

# List of Signatures

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## Annual Account 2021 Nordic Electrofuel AS 25052022.pdf

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# Financial Statements 2021

Nordic Electrofuel AS

Org.no.: 916 066 317

Prepared by:

NRP Procurator 



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## The board of directors' report 2021

Annual report 2021 for Nordic Electrofuel AS (previously Nordic Blue Crude AS)

### Operations and locations

Nordic Electrofuel AS ("NEF" or "Company") resolved on its name change on 27 April 2021 from Nordic Blue Crude AS ("NBC"). NEF will build the world's first commercial facility for production of carbon neutral electro fuel primarily directed to the airline industry.

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 business model is to be a system integrator, where NEF 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 2021 is a loss of NOK 19 000 937 compared with a loss of NOK 2 596 867 in 2020.

During 2021 focus has been on optimization of concept and choice of technology partners and prepared for next phase of basic engineering, Front End Engineering and Design (FEED) which kicked off in February 2021 with Aker Solutions. NBC works with the Norwegian University for Science and Technology (NTNU) on the development of the concept and the main processes of production. The costs related to Research and Development has been capitalized to the balance sheet, as the requirements for balance sheet capitalization has been met.

The Board of Directors 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 Electrofuel 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 2021 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 board considers that the working environment in the company is good.

Nordic Electrofuel AS has a goal to be a workplace where there is full equality of opportunity between men and women. At the end of year the company had 8 employees, 0 women and 8 men. The company's board consists of 5 persons, of whom all are men. The accounting are kept by an external accounting company.

The company works actively to prevent discrimination as a result of disability, ethnicity, nationality, skin colour, religion or lifestyle. The activities include, among other things, recruitment, salary and working conditions, promotion, development opportunities and protection against bullying.

### External environment

The company does not carry on activity that pollutes the external environment.



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## The board of directors' report 2021

### 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 start.

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 commissioning period. 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 Electrofuel has continued its good momentum in 2021, 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 Board of Directors opinion on going concern.

Lysaker, 25.05.2022

The board of Nordic Electrofuel AS

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Rolf Bruknapp  
chairman of the board

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Ronald Tuft  
member of the board

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Harald Johan Norvik  
member of the board

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Gunnar Holen  
general Manager

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Bastian Mueller  
member of the board

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Joerg N. Walter  
member of the board



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Profit and loss account

	Note	2021	2020
Operating income and operating expenses			
Other income		2 450 000	0
Operating income		2 450 000	0
Employee benefits expense	4	9 580 356	660 276
Other expenses	4	11 938 596	1 943 446
Total expenses		21 518 953	2 603 722
Net operating profit / loss		-19 068 953	-2 603 722
Financial income and expenses			
Interest income from group companies		50 375	19 136
Other interest income		37 588	0
Currency gain		86 979	17 478
Other financial income		3 268	0
Financial income		178 210	36 613
Other interest expenses		23 029	19 724
Currency loss		87 165	10 034
Financial expenses		110 195	29 759
Net financial profit / loss		68 016	6 855
Ordinary result before tax		-19 000 937	-2 596 867
Net profit after tax		-19 000 937	-2 596 867
Net profit / loss	2	-19 000 937	-2 596 867
Attributable to			
Transferred to uncovered loss		-19 000 937	-2 596 867
Total		-19 000 937	-2 596 867



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Balance sheet

	Note	2021	2020
<b>Assets</b>			
Non-current assets			
Intangible assets			
Research and development		62 517 309	18 220 533
Total intangible assets	10	62 517 309	18 220 533
Financial assets			
Investments in subsidiaries	5	1	0
Loans to group companies	8	2 409 374	1 920 000
Total financial assets		2 409 375	1 920 000
Total non-current assets		64 926 683	20 140 533
Current assets			
Receivables			
Other current receivables	7	7 834 977	2 444 223
Total receivables		7 834 977	2 444 223
Bank deposit			
Bank deposit	6, 9	56 230 955	39 344 228
Cash and cash equivalents		56 230 955	39 344 228
Total current assets		64 065 932	41 788 451
Total assets		128 992 616	61 928 984



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Balance sheet

	Note	2021	2020
<b>Equity and liabilities</b>			
<b>Equity</b>			
Paid-in equity			
Share capital	2, 3	691 188	42 786
Share premium	2	120 638 276	67 477 809
Decided increase in share capital, not registered	2	15 585 582	3 363 488
Other paid-in equity	2	-5 666	-5 666
Total paid-in equity	2	136 909 380	70 878 417
Retained earnings			
Uncovered loss	2	-33 474 218	-14 473 281
Total retained earnings		-33 474 218	-14 473 281
Total equity	2	<u>103 435 162</u>	<u>56 405 136</u>
<b>Liabilities</b>			
Other non-current liabilities			
Other non-current liabilities		0	650 000
Total other non-current liabilities		0	650 000
Current liabilities			
Convertible debt	8	2 500 000	2 500 000
Accounts payable		18 789 882	786 833
Public duties payable		695 194	366 486
Other current liabilities		3 572 378	1 220 530
Total current liabilities		25 557 453	4 873 848
Total liabilities		<u>25 557 453</u>	<u>5 523 848</u>
Total equity and liabilities		<u>128 992 616</u>	<u>61 928 984</u>



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Lysaker, 25.05.2022  
The board of Nordic Electrofuel AS

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Rolf Bruknapp  
chairman of the board

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Joerg N. Walter  
member of the board



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## Notes 2021

### 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 cost method in the company accounts. The investment is valued at acquisition cost for the shares unless a write-down has been necessary. A write-down to fair value is made when a fall in value is due to reasons that cannot be expected to be temporary and such write-down must be considered as necessary in accordance with good accounting practice. Write-downs are reversed when the basis for the write-down is no longer present.

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.



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# Nordic Electrofuel AS

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## Notes 2021

### Note 1 Tax

	2021	2020
<u>This year's tax expense</u>		
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Changes in deferred tax assets	0	0
Tax expense on ordinary profit/loss	0	0
Taxable income:		
Ordinary result before tax	-19 000 937	-2 596 867
Permanent differences	-6 562 493	-4 019 446
Changes in temporary differences	4 750 000	1 921 636
Taxable income	-20 813 429	-4 694 677
Payable tax in the balance:		
<u>Payable tax on this year's result</u>	0	0
Total payable tax in the balance	0	0

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

	2021	2020	Difference
Tangible assets	-8 862 667	-4 112 667	4 750 000
Total	-8 862 667	-4 112 667	4 750 000
Accumulated loss to be brought forward	-39 604 430	-18 791 001	20 813 429
Not included in the deferred tax calculation	48 467 097	22 903 668	-25 563 429
Deferred tax assets (22 %)	-10 662 761	-5 038 807	5 623 954

Deferred tax not included in the balance sheet.

### Note 2 Equity capital

	Share capital	Share premium	Other equity	Uncovered loss	Not reg capital	Total equity capital
Pr. 31.12.2020	42 786	67 477 809	-5 666	-14 473 281	3 363 488	56 405 136
Result of the year				-19 000 937		-19 000 937
Paid in capital	648 402	53 160 467	0	0	12 222 094	66 030 963
Pr 31.12.2021	691 188	120 638 276	-5 666	-33 474 218	15 585 582	103 435 162



# Nordic Electrofuel AS

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## Notes 2021

### Note 3 Shareholders

The share capital in Nordic Electrofuel AS as of 31.12 consists of:

	Total	Face value	Entered
Ordinary shares	69 118 830	0,01	691 188
Total	69 118 830		691 188

### Ownership structure

The largest shareholders in % at year end:

	Ordinary	Owner interest	Share of votes
Megastar Holding AS	20 063 265	29,0	29,0
Elfinans AS	18 420 630	26,7	26,7
Marquard & Bahls AG	3 940 470	5,7	5,7
Total number of shares	42 424 365	61,4	61,4

### Note 4 Salary costs and benefits, remuneration to the chief executive, board and auditor

#### Salary costs

	2021	2020
Salaries	7 640 430	5 552 297
Employment tax	1 108 422	780 526
Pension costs	184 650	186 549
Other benefits	646 854	0
Total	9 580 356	6 519 372

In 2021 the company employed 8

#### 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.

The chairman of the board is hired as a consultant and his fee in 2021 was NOK 1.417.200,- excl VAT. The company has issued a total of 4 320 000 shares options to employees, each of which has a right to purchase one share per option on given terms. The has also been issued 120 000 Restricted Stock Units to employees.

#### Auditor

Audit fees expensed for 2021 amount to NOK 49 500 ex. vat.

In addition there is a fee for other services of NOK 65 500 ex. vat.



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# Nordic Electrofuel AS

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## Notes 2021

### Note 5 Subsidiaries, associates, joint ventures

Municipality	Owner share	Share of votes	Purchase cost	Brought to balance val.	Share of equity	Share of result
SBS/AS/JV						
Nordic Wind AS Narvik	90,1%	90,1%	26 733	1	-1 955 923	-1 165 223
Total			26 733	1	-1 955 923	-1 165 223

Nordic Electrofuel AS has given a interest-free loan of NOK 2.420.000 to Nordic Wind AS, this loan will be converted to share capital in 2022 in Nordic Wind AS.

### Note 6 Bank deposits

Funds standing on the tax deduction account (restricted funds) are NOK 686 444.

### Note 7 Government grants

In 2021 new grants of NOK 4 750 000 has been approved for research and development projects via the SkatteFUNN scheme. The amount is entered entirely as a reduction of capitalized costs in associated with the project.

In 2020, the company received NOK 1 921 636 in grants.

### Note 8 Receivables and Liabilities

	2021	2020
Receivables		
Nordic Wind AS	2 409 374	1 920 000
Total	2 409 374	1 920 000
Liabilities		
Telemark Utviklingsfond	-2 500 000	-2 500 000
Total	-2 500 000	-2 500 000

### Note 9 Not registered capital

Not registered capital are related to paid share capital and share premium, that have to be registered in Brønnøysund. Balance pr 31.12.2021 is NOK 15 585 582.



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## Notes 2021

### Note 10 Fixed assets

	R&D	Total
Acquisition cost 01.01.2021	18 220 533	18 220 533
Acquisitions	44 296 776	44 296 776
Acquisition cost 31.12.2021	62 517 309	62 517 309
Net value 31.12.2021	62 517 309	62 517 309

In 2021 the company has worked actively with the E-fuel project. This project has turned into a more structured and work incentive phase, and various external partners have been engaged for the development of concept and concept studies.

In accordance with regulations on intangible assets, requirements for capitalization has been met, the company has therefore chosen to capitalize costs for research and development with a total of NOK 62,517,309. Depreciation of research and development will start as soon as the project is completed.



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To the Shareholders' Meeting of Nordic Electrofuel 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 Electrofuel AS (the Company). The financial statements comprises the balance sheet as at December 31 2021, and the statement of income, the Board of Directors' annual report, 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 31 December 2021, 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

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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, 25 May 2022

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

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Eivind Lundal

*State authorized public accountant*