



Annual report

2019

Nordic Blue Crude AS

Org.number.:916 066 317

## **Annual report 2019 for Nordic Blue Crude AS**

### **OPERATIONS AND LOCATIONS**

Nordic Blue Crude AS ("Company" or "NBC") will build the world's first commercial facility for production of carbon neutral E-fuel and wax. The products will be produced with renewable energy, water and CO<sub>2</sub>. The Company is located in Porsgrunn municipality.

The Company's strategy and is to be a system integrator, where NBC will be a significant owner of the production facilities that will produce renewable hydrocarbons in large quantities.

### **COMMENTS RELATED TO THE FINANCIAL STATEMENTS**

Ordinary result for 2019 is a loss of NOK -684 631 compared with a loss of NOK -3 467 333 in 2018.

During 2019 research and development costs amounted to NOK 9 414 956. The cost has been capitalized to the balance sheet, as the requirements for balance sheet disclosure has been met. During 2019 the project has entered into a more structured and labour-intensive phase. NBC works with the Norwegian University for Science and Technology (NTNU) on the development of the concept and the main processes of production. The Company has engaged Aker Solutions ASA to develop a detailed concept study.

The Board of Directors (BoD) believes that the annual report gives a true and fair view of the Company's assets and liabilities, financial position, and result.

### **RESEARCH AND DEVELOPMENT ACTIVITIES**

Nordic Blue Crude AS is very satisfied with the technological platform the company has created. The Company has several research- and development activities related to the technological platform to reduce risks and optimize processes. The Company received approval for SkatteFUNN (tax refund) for 2019 from the Research Council of Norway.

In addition, Innovation Norway supports our R&D activities with grants under the environmental technology scheme.

### **GOING CONCERN**

In accordance with § 3-3 of the Accounting Act it is confirmed that the going concern assumption is satisfied and this assumption has been applied in the preparation of the accounts.

### **WORKING ENVIRONMENT, EQUAL OPPORTUNITY AND DISCRIMINATION**

The Company had at the end of the year 4 employees and 1 Full time consultant. The accounts are kept by an external accounting company.

The Company's board consists of 3 persons, all men. Based on an assessment of the size of the Company, the board has not found it necessary to take special measures regarding gender equality.

### **EXTERNAL ENVIRONMENT**

The activities of NBC do not pollute the external environment.

### **REPORT ON THE ANNUAL ACCOUNTS**

The Company is actively working to strengthen the Company's capital base, please see note 7 for more information.

The technological risk is particularly related to that the concept Power-to-Liquid has not been tested in full-scale. Through the concept study the company has not revealed issues that are not solvable for the concept to be implemented. The company will undertake further development activities to reduce technical risk until construction starts.

Market risk that the company faces, will be handled by off-take agreements, with fixed price and volume, planned production in each facility, well in advance of the start-up. The company has signed several letters of intent, on off -take on planned production, with major international companies.

Financial risk consists of the opportunity to get the production plant financed, and the Company is actively working with major industrial companies, funding agencies and capital institutions on financing the plant.

Liquidity risk is linked to the possibility of liquidity reserves being depleted, and the company estimates this to be moderate, as we see the opportunities to continue to raise equity from investors as good.

**FUTURE PROSPECT**

Nordic Blue Crude AS has made good progress i 2019, both from a technological perspective and related to its financing activities.

It is the Board of Directors opinion that the Company is well-suited for further operations and development.

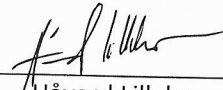
The Board of Directors has considered the consequences of the COVID-19 pandemic. The situation causes some delays for the development, but without changing the BoD's opinion on going concern.

Porsgrunn, *05.06.2020*

The board of Nordic Blue Crude AS



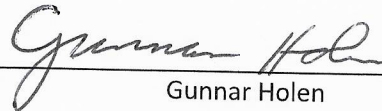
Rolf Bruknapp  
chairman of the board



Håvard Lillebo  
member of the board

*E-SIGN*

Ronald Tuft  
member of the board



Gunnar Holen  
general Manager

## REVENUE STATEMENT

### NORDIC BLUE CRUDE AS

OPERATING INCOME AND OPERATING EXPENSES	Note	2019	2018
Other operating income	9	1 393 000	147 000
<b>Total operating income</b>		<b>1 393 000</b>	<b>147 000</b>
Personnel expenses	3	567 747	67 576
Other operating expenses	3	1 422 433	3 427 544
<b>Total operating expenses</b>		<b>1 990 181</b>	<b>3 495 120</b>
<b>Operating profit</b>		<b>-597 181</b>	<b>-3 348 120</b>
<b>FINANCIAL INCOME AND EXPENSES</b>			
Income from subsidiaries		10 448	-8 957
Other interest income		6 689	2 264
Other financial income		26 739	11 490
Write-downs of long-term investments		30 000	0
Other interest expenses		89 845	114 680
Other financial expenses		11 482	9 331
<b>Net financial items</b>		<b>-87 451</b>	<b>-119 214</b>
Operating result before tax		-684 631	-3 467 333
Tax on ordinary result		0	0
<b>Ordinary result after tax</b>	<b>1</b>	<b>-684 631</b>	<b>-3 467 333</b>
<b>Annual net profit</b>	<b>4</b>	<b>-684 631</b>	<b>-3 467 333</b>
<b>BROUGHT FORWARD</b>			
Allocated to reserve for valuation differences		10 448	-8 957
Loss brought forward		695 079	3 458 377
<b>Net brought forward</b>		<b>-684 631</b>	<b>-3 467 333</b>

## BALANCE SHEET

### NORDIC BLUE CRUDE AS

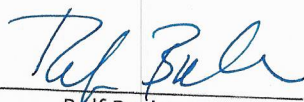
ASSETS	Note	2019	2018
Research and development	10	9 414 956	0
<b>Total intangible assets</b>		<b>9 414 956</b>	<b>0</b>
Investments in subsidiaries	6	0	19 552
<b>Total financial fixed assets</b>		<b>0</b>	<b>19 552</b>
<b>Total fixed assets</b>		<b>9 414 956</b>	<b>19 552</b>
<b>CURRENT ASSETS</b>			
<b>DEBTORS</b>			
Other short-term receivables		4 381 276	763 015
<b>Total receivables</b>		<b>4 381 276</b>	<b>763 015</b>
Cash and bank deposits	8	18 731 149	1 600 697
<b>Total current assets</b>		<b>23 112 425</b>	<b>2 363 712</b>
<b>Total assets</b>	5	<b>32 527 381</b>	<b>2 383 264</b>

## BALANCE SHEET

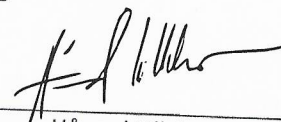
### NORDIC BLUE CRUDE AS

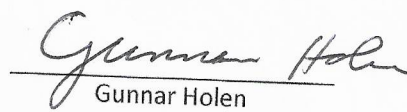
EQUITY AND LIABILITIES	Note	2019	2018
<b>PAID-UP EQUITY</b>			
Share capital			
Share premium reserve	2	37 462	33 693
Not registered capital		22 946 665	7 801 860
Other paid-in equity	7	14 965 262	3 324 098
<b>Total paid-up equity</b>		<b>37 943 723</b>	<b>11 153 985</b>
<b>RETAINED EARNINGS</b>			
Reserve for valuation variation		0	-10 448
Other equity		0	-1 448 856
Uncovered loss		-11 876 414	-9 732 479
<b>Total retained earnings</b>		<b>-11 876 414</b>	<b>-11 191 783</b>
<b>Total equity</b>	4	<b>26 067 309</b>	<b>-37 798</b>
<b>LIABILITIES</b>			
Other long term liabilities		650 000	650 000
<b>Total of other long term liabilities</b>		<b>650 000</b>	<b>650 000</b>
<b>CURRENT DEBT</b>			
Trade creditors			
Public duties payable		2 281 113	109 075
Other current debt		400 622	512
<b>Total current debt</b>		<b>3 128 337</b>	<b>1 661 475</b>
<b>Total liabilities</b>	5	<b>6 460 072</b>	<b>2 421 062</b>
<b>Total equity and liabilities</b>		<b>32 527 381</b>	<b>2 383 264</b>

Porsgrunn, 05.06.2020  
The board of Nordic Blue Crude AS

  
Rolf Bruknapp  
chairman of the board

E-SIGN  
Ronald Tuft  
member of the board

  
Håvard Lillebo  
member of the board

  
Gunnar Holen  
general Manager

## **Accounting principles**

The annual accounts have been prepared in conformity with the Accounting Act and NRS 8 - Good accounting practice for small companies.

### **OPERATING REVENUES**

Income from the sale of goods is recognised on the date of delivery. Services are posted to income as they are delivered.

### **TAX**

The tax charge in the profit and loss account consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 22 % on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net.

### **CLASSIFICATION AND VALUATION OF FIXED ASSETS**

Fixed assets include assets included for long-term ownership and use. Fixed assets are valued at acquisition cost. Property, plant and equipment are entered in the balance sheet and depreciated over the asset's economic lifetime. The depreciation period for real property acquired after 2009 is divided into the part that represents the building and the part that represents fixed technical installations. Property, plant and equipment are written down to a recoverable amount in the case of fall in value which is expected not to be temporary. The recoverable amount is the higher of the net sale value and value in use. Value in use is the present value of future cash flows related to the asset. Write-downs are reversed when the basis for the write-down is no longer present.

### **CLASSIFICATION AND VALUATION OF CURRENT ASSETS**

Current assets and short-term liabilities normally include items that fall due for payment within one year of the balance sheet date, as well as items that relate to the stock cycle. Current assets are valued at the lower of acquisition cost and fair value.

### **SHARES IN SUBSIDIARIES**

Subsidiaries are valued using the equity method in the company accounts.

Dividends, group contributions and other distributions from subsidiaries are posted to income in the same year as provided for in the distributor's accounts. To the extent that dividends/ group contributions exceed the share of profits earned after the date of acquisition, the excess amounts represents a repayment of invested capital, and distributions are deducted from the investment's value in the balance sheet of the parent company.

### **RECEIVABLES**

Receivables from customers and other receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables.

**Note 1 Tax**

<b>This year's tax expense</b>	<b>2019</b>	<b>2018</b>
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Changes in deffered tax assets	0	0
<b>Tax expense on ordinary profit/loss</b>	<b>0</b>	<b>0</b>
Taxable income:		
Ordinary result before tax	-684 631	-3 467 333
Permanent differences	-3 204 483	-468 975
Changes in temporary differences	2 191 031	0
<b>Taxable income</b>	<b>-1 698 084</b>	<b>-3 936 309</b>
Payable tax in the balance:		
Payable tax on this year's result	0	0
<b>Total payable tax in the balance</b>	<b>0</b>	<b>0</b>

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences:

	<b>2019</b>	<b>2018</b>	<b>Difference</b>
Tangible assets	-2 191 031	0	2 191 031
<b>Total</b>	<b>-2 191 031</b>	<b>0</b>	<b>2 191 031</b>
Accumulated loss to be brought forward	-14 096 324	-12 398 241	1 698 084
Not included in the deferred tax calculation	16 287 355	12 398 241	-3 889 115
<b>Basis for deferred tax assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Deferred tax assets (22 %)</b>	<b>0</b>	<b>0</b>	<b>0</b>

Deferred tax is not booked to the balance sheet



## Note 2 Shareholders

### THE SHARE CAPITAL IN NORDIC BLUE CRUDE AS AS OF 31.12 CONSISTS OF:

	Total	Face value	Entered
Ordinary shares	3 746 202	0,01	37 462
<b>Total</b>	<b>3 746 202</b>		<b>37 462</b>

### OWNERSHIP STRUCTURE

The largest shareholders in % at year end:

	Ordinary	Owner interest	Share of votes
Elfinans AS	1 351 527	36,1	36,1
Megastar Holding AS	1 337 635	35,7	35,7
Elbear Energy AS	180 000	4,8	4,8
Marcel Grimault	106 790	2,9	2,9
Tuft Invest AS	105 600	2,8	2,8
Straumen Industrier AS	100 000	2,7	2,7
Konsulent 1 AS	51 799	1,4	1,4
<b>Total &gt;1% ownership share</b>	<b>3 233 351</b>	<b>86,3</b>	<b>86,3</b>
Total other	512 851	13,7	13,7
<b>Total number of shares</b>	<b>3 746 202</b>	<b>100,0</b>	<b>100,0</b>

### Note 3 Note Salary costs and benefits, remuneration to the chief executive, board and auditor

Salary costs	2019	2018
Salaries	2 659 297	0
Employment tax	376 620	1 059
Pension costs	0	0
Other benefits	203 572	66 516
<b>Total</b>	<b>3 239 488</b>	<b>67 576</b>

In 2019 the company employed 3 man-years.

### PENSION LIABILITIES

The company is liable to maintain an occupational pension scheme under the Mandatory Occupational Pensions Act. The company's pension schemes satisfy the requirements of this Act.

Remuneration to leading personnel	Chief Executive	Board
Salaries	500 000	0
Pension costs	0	0
Other remuneration	4 392	0
<b>Total</b>	<b>504 392</b>	<b>0</b>

The chief executive became full time employee as of 01.08.2019. Before that, the CEO was hired from his own consultancy. Fee for the period 01.01.2019-31.07.2019 was 575 000,00 NOK, not including VAT. The chairman of the board is hired as a consultant, and his fee in 2019 was 1 100 000,00 NOK, not including VAT.

### AUDITOR

Audit fees expensed for 2019 amount to NOK 22 000.

In addition there is a fee for other services of NOK 38 500.

#### Note 4 Equity capital

	Share capital	Other paid-in equity	Uncovered loss	Share premium	Reserve for valuation variations	Not registered capital	Total equity
As at 31.12.2018	33 693	-5 666	-11 181 335	7 801 860	-10 448	3 324 098	-37 798
Changes posted against equity						0	0
<b>As at 01.01.2019</b>	<b>33 693</b>	<b>-5 666</b>	<b>-11 181 335</b>	<b>7 801 860</b>	<b>-10 448</b>	<b>3 324 098</b>	<b>-37 798</b>
Result for the year			- 695 079		10 448		-684 631
Changes through the year	3 769			15 144 805		11 641 164	26 789 738
<b>As at 31.12.2019</b>	<b>37 462</b>	<b>-5 666</b>	<b>-11 876 414</b>	<b>22 946 665</b>	<b>0</b>	<b>14 965 262</b>	<b>26 067 309</b>

#### Note 5 Loans and collateral to connected parties

There has not been given any loans or collateral to connected parties.

#### Note 6 Subsidiaries

Nordic Blue Crude AS owns 100% of the shares in Nordic Wind AS, which gives Nordic Blue Crude AS 100% of the votes in the company. Nordic Wind AS has its registered office in Narvik. The annual result for the period 01.01-31.12.2019 was NOK - 209 810. The book value of equity capital at 31.12.2019 was NOK - 195 827.

Nordic Blue Crude AS has after the end of the financial year given an interest-free convertible loan of NOK 250 000 to Nordic Wind AS.

#### Note 7 Not registered capital

Not registered capital are related to paid share capital and share premium, that have to be registered in Brønnøysund. Balance per 31.12.2019 is NOK -14 965 262.

All capital are registered in Brønnøysund when presenting accounts for 2019.

**Note 8 Bank deposits**

Funds standing on the tax deduction account (restricted funds) are NOK 286 882.

**Note 9 Government grants**

In 2019 a grant of NOK 1 393 000 was made to Nordic Blue Crude AS from Innovation Norway, hereof 343 000 in commercialization grants and 1 050 000 in development grants.

In 2019 a grant has been posted to income for research and development projects via the SkatteFUNN scheme of NOK 2 191 031. The amount has been posted in full as a reduction of capitalised costs related to the project.

**Note 10 Research and development**

The company has in 2019 worked actively with the E-fuel project. This project has gone into a more structured and labor-intensive phase, and various external partners have been engaged for concept development and concept study.

In accordance with the rules on intangible assets, capitalization requirements are fulfilled, and the company has therefore chosen to activate research and development costs with NOK 9 414 956. Depreciation of research and development will start as soon as the project is completed.

To the Shareholders' Meeting of Nordic Blue Crude AS

## **Independent auditor's report (translated from Norwegian)**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Nordic Blue Crude AS (the Company), showing a loss of NOK 684 631. The financial statements comprise the balance sheet as at December 31, 2019, and the statement of income, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with laws and regulations and present fairly, in all material respect, the financial position of the Company as at December 31, 2019, and (of) its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### **Basis for Opinion**

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (ISAs). Our responsibilities under those standards 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 as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Board of Directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information 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 the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Board of Directors and the Managing Director for the Financial Statements**

The Board of Directors and the Managing Director (Management) are responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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.

#### ***berge & lundal revisjonsselskap as***

statsautorisert revisor, medlem av Den norske Revisorforeningen

Rosenkrantz' gate 20, 0160 Oslo, tlf. 22 01 06 00

[www.berge-lundal.no](http://www.berge-lundal.no) | [post@berge-lundal.no](mailto:post@berge-lundal.no)

Rev.nr./Org.nr. 967 418 064

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 insofar as it is not likely that the enterprise will cease operations.

#### **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 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.

Refer to [revisorforeningen.no/revisjonsberetninger](http://revisorforeningen.no/revisjonsberetninger) which contains a description of Auditor's responsibilities.

#### **Report on Other Legal and Regulatory Requirements**

##### **Opinion on the Board of Directors' report**

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

##### **Opinion on Registration and Documentation**

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, June 5, 2020

*berge & lundal revisjonsselskap as*

\* Not to be signed – for translation purposes only.

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Hans Berge  
Registered Public Accountant