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BDO Statsautoriseret revisionsaktieselskab
Fælledvej 1
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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 2022

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 29 March 2023

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 Niels Olaf Ahrengot 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 2022.

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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

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, 15 March 2023

Executive Board

Jacob Winning Lehmann

Board of Directors

Henrik Stiesdal Chairman	Christopher Lawrence Willow	Niels Olaf Ahrengot
Laurens Christiaan Willem van Seventer	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 2022, 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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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 2.5 m. 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, 15 March 2023

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.

Unusual matters
The expected test period of the development project is continuously assessed and reviewed by The Management. To better reflect the likely outcome of such discussions, the accounting estimate has been changed and a reduction to 5 years has been implemented. Despite a reduction in assessed likely test period, the updated value of the development project entails a reversal of previous years' impairments of EUR ('000) 900 and an increase of the profit/loss for the year of EUR ('000) 900 and equity of EUR ('000) 900.

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 2021 at a carrying amount of EUR 2 m.

The Management has in connection with an impairment test through a DCF model per 31st December 2022 valued the development project at a carrying amount of EUR 2.5 m and the impairment from previous years is partially reversed. 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.

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. The geopolitical uncertainty in Europe following Russia´s invasion into Ukraine has led to higher electricity prices in Norway, which has resulted in higher earnings than predicted. Furthermore Management has assessed that a part of the impairment of the development asset from previous years should be reversed. Valuation of assets has been conducted by discounting future expected cash flows for the next years.

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

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2022 EUR	2021 EUR
GROSS PROFIT		**973.152**	**97.354**
Depreciation, amortisation and impairment losses	1	500.000	-15.728.603
OPERATING PROFIT		**1.473.152**	**-15.631.249**
Other financial income		68.056	53.118
Other financial expenses		-139.119	-63.800
PROFIT BEFORE TAX		**1.402.089**	**-15.641.931**
Tax on profit/loss for the year		0	0
PROFIT FOR THE YEAR		**1.402.089**	**-15.641.931**

PROPOSED DISTRIBUTION OF PROFIT

Retained earnings		1.402.089	-15.641.931
TOTAL		**1.402.089**	**-15.641.931**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2022 EUR	2021 EUR
Development projects completed		2.500.000	2.000.000
Intangible assets	2	**2.500.000**	**2.000.000**
NON-CURRENT ASSETS		**2.500.000**	**2.000.000**
Trade receivables		419.079	328.267
Other receivables		8.813	278.256
Prepayments and accrued income		18.837	108.580
Receivables		**446.729**	**715.103**
Cash and cash equivalents		**3.665.733**	**3.025.678**
CURRENT ASSETS		**4.112.462**	**3.740.781**
ASSETS		**6.612.462**	**5.740.781**

EQUITY AND LIABILITIES	Note	2022 EUR	2021 EUR
Share capital		1.448.207	1.448.207
Reserve for development costs		2.500.000	2.000.000
Retained earnings		2.239.388	1.337.299
EQUITY		**6.187.595**	**4.785.506**
Trade payables		419.917	955.275
Other liabilities		4.950	0
Current liabilities		**424.867**	**955.275**
LIABILITIES		**424.867**	**955.275**
EQUITY AND LIABILITIES		**6.612.462**	**5.740.781**

	Note
Contingencies etc.	3
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Information on uncertainty with respect to recognition and measurement	5
Staff costs	6

EQUITY

	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2022	1.448.207	2.000.000	1.337.299	4.785.506
Proposed profit allocation			1.402.089	1.402.089
Other legal bindings				
Reversal of impairment in previous years		900.000	-900.000	0
Transfers				
Amortisation		-400.000	400.000	0
Equity at 31 December 2022	**1.448.207**	**2.500.000**	**2.239.388**	**6.187.595**

NOTES

	Note

Special items 1

The company has under depreciation, amortization and impairment losses recognized an impairment of the company's development project in 2021. In 2022, the company has reversed a part of the impairment from previous years.

	2022 EUR	2021 EUR
Impairment of development projects	0	15.728.603
Reversal of impairment from previous years	-900.000	0
	-900.000	**15.728.603**

Intangible assets 2

	Development projects completed
Cost at 1 January 2022	33.585.793
Cost at 31 December 2022	**33.585.793**
Amortisation at 1 January 2022	31.585.793
Reversal of impairment from previous years	-900.000
Amortisation for the year	400.000
Amortisation at 31 December 2022	**31.085.793**
Carrying amount at 31 December 2022	**2.500.000**

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.

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 2022.

The impairment test of the development project is based on a DCF model (10%) per 31st December 2022 and estimated total cash flows of EUR 2.8 m for the remaining estimated test period results in a carrying amount of EUR 2.5 m. The reversal of the impairment has been made after Management has calculated the amortisations for the year of the development project.

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.

NOTES

			Note
Contingencies etc.			**3**

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.

A preliminary method statement has however been developed from which it is assessed that the decommissioning obligation can be covered within a range of EUR 1-5 m.

Charges and securities **4**
None

Information on uncertainty with respect to recognition and measurement **5**
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 2021 at a carrying amount of EUR 2 m.

The Management has in connection with an impairment test through a DCF model per 31st December 2022 valued the development project at a carrying amount of EUR 2.5 m and the impairment from previous years is partially reversed. 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.

	2022	2021	
Staff costs			**6**
Average number of employees	1	1	

ACCOUNTING POLICIES

The Annual Report of TetraSpar Demonstrator ApS for 2022 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.

Change of accounting estimates
To better reflect the likely test period, a change has been made to the accounting estimate and a reduction to 5 years implemented. Despite the change in the updated value of the development project, it necessitates a reversal of previous years' impairments of EUR ('000) 900, an increase of the profit/loss for the year of EUR ('000) 900 and equity of EUR ('000) 900.

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.

ACCOUNTING POLICIES

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.

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.

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.