



Tel.: +45 63 12 71 00  
odense@bdo.dk  
www.bdo.dk

BDO Statsautoriseret revisionsaktieselskab  
Fælledvej 1  
DK-5000 Odense C  
CVR no. 20 22 26 70

**TETRASPAR DEMONSTRATOR APS**  
**BREDGADE 30, 1260 KØBENHAVN K**  
**ANNUAL REPORT**  
**1 JANUARY 2020 - 31 DECEMBER 2020**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 29 June 2021**

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**Elected: Jacob Winning Lehmann**

**CVR NO. 39 92 73 30**

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**COMPANY DETAILS**

<b>Company</b>	TetraSpar Demonstrator ApS Bredgade 30 1260 Copenhagen K  CVR No.: 39 92 73 30 Established: 9 October 2018 Registered Office: Copenhagen Financial Year: 1 January - 31 December
<b>Board of Directors</b>	Henrik Stiesdal, chairman Christopher Lawrence Willow Niels Olaf Ahrengot Laurens Christiaan Willem van Seventer Takehiko Ikenouchi
<b>Board of Executives</b>	Jacob Winning Lehmann
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab Fælledvej 1 5000 Odense C
<b>Bank</b>	Nordea Vestre Stationsvej 7, 2 5000 Odense C
<b>Law Firm</b>	Bech-Bruun Langelinie Allé 35 2100 Copenhagen

## STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of TetraSpar Demonstrator ApS 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 to be approved at the Annual General Meeting.

Copenhagen, 24 June 2021

Board of Executives

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Jacob Winning Lehmann

Board of Directors

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Henrik Stiesdal  
Chairman

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Christopher Lawrence Willow

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Niels Olaf Ahrengot

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Laurens Christiaan Willem van  
Seventer

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Takehiko Ikenouchi

## INDEPENDENT AUDITOR'S REPORT

### *To the Shareholders of TetraSpar Demonstrator ApS*

#### **Opinion**

We have audited the Financial Statements of TetraSpar Demonstrator ApS 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, 24 June 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 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***

Development activities are progressing according to plan and the floating wind turbine structure is expected to go into operation during 2021.

The Company had capitalised development costs of EUR 17 m by the end of the financial year. Capitalised costs have however through an impairment test been reassessed to reflect a realisable value and hence an impairment loss of EUR 16 m and a corresponding capital loss have been realised. Valuation of assets has been conducted by discounting future expected cash flows.

It is expected that an additional amount of EUR 15 m will have to be spent to complete the development project until final installation. The remaining required funding is expected to be raised through capital increases from owners at high premiums to build free reserves.

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

A capital increase of EUR 8.5 m was registered after the end of the financial year. Additionally, a capital decrease has been effected in order to create free reserves which can sustain the capital loss from impairment of assets. The capital decrease has reduced the share capital to EUR 1,420,207 and has been finalised as of June 16, 2021 and registered with the authorities.

Except as described above, no events have occurred of material importance for the company's financial position.

## INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2020 EUR	2019 EUR
<b>GROSS LOSS</b> .....		<b>-38,900</b>	<b>-2,087,758</b>
Depreciation, amortisation and impairment losses.....	1	-15,857,190	0
<b>OPERATING LOSS</b> .....		<b>-15,896,090</b>	<b>-2,087,758</b>
Other financial income.....		43,223	0
Other financial expenses.....	2	-32,607	-35,986
<b>LOSS BEFORE TAX</b> .....		<b>-15,885,474</b>	<b>-2,123,744</b>
Tax on profit/loss for the year.....	3	1,475,672	0
<b>LOSS FOR THE YEAR</b> .....		<b>-14,409,802</b>	<b>-2,123,744</b>
<b>PROPOSED DISTRIBUTION OF DIVIDEND</b>			
Retained earnings.....		-14,409,802	-2,123,744
<b>TOTAL</b> .....		<b>-14,409,802</b>	<b>-2,123,744</b>



## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2020 EUR	2019 EUR
Development projects in progress and prepayments.....		750,000	6,285,265
<b>Intangible assets.....</b>	<b>4</b>	<b>750,000</b>	<b>6,285,265</b>
<b>NON-CURRENT ASSETS.....</b>		<b>750,000</b>	<b>6,285,265</b>
Other receivables.....		911,186	269,939
Corporation tax receivable.....		1,475,672	0
<b>Receivables.....</b>		<b>2,386,858</b>	<b>269,939</b>
<b>Cash and cash equivalents.....</b>		<b>1,077,571</b>	<b>2,378,864</b>
<b>CURRENT ASSETS.....</b>		<b>3,464,429</b>	<b>2,648,803</b>
<b>ASSETS.....</b>		<b>4,214,429</b>	<b>8,934,068</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital.....		19,882,900	10,092,400
Reserve for development costs.....		750,000	6,285,265
Retained earnings.....		-17,283,546	-8,409,009
<b>EQUITY.....</b>		<b>3,349,354</b>	<b>7,968,656</b>
Trade payables.....		865,075	965,412
<b>Current liabilities.....</b>		<b>865,075</b>	<b>965,412</b>
<b>LIABILITIES.....</b>		<b>865,075</b>	<b>965,412</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>4,214,429</b>	<b>8,934,068</b>
 Charges and securities	 5		
Staff costs	6		

**EQUITY**

	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2020.....	10,092,400	6,285,265	-8,409,009	7,968,656
Proposed profit allocation.....			-14,409,802	-14,409,802
<b>Transactions with owners</b>				
Capital increase.....	9,790,500			9,790,500
<b>Other legal bindings</b>				
Capitalized development costs.....		10,321,925	-10,321,925	0
Revaluations in the year.....		-15,857,190	15,857,190	0
<b>Equity at 31 December 2020.....</b>	<b>19,882,900</b>	<b>750,000</b>	<b>-17,283,546</b>	<b>3,349,354</b>

## NOTES

			Note
<b>Special items</b>			<b>1</b>
	2020 EUR	2019 EUR	
Impairment of development projects in progress and prepayments.....	15,857,190	0	
	<b>15,857,190</b>	<b>0</b>	
<b>Other financial expenses</b>			<b>2</b>
Other interest expenses.....	32,607	35,986	
	<b>32,607</b>	<b>35,986</b>	
<b>Tax on profit/loss for the year</b>			<b>3</b>
Calculated tax on taxable income of the year.....	-737,836	0	
Adjustment of tax in previous years.....	-737,836	0	
	<b>-1,475,672</b>	<b>0</b>	
<b>Intangible assets</b>			<b>4</b>
		Development projects in progress and prepayments	
Cost at 1 January 2020.....		6,285,265	
Additions.....		10,321,925	
Cost at 31 December 2020.....		<b>16,607,190</b>	
Revaluation of the year.....		-15,857,190	
Revaluation at 31 December 2020.....		<b>-15,857,190</b>	
Carrying amount at 31 December 2020.....		<b>750,000</b>	

## NOTES

	<b>Note</b>			
<b>Intangible fixed assets (continued)</b>	<b>4</b>			
<p>Capitalised development costs comprise supply and development costs of a new concept for a floating foundation for offshore turbines, for which the shareholders and the Board of Directors have huge expectations. Costs have been capitalised since the Final Investment Decision on January 14, 2019.</p> <p>At 31 December 2020, Management found that the future earnings, which the development asset is expected to contribute, cannot be counterbalanced by the material costs used for development and manufacturing of the prototype. As a consequence hereof Management has chosen to write down the value to EUR 750,000.</p> <p>The expenses incurred already for development of the floating foundation allow TetraSpar Demonstrator to be ready with a prototype in 2021, and allow for installation in 2021, which is expected to contribute positively to the company's earnings.</p> <p>Bearing the expectations for the future earnings in mind assuming an installed prototype in 2021, it is the Management's assessment that the development costs do fulfill the requirements for recognition and measurement, and that the valuation of development costs are made on a justifiable ground.</p>				
<b>Charges and securities</b>	<b>5</b>			
None				
	<table border="0"> <thead> <tr> <th></th> <th style="text-align: right;">2020</th> <th style="text-align: right;">2019</th> </tr> </thead> </table>		2020	2019
	2020	2019		
<b>Staff costs</b>	<b>6</b>			
Average number of employees	<table border="0"> <tbody> <tr> <td></td> <td style="text-align: right;">1</td> <td style="text-align: right;">1</td> </tr> </tbody> </table>		1	1
	1	1		

## ACCOUNTING POLICIES

The Annual Report of TetraSpar Demonstrator ApS 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

### *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, operating lease expenses, etc.

### *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*

Development costs comprise costs, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition.

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

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.

### *Impairment of fixed assets*

The carrying amount of intangible fixed assets 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 recoverable amount is lower than the carrying amount, the asset is written down to the carrying amount.

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.

## ACCOUNTING POLICIES

### ***Receivables***

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

### ***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.

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 will 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 for short-term liabilities usually corresponds to the nominal value.