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DK-5000 Odense C  
CVR no. 20 22 26 70

**STIESDAL OFFSHORE TECHNOLOGIES A/S**

**VEJLEVEJ 270, 7323 GIVE**

**ANNUAL REPORT**

**1 JANUARY - 31 DECEMBER 2020**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 19 April 2021**

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**Kim Schønnemann Bøttkjær**

**CVR NO. 38 58 51 18**

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**COMPANY DETAILS**

<b>Company</b>	Stiesdal Offshore Technologies A/S Vejlevej 270 7323 Give  CVR No.: 38 58 51 18 Established: 19 April 2017 Registered Office: Give Financial Year: 1 January - 31 December
<b>Board of Directors</b>	Niels Olaf Ahrengot Kim Schønnemann Bøttkjær, chairman Henrik Stiesdal Carsten Risvig Pedersen Peder Riis Nickelsen
<b>Executive Board</b>	Peder Riis Nickelsen
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab Fælledvej 1 5000 Odense C
<b>Bank</b>	Nordea Bank Danmark A/S Bredgade 23 6920 Videbæk

## BOARD OF DIRECTORS STATEMENT AND MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Stiesdal Offshore Technologies A/S for the financial year 1 January - 31 December 2020.

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

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Give, 19 April 2021

Executive Board

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Peder Riis Nickelsen

Board of Directors

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Niels Olaf Ahrengot

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Kim Schønnemann Bøttkjær  
Chairman

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Henrik Stiesdal

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Carsten Risvig Pedersen

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Peder Riis Nickelsen

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of Stiesdal Offshore Technologies A/S

#### Opinion

We have audited the Financial Statements of Stiesdal Offshore Technologies A/S for the financial year 1 January - 31 December 2020, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at **31 December 2020** and of the results of the Company's operations 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 (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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

#### Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such Internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## INDEPENDENT AUDITOR'S REPORT

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management'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 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 Management's Review.

Odense, 19 April 2021

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

Jesper Bechsgaard Jørgensen  
State Authorised Public Accountant  
MNE no. mne31412

## MANAGEMENT COMMENTARY

### **Principal activities**

The principal activities of the company comprise of development, utilization and sale of offshore technology and other related activities which, according to the Board's discretion, are deemed relevant for the purpose.

### **Development in activities and financial and economic position**

The Company had development costs of DKK 80 m in the financial year and it is expected that an additional amount of DKK 110 m will have to be used to complete the development project for commercial floating wind turbine foundations of 12 to 18MW. The financing hereof is expected to be in the form of licences from Offshore customers and in the form of contributions/loans from the parent company, who has also given a letter of support for the financial year 2021. In the parent company, an external investor has given a positive indication regarding a capital increase of DKK 300 to 400 m.

In 2020, the TetraSpar demo foundation was manufactured and assembled at the harbour in Grenå and it is ready for launch and installation off Norway in the spring 2021. Moreover, agreements have been made with a number of customers for engineering services which are in progress, and the concept for the future 15 to 18MW floating foundation - TetraSub - has been developed.

Management expects profitable operations in 2025, which is supported by budgets, market surveys and the general potentials of the technology.

The management considers the result of the year to be satisfactory

### **Significant events after the end of the financial year**

No events have occurred after the end of the financial year of material importance for the Company's financial position.

**INCOME STATEMENT 1 JANUARY - 31 DECEMBER**

	Note	2020 DKK	2019 DKK '000
<b>GROSS LOSS</b> .....		<b>-1,661,464</b>	<b>-10,903</b>
Staff costs.....	1	0	-563
Depreciation, amortisation and impairment.....		-157,550	0
<b>OPERATING LOSS</b> .....		<b>-1,819,014</b>	<b>-11,466</b>
Other financial income.....	2	777	10
Other financial expenses.....	3	-238,911	-85
<b>LOSS BEFORE TAX</b> .....		<b>-2,057,148</b>	<b>-11,541</b>
Tax on profit/loss for the year.....	4	6,008,657	2,355
<b>PROFIT FOR THE YEAR</b> .....		<b>3,951,509</b>	<b>-9,186</b>
<b>PROPOSED DISTRIBUTION OF PROFIT</b>			
Retained earnings.....		3,951,509	-9,186
<b>TOTAL</b> .....		<b>3,951,509</b>	<b>-9,186</b>



## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2020 DKK	2019 DKK '000
Development projects in progress and prepayments.....		81,091,149	0
<b>Intangible assets.....</b>	5	<b>81,091,149</b>	<b>0</b>
Equity investments in associated enterprises.....		1,486,695	755
<b>Financial non-current assets.....</b>	6	<b>1,486,695</b>	<b>755</b>
<b>NON-CURRENT ASSETS.....</b>		<b>82,577,844</b>	<b>755</b>
Other receivables.....		19,627,899	906
Corporation tax receivable.....		6,472,002	2,355
Prepayments and accrued income.....		55,417	0
<b>Receivables.....</b>		<b>26,155,318</b>	<b>3,261</b>
<b>Cash and cash equivalents.....</b>		<b>12,636,989</b>	<b>17,728</b>
<b>CURRENT ASSETS.....</b>		<b>38,792,307</b>	<b>20,989</b>
<b>ASSETS.....</b>		<b>121,370,151</b>	<b>21,744</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital.....		3,152,807	1,802
Reserve for development costs.....		63,251,096	0
Retained profit.....		15,249,557	15,907
<b>EQUITY.....</b>		<b>81,653,460</b>	<b>17,709</b>
Provision for deferred tax.....		463,345	0
<b>PROVISIONS.....</b>		<b>463,345</b>	<b>0</b>
Convertible and interest-bearing debt instruments.....		450,000	450
Transition to the new Holiday Act.....		330,044	58
<b>Non-current liabilities.....</b>	7	<b>780,044</b>	<b>508</b>
Trade payables.....		3,579,895	2,813
Payables to group enterprises.....		34,097,076	622
Other liabilities.....		796,331	92
<b>Current liabilities.....</b>		<b>38,473,302</b>	<b>3,527</b>
<b>LIABILITIES.....</b>		<b>39,253,346</b>	<b>4,035</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>121,370,151</b>	<b>21,744</b>
<b>Contingencies etc.</b>	8		
<b>Charges and securities</b>	9		

## EQUITY

	Share capital	Share premium account	Reserve for development costs	Retained profit	Total
Equity at 1 January 2020.....	1,801,604	0	0	15,906,952	17,708,556
Proposed profit allocation.....				3,951,509	3,951,509
<b>Transactions with owners</b>					
Capital increase.....	1,351,203	58,642,192			59,993,395
<b>Other legal bindings</b>					
Capitalized development costs.....			81,091,149	-81,091,149	0
Tax on changes in equity.....			-17,840,053	17,840,053	0
<b>Transfers</b>					
Transfers to/from other items.....		-58,642,192		58,642,192	0
Equity at 31 December 2020.....	3,152,807	0	63,251,096	15,249,557	81,653,460

## NOTES

	2020 DKK	2019 DKK '000	Note
<b>Staff costs</b>			<b>1</b>
Average number of employees	7	1	
Wages and salaries.....	4,173,995	504	
Pensions.....	556,240	55	
Social security costs.....	36,866	3	
Other staff costs.....	40,196	1	
Capitalised payroll costs of development.....	-4,807,297	0	
	<b>0</b>	<b>563</b>	
<b>Other financial income</b>			<b>2</b>
Group enterprises.....	777	10	
	<b>777</b>	<b>10</b>	
<b>Other financial expenses</b>			<b>3</b>
Group enterprises.....	110,988	0	
Other interest expenses.....	127,923	85	
	<b>238,911</b>	<b>85</b>	
<b>Tax on profit/loss for the year</b>			<b>4</b>
Calculated tax on taxable income of the year.....	-1,517,681	-2,355	
Adjustment of deferred tax.....	-4,490,976	0	
	<b>-6,008,657</b>	<b>-2,355</b>	

## NOTES

		Note
<b>Intangible assets</b>		<b>5</b>
	Development projects in progress and prepayments	
Additions.....	81,091,149	
<b>Cost at 31 December 2020.....</b>	<b>81,091,149</b>	
<b>Carrying amount at 31 December 2020.....</b>	<b>81,091,149</b>	
<p>The development costs in the year have been used for development of floating foundations for offshore wind turbines.</p> <p>Management has huge expectations for the development project, which is supported by budgets, market surveys and the general demand in the world market for alternative green technologies.</p> <p>It is expected that an additional amount of DKK 110 m will have to be used to complete the development project for commercial floating wind turbine foundations of 12 to 18MW.</p> <p>It is Management's expectation that the development project can be commercialised from the financial year 2022 and contribute with a positive cash flow.</p> <p>The financing hereof is expected to be in the form of licences from Offshore customers and in the form of contributions/loans from the parent company, who has also given a letter of support for the financial year 2021. In the parent company, an external investor has given a positive indication regarding a capital increase of DKK 300 to 400 m.</p> <p>Based on the expectations for the future earnings, it is Management's assessment that the development costs meet the requirements for recognition and measurement in the Financial Statements, and that the valuation of the development costs is proper.</p>		
<b>Financial non-current assets</b>		<b>6</b>
	Equity investments in associated enterprises	
Cost at 1 January 2020.....	755,210	
Additions.....	731,485	
<b>Cost at 31 December 2020.....</b>	<b>1,486,695</b>	
<b>Carrying amount at 31 December 2020.....</b>	<b>1,486,695</b>	

Equity investments in associated enterprises comprise of 1 % ownership of TetraSpar Demonstrator Aps with 35.87 % voting share.

## NOTES

	<b>Note</b>																				
<b>Long-term liabilities</b>	<b>7</b>																				
<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 10%; text-align: right;">31/12 2020 total liabilities</th> <th style="width: 10%; text-align: right;">Repayment next year</th> <th style="width: 10%; text-align: right;">Debt outstanding after 5 years</th> <th style="width: 10%; text-align: right;">31/12 2019 total liabilities</th> </tr> </thead> <tbody> <tr> <td>Convertible and interest-bearing debt instruments.....</td> <td style="text-align: right;">450,000</td> <td style="text-align: right;">0</td> <td style="text-align: right;">0</td> <td style="text-align: right;">450,000</td> </tr> <tr> <td>Transition to the new Holiday Act.....</td> <td style="text-align: right;">330,044</td> <td style="text-align: right;">0</td> <td style="text-align: right;">0</td> <td style="text-align: right;">58,062</td> </tr> <tr> <td></td> <td style="text-align: right;"><b>780,044</b></td> <td style="text-align: right;"><b>0</b></td> <td style="text-align: right;"><b>0</b></td> <td style="text-align: right;"><b>508,062</b></td> </tr> </tbody> </table>		31/12 2020 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2019 total liabilities	Convertible and interest-bearing debt instruments.....	450,000	0	0	450,000	Transition to the new Holiday Act.....	330,044	0	0	58,062		<b>780,044</b>	<b>0</b>	<b>0</b>	<b>508,062</b>	
	31/12 2020 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2019 total liabilities																	
Convertible and interest-bearing debt instruments.....	450,000	0	0	450,000																	
Transition to the new Holiday Act.....	330,044	0	0	58,062																	
	<b>780,044</b>	<b>0</b>	<b>0</b>	<b>508,062</b>																	
<b>Contingencies etc.</b>	<b>8</b>																				
<b>Joint liabilities</b>																					
<p>The company is jointly and severally liable together with the parent company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.</p> <p>Tax payable on the Group's joint taxable income is stated in the annual report of Stiesdal A/S, which serves as management company for the joint taxation.</p>																					
<b>Charges and securities</b>	<b>9</b>																				
<p>The company has no charges and securities per. 31 December 2020.</p>																					

## ACCOUNTING POLICIES

The Annual Report of Stiesdal Offshore Technologies A/S for 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

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

## INCOME STATEMENT

### Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Where products with a high degree of individual adjustments are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total costs and expenses regarding the contract and the degree of completion at the balance sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the company.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

### Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables and development cost.

### Other external expenses

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

### Staff costs

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

### Income from equity interests in associates

Dividend from subsidiary is recognised in the financial year when the dividend is declared.

### Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

### Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

## BALANCE SHEET

### Intangible fixed assets

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

## ACCOUNTING POLICIES

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

### **Fixed asset investments**

Equity investments in associates are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

The combination method is applied when acquiring enterprises within the Group, where the combination is regarded as completed at the date of acquisition, and by using the carrying amounts of the assets and liabilities acquired.

### **Impairment of fixed assets**

The carrying amount of intangible fixed assets together with fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, the assets are written down to the lower value.

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

### **Receivables**

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

### **Accruals, assets**

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

## ACCOUNTING POLICIES

### **Tax payable and deferred tax**

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

### **Liabilities**

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Amortised cost of current liabilities usually corresponds to nominal value.