

Patentselskabet af 30. november 2014 ApS

Kanalen 1, 6700 Esbjerg

Annual report

1 January - 31 December 2020

Company reg. no. 36 49 42 71

The annual report was submitted and approved by the general meeting on the 3 March 2021.

Martin Nissen Dahl
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

Today, the board of directors and the managing director have presented the annual report of Patentselskabet af 30. november 2014 ApS for the financial year 1 January - 31 December 2020.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January - 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Esbjerg, 25 January 2021

Managing Director

Martin Nissen Dahl

Board of directors

Martin Nissen Dahl

Lars Wigant

Michael Smedegaard

Independent auditor's report

To the shareholders of Patentselskabet af 30. november 2014 ApS

Opinion

We have audited the financial statements of Patentselskabet af 30. november 2014 ApS for the financial year 1 January - 31 December 2020, which comprise accounting policies, income statement, statement of financial position and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing, 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Esbjerg, 25 January 2021

Martinsen

State Authorised Public Accountants
Company reg. no. 32 28 52 01

Alexander Rasmussen

State Authorised Public Accountant
mne24721

Company information

The company	Patentselskabet af 30. november 2014 ApS Kanalen 1 6700 Esbjerg Company reg. no. 36 49 42 71 Established: 7 January 2015 Domicile: Financial year: 1 January - 31 December 6th financial year
Board of directors	Martin Nissen Dahl Lars Wigant Michael Smedegaard
Managing Director	Martin Nissen Dahl
Auditors	Martinsen Statsautoriseret Revisionspartnerselskab Edison Park 4 6715 Esbjerg N
Parent company	Exowave ApS

Management commentary

The principal activities of the company

Patentselskabet af 30. november 2014 Aps was established for the purpose of owning concessions, patents, licenses, trademarks and similar rights.

The company is owned 100 percent by Exowave Aps.

The intellectual property is the legal foundation of continuously developing the WEC-platform that harvests sustainable energy in the oceans into mass pressure. This platform enables development of several different applications such as Wave-to-Energy (electricity), Wave-to-Water (desalinated freshwater) and Power-to-X (purified water for Hydrogen production by electrolysis).

The company has acquired rights and patents for the continued development, demonstration, and commercialization of its Wave Energy Converter (patent publication number WO2013189500 Wave Power Converter).

Development in activities and financial matters

The company has in the reporting period had a result of DKK -370.910 against DKK -202.450 last year. The result reflects the planned activities. The result is considered by the management to be in accordance with expectations.

Due to the extent of the five-year depreciation period from establishing patent registration in the years 2015 and 2016, all assets have by the end of year 2020 been set to a financial asset value of DKK 0.

The parent company has written a letter of support for the company, ensuring the required financial support for the coming year.

Events occurring after the end of the financial year

There have been no events after the balance sheet date, which would influence the company's financial position in any significant way.

Accounting policies

The annual report for Patentselskabet af 30. november 2014 ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Income statement

Gross loss

Gross loss comprises the direct costs and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning patents.

Other external costs comprise costs incurred for administration.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Accounting policies

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Patents and licenses are measured at cost with deduction of accrued amortisation. Patents are amortised on a straight-line basis over 5 years.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Accounting policies

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Gross loss	-62.356	-14.328
Amortisation and impairment of intangible assets	-308.554	-161.066
Profit before net financials	-370.910	-175.394
1 Other financial costs	0	-27.056
Pre-tax net profit or loss	-370.910	-202.450
Tax on ordinary results	0	0
Net profit or loss for the year	-370.910	-202.450
Proposed appropriation of net profit:		
Allocated from retained earnings	-370.910	-202.450
Total allocations and transfers	-370.910	-202.450

Statement of financial position at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2020</u>	<u>2019</u>
Non-current assets		
2 Concessions, patents, licenses, trademarks, and similar rights acquired	0	308.554
Total intangible assets	0	308.554
Total non-current assets	0	308.554
Current assets		
Other receivables	0	11.506
Total receivables	0	11.506
Cash on hand and demand deposits	0	12.796
Total current assets	0	24.302
Total assets	0	332.856

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities	<u>2020</u>	<u>2019</u>
<u>Note</u>		
Equity		
3 Contributed capital	50.000	50.000
4 Retained earnings	<u>-134.865</u>	<u>236.045</u>
Total equity	<u>-84.865</u>	<u>286.045</u>
 Liabilities other than provisions		
Bank loans	312	0
Trade payables	6.500	10.000
Payables to group enterprises	<u>78.053</u>	<u>36.811</u>
Total short term liabilities other than provisions	<u>84.865</u>	<u>46.811</u>
 Total liabilities other than provisions	<u>84.865</u>	<u>46.811</u>
 Total equity and liabilities	<u>0</u>	<u>332.856</u>
 5 Charges and security		
6 Contingencies		

Notes

All amounts in DKK.

	<u>2020</u>	<u>2019</u>
1. Other financial costs		
Financial costs, group enterprises	<u>0</u>	<u>27.056</u>
	<u>0</u>	<u>27.056</u>
	<u>31/12 2020</u>	<u>31/12 2019</u>
2. Concessions, patents, licenses, trademarks, and similar rights acquired		
Cost 1 January 2020	979.923	900.807
Additions during the year	<u>0</u>	<u>79.116</u>
Cost 31 December 2020	<u>979.923</u>	<u>979.923</u>
Amortisation and writedown 1 January 2020	-671.369	-510.303
Amortisation for the year	-100.756	-161.066
Writedown for the year	<u>-207.798</u>	<u>0</u>
Amortisation and writedown 31 December 2020	<u>-979.923</u>	<u>-671.369</u>
Carrying amount, 31 December 2020	<u>0</u>	<u>308.554</u>
3. Contributed capital		
Contributed capital 1 January 2020	<u>50.000</u>	<u>50.000</u>
	<u>50.000</u>	<u>50.000</u>
4. Retained earnings		
Retained earnings 1 January 2020	236.045	-661.505
Profit or loss for the year brought forward	-370.910	-202.450
Subsidy	<u>0</u>	<u>1.100.000</u>
	<u>-134.865</u>	<u>236.045</u>
5. Charges and security		
None.		

Notes

All amounts in DKK.

6. Contingencies

Joint taxation

With Exowave ApS, company reg. no 36477865 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

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Lars Wigant

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Alexander Rasmussen

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