of varying age. The existing family of patents have been assessed together as a whole, with a current useful economic life of ten years.

Development costs:

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The development assets capitalised by Highview are in relation to the commercial development work in packaging and standardising the product for commercial use. Although projects are expected to last for over thirty years, these capitalised development cost have been restricted to ten years useful economic life. Amortisation of development costs will commence when the assets are brought into use.

HIGHVIEW ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures & fittings	- 33% Straight line
Buildings	- 3% Straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Assets under construction are recognised at cost until completion has been achieved, at which point they transfer into fixed assets and commence depreciation.

2.6 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.7 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.9 Debtors

Short term debtors are measured at transaction price or cost, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

HIGHVIEW ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

2.12 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

No claims have been made and no government grants recognised for employee furlough under the Coronavirus Job Retention Scheme.

Grants of a revenue nature are recognised in the Profit and Loss Account in the same period as the related expenditure.

HIGHVIEW ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.15 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.17 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.18 Interest income

Interest income is recognised in profit or loss using the effective interest method.

HIGHVIEW ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.20 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.21 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2.22 Research and development

In the research phase of an internal project, it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which typically range from 3 to 10 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

HIGHVIEW ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.23 Loan notes

The Company has outstanding £1.2m (2021: £1.1m) in Loan Notes accruing at 10% (2021: 10%) interest per annum, compounded yearly.

35% of any capital raised above £35m from 30th June 2020 must be used to repay Loan Noteholders.

In the event that Loan Noteholders do not achieve full repayment, the term of the Loan Notes have been extended to a maturity date of either the commercial operation date of Highview's first plant or 31/12/2022, whichever is the later.

Loan Noteholders have the right to convert their Loan Notes into ordinary shares of the Company at a price of £16.645 per share.

3. Employees

	2022 £	2021 £
Wages and salaries	3,829,883	4,337,193
Social security costs	719,263	483,693
Cost of defined contribution scheme	154,358	94,770
	<u>4,703,504</u>	<u>4,915,656</u>

The average monthly number of employees, including Directors, during the year was 42 (2021: 41).

4. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	<u>1,175,000</u>	<u>1,389,038</u>

5. Taxation

	2022 £	2021 £
Credit on research and development expenditure	-	(314,204)
	<u>-</u>	<u>(314,204)</u>

HIGHVIEW ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Intangible assets

	Patents and trademarks £	Development costs - WIP £	Total £
Cost			
At 1 January 2022	868,911	948,209	1,817,120
Additions	146,229	383,499	529,728
At 31 December 2022	<u>1,015,140</u>	<u>1,331,708</u>	<u>2,346,848</u>
Amortisation			
At 1 January 2022	129,172	-	129,172
Charge for the year	99,740	-	99,740
At 31 December 2022	<u>228,912</u>	<u>-</u>	<u>228,912</u>
Net book value			
At 31 December 2022	<u>786,228</u>	<u>1,331,708</u>	<u>2,117,936</u>
At 31 December 2021	<u>739,739</u>	<u>948,209</u>	<u>1,687,948</u>

Amortisation of development costs will commence when the assets are brought into use.

HIGHVIEW ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. Tangible fixed assets

	Fixtures & fittings £	Buildings £	Assets under construction £	Total £
Cost or valuation				
At 1 January 2022	193,531	723,888	5,636,577	6,553,996
Additions	41,354	-	768,299	809,653
Disposals	(13,410)	(723,888)	-	(737,298)
At 31 December 2022	<u>221,475</u>	<u>-</u>	<u>6,404,876</u>	<u>6,626,351</u>
Depreciation				
At 1 January 2022	96,240	10,976	-	107,216
Charge for the year on owned assets	53,986	26,184	-	80,170
Disposals	(11,857)	(37,160)	-	(49,017)
At 31 December 2022	<u>138,369</u>	<u>-</u>	<u>-</u>	<u>138,369</u>
Net book value				
At 31 December 2022	<u>83,106</u>	<u>-</u>	<u>6,404,876</u>	<u>6,487,982</u>
At 31 December 2021	<u>97,291</u>	<u>712,912</u>	<u>5,636,577</u>	<u>6,446,780</u>

Included within buildings is a visitor centre which was badly water damaged in 2021. The brought forward cost was included net of a provision for repairs of £61,617, recognised in 2021. Following a reassessment of the damage and its future use on the site, this asset was fully written off in 2022. An insurance recovery in respect of the damage of £206,620 was received in 2022, this is included within administrative expenses.

HIGHVIEW ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Fixed asset investments

	Investment in joint ventures £	Investments in subsidiary companies £	Total £
Cost or valuation			
At 1 January 2022	161,010	77	161,087
Additions	-	12,619	12,619
At 31 December 2022	<u>161,010</u>	<u>12,696</u>	<u>173,706</u>
Impairment			
Charge for the period	161,010	-	161,010
At 31 December 2022	<u>161,010</u>	<u>-</u>	<u>161,010</u>
Net book value			
At 31 December 2022	<u>-</u>	<u>12,696</u>	<u>12,696</u>
At 31 December 2021	<u>161,010</u>	<u>77</u>	<u>161,087</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Highview Power Storage Inc	Highview Power Storage Inc, 225 Reinekers Lane, Suite 216, Alexandria, VA 22314, USA	Commercial deployment of a LAES system in the United States	Common stock	100%
Cryobattery One Limited	Pennine Place, 2A Charing Cross Road, London, WC2H 0HF	Special purpose vehicle for the development of electricity storage	Ordinary	100%
HVS Siteco Limited	Pennine Place, 2A Charing Cross Road, London, WC2H 0HF	Special purpose vehicle for holding of site permits and options	Ordinary	100%
HVS Gridco Limited	Pennine Place, 2A Charing Cross Road, London, WC2H 0HF	Special purpose vehicle for application of electricity grid connections	Ordinary	100%

HIGHVIEW ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Fixed asset investments (continued)**Subsidiary undertakings (continued)**

Name	Registered office	Principal activity	Class of shares	Holding
Highview Power Pty Limited	Suite 902, 146 Arthur Street, North Sydney, NSW 2060, Australia	Business development entity for Australia region	Ordinary	100%
Highview Power Spain Sociedad Limitada	García Paredes, 94 Planta 1 puerta B, 28010 Madrid, España	Business development entity for Spanish region	Ordinary	100%
Highview Power Middle East DMCC	Unit No. 605, Fortune Executive Tower, Cluster T, Jumeirah Lake Towers, Dubai, UAE	Engineering and procurement support	Ordinary	100%

9. Debtors

	2022	2021
	£	£
Due after more than one year		
Other debtors	-	101,251
	<u> </u>	<u> </u>
	2022	2021
	£	£
Due within one year		
Amounts owed by group undertakings	5,822,093	7,289,958
Other debtors	1,334,574	1,242,266
Prepayments	171,027	199,767
	<u>7,327,694</u>	<u>8,731,991</u>

During the financial year an impairment of £3,479k was recorded against the intercompany loan and a trading balance of Highview Power Storage Inc, as a result of the US subsidiary ceasing trading activities.

HIGHVIEW ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Cash and cash equivalents

	2022 £	2021 £
Cash in hand	7,411,779	18,556,479
Cash equivalents	2,118,018	8,017,287
	<u>9,529,797</u>	<u>26,573,766</u>

11. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	770,304	1,696,372
Amounts owed to group undertakings	165,096	2
Other taxation and social security	306,787	303,234
Other creditors	430	1,610
Accruals and deferred income	1,139,250	1,567,332
	<u>2,381,867</u>	<u>3,568,550</u>

Certain payments are conditional on the proposed capital raise being completed, at the year-end amounts payable on this basis to advisers for work completed in 2022 was £150k.

12. Creditors: Amounts falling due after more than one year

	2022 £	2021 £
Shareholder loan notes	<u>1,199,173</u>	<u>1,108,338</u>

HIGHVIEW ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. Loans

Analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling after one year		
Shareholder loan notes	<u>1,199,173</u>	<u>1,108,338</u>

At the year end the Company had £1,199k (2021: £1,108k) of shareholder loan notes with a coupon of 10% which had a maturity of 30 June 2020. Subsequent to the investment in the Company by Sumitomo Heavy Industries the loans were amended to extend their final repayment date to the later of 31 December 2022, and the commercial operating date of the Company's first liquid air storage plant.

14. Financial instruments

	2022 £	2021 £
Financial assets		
Financial assets measured at fair value	<u>9,529,797</u>	<u>26,573,766</u>

Financial assets comprise of cash and cash equivalents.

15. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Leasehold properties		
Commitments within 1 year	80,000	488,000
Commitments greater than 1 year	-	41,000
	<u>80,000</u>	<u>529,000</u>

HIGHVIEW ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

16. Related party transactions

At the year end, the Company was owed £3,479,073 (2021: £2,712,637) from Highview Power Storage Inc, which is a US incorporated subsidiary. This £3,479,073 is a combination of an intercompany loan and a trading balance, this intercompany receivable amount has been fully impaired during the financial period as a result of the subsidiary ceasing trading activities.

At the year end, the Company was owed £4,496,386 (2021: £4,256,838) from Cryobattery One Limited, a UK incorporated subsidiary. This £4,496,386 is an intercompany loan as disclosed in the debtor notes.

At the year end, the Company owed £96,793 (2021: £45) to Highview Power Pty Ltd, an Australian incorporated subsidiary. This £96,793 is a trading balance as disclosed in the debtor notes.

At the year end, the Company owed £68,382 (2021: £10,168) to Highview Power Spain SL, a Spanish incorporated subsidiary. This £68,382 is a trading balance as disclosed in the creditor note.

At the year end, the Company was owed £286,713 (2021: £101,323) from HVS Gridco Ltd, a UK incorporated subsidiary. This £286,713 is a combination of an intercompany loan and a trading balance as disclosed in the debtor note.

At the year end, the Company was owed £163,566 (2021: £163,131) from HVS Siteco Ltd, a UK incorporated subsidiary. This £163,566 is a combination of an intercompany loan and a trading balance as disclosed in the debtor note.

At the year end, the Company was owed £875,429 (2021: £Nil) from Highview Power Middle East DMCC, a UAE incorporated subsidiary. This £875,429 is a trading balance as disclosed in the creditor note.

At the year end, the Company owed £68,000 (2021: £60,000) to Kite Consulting, a company providing consulting services under control of a Company Director. The amount owed at year end is included within the creditor note.

17. Post balance sheet events

The following post balance sheet events took place:

- In March 2023 a £4m loan from existing shareholders was agreed. The first drawdown of the loan is forecast in July 2023.
- Richard Butland was appointed Chief Executive Officer on 1st April 2023, replacing Rupert Pearce who resigned on 31st March 2023.