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TETRASPAR DEMONSTRATOR APS
C/O TREETOP PARTNERS P/S, HAVNEGADE 27 ST., 1058 KØBENHAVN K
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2023

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 25 June 2024**

Elected: Jacob Winning Lehmann

CVR NO. 39 92 73 30

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COMPANY DETAILS

Company	TetraSpar Demonstrator ApS c/o Treetop Partners P/S, Havnegade 27 st. 1058 Copenhagen K
	CVR No.: 39 92 73 30 Established: 9 October 2018 Municipality: Copenhagen Financial Year: 1 January - 31 December
Board of Directors	Henrik Stiesdal, chairman Christopher Lawrence Willow Peder Riis Nickelsen Laurens Christiaan Willem van Seventer Takehiko Ikenouchi
Board of Executives	Jacob Winning Lehmann
Auditor	BDO Statsautoriseret revisionsaktieselskab Fælledvej 1 5000 Odense C
Bank	Nordea Vestre Stationsvej 7, 2 5000 Odense C
Law Firm	Accura Advokatpartnerselskab Tuborg Boulevard 1 2900 Hellerup

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of TetraSpar Demonstrator ApS for the financial year 1 January - 31 December 2023.

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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

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.

Copenhagen, 17 June 2024

Executive Board

Jacob Winning Lehmann

Board of Directors

Henrik Stiesdal
Chairman

Christopher Lawrence Willow

Peder Riis Nickelsen

Laurens Christiaan Willem van
Seventer

Takehiko Ikenouchi

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of TetraSpar Demonstrator ApS

Opinion

We have audited the Financial Statements of TetraSpar Demonstrator ApS for the financial year 1 January - 31 December 2023, 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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of matter

We draw attention to the note "Information on uncertainty with respect to recognition and measurement" in the Financial Statements, which describes the uncertainty connected to the recognised development projects completed of EUR 0. Our conclusion is not modified with respect to this matter.

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:

INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, 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 Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary 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 Commentary.

Odense, 17 June 2024

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.

Recognition and measurement uncertainty

At the end of 2021, the Company completed its development project, which comprises a prototype of a floating foundation for wind turbines. The Company has capitalised costs for development and manufacturing of the prototype of EUR 33.6 m in total. The Company wrote down the development project in the financial year 2022 at a carrying amount of EUR 2.5 m.

The Management has in connection with an impairment test through a DCF model per 31st December 2023 valued the development project at a carrying amount of EUR 0. The decommissioning obligation is not reflected in the impairment test as it cannot be reliably estimated, and the asset valuation is therefore subject to uncertainty. Management has disclosed its current and uncertain estimate on the decommissioning obligation in the note "Contingencies etc."

The Management assesses that the value of capitalised development costs is realistic, however with the uncertainty of the decommissioning obligation.

Development in activities and financial and economic position

In the financial year, the prototype has functioned as intended and has delivered the predicted energy output. Electricity prices in Norway decreased by 50-60% compared to the unusual levels seen in 2022 and the revenue has therefore decreased considerably. When discounting future expected cash flows for the next years, the value of the development asset is also considerably reduced. Thus, Management has assessed that the development asset should be fully impaired.

The basis for going concern

Compared to last year's profit of 1,402,089 EUR, the result for the year is a loss of 3,352,428 EUR which primarily is caused by amortisation and impairment losses of 2,500,000 EUR on the development asset. The loss for the year results in a significant reduction of the equity, which however is not completely diminished.

The realised cash flow until end of February 2024 is above the cash budget. Furthermore, it has been discussed amongst the company's owners to conduct a capital increase of minimum 125,000 EUR during 2024. This is assessed to be sufficient to cover potential variations to the budgeted cash deficit for 2024.

It is an essential assumption for going concern that the company does not exceed the cash budget for the financial year 2024 or, as discussed, a capital increase is executed during 2024. Alternatively, a reduction in the operational activity level spend would be required.

Based on above, it is assessed that the company can fulfil its obligations as these become due in 2024 and the company therefore fulfils the basis for going concern.

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	2023 EUR	2022 EUR
GROSS LOSS.....		-844,189	973,152
Depreciation, amortisation and impairment losses.....	1	-2,500,000	500,000
OPERATING LOSS.....		-3,344,189	1,473,152
Other financial income.....		321,221	68,056
Other financial expenses.....		-329,460	-139,119
LOSS BEFORE TAX.....		-3,352,428	1,402,089
Tax on profit/loss for the year.....		0	0
LOSS FOR THE YEAR.....		-3,352,428	1,402,089
PROPOSED DISTRIBUTION OF PROFIT			
Retained earnings.....		-3,352,428	1,402,089
TOTAL.....		-3,352,428	1,402,089

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 EUR	2022 EUR
Development projects completed.....		0	2,500,000
Intangible assets.....	2	0	2,500,000
NON-CURRENT ASSETS.....		0	2,500,000
Trade receivables.....		122,532	419,079
Other receivables.....		100,624	8,813
Prepayments and accrued income.....		172,928	18,837
Receivables.....		396,084	446,729
Cash and cash equivalents.....	3	2,912,677	3,665,733
CURRENT ASSETS.....		3,308,761	4,112,462
ASSETS.....		3,308,761	6,612,462
EQUITY AND LIABILITIES			
Share Capital.....		1,448,207	1,448,207
Reserve for development costs.....		0	2,500,000
Retained earnings.....		1,386,960	2,239,388
EQUITY.....		2,835,167	6,187,595
Trade payables.....		473,594	419,917
Other liabilities.....		0	4,950
Current liabilities.....		473,594	424,867
LIABILITIES.....		473,594	424,867
EQUITY AND LIABILITIES.....		3,308,761	6,612,462
Contingencies etc.	4		
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Staff costs	8		

EQUITY

EUR	Share Capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2023.....	1,448,207	2,500,000	2,239,388	6,187,595
Proposed profit allocation.....			-3,352,428	-3,352,428
Other legal bindings				
Revaluations in the year.....		-1,875,000	1,875,000	0
Transfers				
Depreciations.....		-625,000	625,000	0
Equity at 31 December 2023.....	1,448,207	0	1,386,960	2,835,167

NOTES

		Note
Special items		1
<p>The company has under depreciation, amortization and impairment losses recognized an impairment loss of 1,875,000 EUR of the company's development project in 2023 and this is thereby fully impaired.</p>		
Intangible assets		2
	Development projects completed	
Cost at 1 January 2023.....	33,585,793	
Cost at 31 December 2023.....	33,585,793	
Amortisation at 1 January 2023.....	31,085,793	
Impairment losses.....	1,875,000	
Amortisation for the year.....	625,000	
Amortisation at 31 December 2023.....	33,585,793	
Carrying amount at 31 December 2023.....	0	
<p>Capitalised development costs comprise supply and development costs of a new concept for a floating foundation for offshore turbines. Costs have been capitalised since the Final Investment Decision on 14 January 2019.</p> <p>The prototype has been fully manufactured and installed in Norway at the end of 2021 and has been in successful operation during the entire financial year 2023.</p> <p>The impairment test of the development project is based on a DCF model (10%) per 31st December 2023 and estimated total negative cash flows of EUR 389 k for the remaining estimated test period result in a carrying amount of 0 EUR. The impairment has been made after Management has calculated the amortisations for the year of the development project.</p> <p>Bearing the expectations for future earnings in mind, it is Management's assessment that the development costs do fulfil the requirements for recognition and measurement, and that the valuation of development costs is made on a justifiable ground.</p>		
Cash and cash equivalents		3
<p>An amount of EUR 2,500,000 is in an escrow account as security for the decommissioning obligation.</p>		

NOTES

	Note
Contingencies etc.	4
Contingent liabilities TetraSpar Demonstrator ApS has the obligation to decommission the asset when operation ceases. As of today, neither the method nor the costs to decommission the asset can be realistically described or estimated and hence not reflected in the annual report. The time for the obligation is also uncertain because it depends on how the development project proceeds. A top-down assessment is that the decommissioning obligation can be covered within a range of EUR 6-9 m.	
Charges and securities None	5
The basis for going concern Compared to last year's profit of 1,402,089 EUR, the result for the year is a loss of 3,352,428 EUR which primarily is caused by amortisation and impairment losses of 2,500,000 EUR on the development asset. The loss for the year results in a significant reduction of the equity, which however is not completely diminished. The realised cash flow until end of February 2024 is above the cash budget. Furthermore, it has been discussed amongst the company's owners to conduct a capital increase of minimum 125,000 EUR during 2024. This is assessed to be sufficient to cover potential variations to the budgeted cash deficit for 2024. It is an essential assumption for going concern that the company does not exceed the cash budget for the financial year 2024 or, as discussed, a capital increase is executed during 2024. Alternatively, a reduction in the operational activity level spend would be required. Based on above, it is assessed that the company can fulfil its obligations as these become due in 2024 and the company therefore fulfils the basis for going concern.	6
Information on significant uncertainties at recognition and measurement At the end of 2021, the Company completed its development project, which comprises a prototype of a floating foundation for wind turbines. The Company has capitalised costs for development and manufacturing of the prototype of EUR 33.6 m in total. The Company wrote down the development project in the financial year 2022 at a carrying amount of EUR 2.5 m. The Management has in connection with an impairment test through a DCF model per 31st December 2023 valued the development project at a carrying amount of EUR 0. The decommissioning obligation is not reflected in the impairment test as it cannot be reliably estimated, and the asset valuation is therefore subject to uncertainty. Management has disclosed the decommissioning obligation in the note "Contingencies etc." The Management assesses that the value of capitalised development costs is realistic, however with the uncertainty of the decommissioning obligation.	7

NOTES

	2023	2022	Note
Staff costs			
Number of full time employees	1	1	8

ACCOUNTING POLICIES

The Annual Report of TetraSpar Demonstrator ApS for 2023 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.

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, 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 test period after completion of the development work. The amortisation period is 5 years.

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.

ACCOUNTING POLICIES

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 the test period.

Receivables

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

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Accruals, assets

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

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.