2021

Annual Report

Liquid Wind

eMPowering our Future

Together for our Carbon Neutral Future

20
Team Members

1
Site Host in Sweden

6
Community Partners

90%
Progress to First Financial Close

Liquid Wind is a Power-to-Fuel Development Company committed to reducing carbon emissions.

The company develops, finances, builds and manages replicable facilities to produce green electrofuel, eMethanol, to accelerate the transition to carbon neutral shipping. Liquid Wind has carefully assembled a world-class community of strategic partners, consisting of Alfa Laval, Carbon Clean, Siemens Energy, Topsoe, Uniper and Worley. Together they will integrate their leading technologies to produce cost-effective green electrofuel. Plans for the first facility are well underway, which will be hosted by Övik Energi on the north-east coast of Sweden. Liquid Wind expects to be supplying eMethanol in 2024.

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Statement From the CEO

During the year 2021 Liquid Wind made exponential progress on several fronts: basic engineering of FlagshipONE, fundraising, progress in partnerships and growth in staff.

We kicked off the basic engineering process with our community, Carbon Clean, Topsoe and Siemens Energy on February 14. A month later, Worley joined the process as EPCm. The entire group worked closely during the whole year to engineer the first full scale electrofuel plant. Our initial idea of bringing a few key suppliers together early and building trust and good collaboration proved to be very valuable. Despite the challenges of the COVID-19 pandemic, we were able to meet in real life in June, August and November and to complete basic engineering in December.

In parallel we ran a Series A funding round during the spring and were fortunate to attract several top-level companies to become shareholders. When the dust settled in June, we had Carbon Clean, Siemens Energy, Alfa Laval, Uniper and Elyse as strategic owners in addition to Topsoe that became a shareholder one year earlier. With the increased funding and confidence, and a completely new Board we gradually moved closer to our first facility.

In the early fall we made a major shift in partnership on the project side and welcomed Ørsted to join us instead of the infrastructure fund that we had been negotiating with for a while. The concept of partnering with Ørsted is very attractive for Liquid Wind and in January 2022 we could announce that Ørsted purchased 45% of the FlagshipONE project company. Since then, we have been working closely with the Ørsted PtX team and we are making solid progress together.

During the year we continued to deal with COVID-19 restrictions, and we learned to operate efficiently while being remote. It also gave us the flexibility of hiring people “anywhere” and we have done so in many cases. By the time the year came to a close we had increased our team to 20 people and had set up a company in Denmark. To ensure we build “one organisation”, our ambition is to meet with the whole team three times per year. Our December 2021 meeting was held in Fredensborg, Denmark and was a great conclusion to an intense year.

The world around us and the shipping market have had its challenges during 2021. Shipping rates hit an all-time high because of COVID-19 and supply chain issues. The pressure for shipping to increase sustainability remains and increases. Electrification in multiple ways continues to attract attention and actions both on land and gradually at sea.

Throughout the market turmoil and the impact of the war in 2022, Liquid Wind has stayed a steady course and is on track to sell multiple facilities that serve an industry that gets bigger and is in urgent need of fossil free fuel. We see an active search for sustainable shipping fuel and this search is converging on green methanol. Green electro-methanol is the practical application of electrification in the hard to abate shipping sector. Liquid Wind’s fuel, produced in Sweden and from natural resources - wind and biogenic CO_2, will be the most sustainable fuel; it is 94% decarbonized and available in a practical liquid format for many years to come. Electro-methanol has been confirmed and endorsed by Maersk who have ordered 12 16,000 TEU container ships to run on methanol and most recently CMA CGA announced that they have ordered six dual-fuel methanol container 15,000 TEU ships to be delivered in 2025. In times of geopolitical concerns, a locally produced fuel at a long-term stable price will enable long-term carbon neutral risk-reduced operation, and long-term steady returns for investors.

Awarded Klimatklivet funds to support FlagshipONE.

Named one of 5 Top Energy Start-ups globally by StartUs Insights.

In November, we got the fantastic news from the Swedish Environmental Protection Agency, Naturvårdsverket, that we had been awarded Klimatklivet funds (EUR 15 million) to support FlagshipONE. Naturvårdsverket works on behalf of the Swedish government, conducting and coordinating Sweden's environmental work within Sweden, the EU and internationally. The aim of their initiative Klimatklivet, Climate Leap, is to support local and regional investments that reduce emissions of carbon dioxide and other gases that affect the climate.

In 2021, we were also named one of 5 Top Energy Start-ups globally by StartUs Insights. Another recognition for our work and team.

We are excited about what 2022 has in store as we move towards FID (Final Investment Decision) for FlagshipONE and the start of construction. FlagshipTWO is only about a year behind and will be twice the size. The future is promising for Liquid Wind with many new activities in the pipeline. We will be pleased to share these activities with you in our upcoming newsletters and other channels.

Stay tuned and keep an eye out for the first ship powered by Liquid Wind's electrofuel eMethanol.

Best regards,

Claes Fredriksson
Founder and CEO

Key Achievements

2017

- Completed feasibility study
- Incorporated company
- Established advisory board
- Joined Innovatum Start-Up Incubator

2018

- Established collaboration with marine value chain
- Selected first Consortium partners
- Liquid Wind Team grows to 3

2019

- Signed agreements with key partners
- Raised 6M SEK from angels and 2M SEK via crowdfunding
- Liquid Wind Team grows to 7

2020

- Seed round closed at 13M SEK
- Strong traction with Series A
- Signed Term Sheet for financing of first facility FlagshipONE
- Övik Energi secured as first facility host
- Graduated from Innovatum Start-up Incubator
- Liquid Wind Team grows to 10

2021

- Closed Series A funding at 40M SEK
- Submitted environmental permit application for FlagshipONE
- Secured 151 SEK million from Swedish Climate Leap, “Klimatklivet”
- Joined 200 industry leaders in the Call to Action for Shipping Decarbonization by 2050
- Named 5 Top Energy Start-ups globally by StartUs Insights
- Established office in Allerød, Denmark
- Liquid Wind Team grows to 20

2022

- Ørsted acquires a 45% ownership share of FlagshipONE
- Hosting seminar at Swedish Parliament
- Working towards FID for FlagshipONE
- Securing host for FlagshipTWO

Management Report

The work conducted in 2021 forms the basis for the extensive and unique expertise/IP that the Company is continuously building up, which is packaged and sold as Flagships to project investors. In addition, the value is sold to investors in the Company.

Value in the Company is therefore accumulated to facilitate the successful divestment of FlagshipONE AB 2022, and thereafter additional Flagships in the coming years.

In this way, the Company will sell/license its unique expertise in the development and financing of production facilities for eMethanol in an efficient and scalable manner.

In 2021, the Company operated and developed its activities primarily in three areas:

1. Organisation

Internal: Recruitment and contracting of expertise in the electricity market, as well as in technology, finance and shipping. The company doublednits workforce over the course of the year.

Community: A new partner Ørsted was affiliated with the Company during the year.

Board: A new Board comprising seven people was elected at the meeting on 29 June.

2. Financing of the Company

Capital was raised from private, industrial and strategic investors in order to conduct the development work.

3. Negotiation of Divestment of FlagshipONE AB

Dialogue with potential buyers of the first project continued in 2021 with the aim of concluding an agreement in 2022.

Financing

The new share issue that was initiated in 2021, whereby 22,689 shares were issued at a value of SEK 40.87 million, was concluded in April 2021. This Series A issue included Siemens Energy, Carbon Clean, SydKraft (Uniper), Falkor and Alfa Laval. In addition, a number of business angels, a Canadian crowdfunding group and a number of employees and consultants also invested. Later in spring, a split of 100:1 was made, which meant that all shareholders were allotted 100 times more shares.

On 18 November, notification was made from the Swedish Environmental Protection Agency that the Company had been approved as a recipient of the Climate Leap initiative (Klimatklivet) to the amount of SEK 151 million, and this support will be paid to FlagshipONE AB over the course of the construction phase.

The company acquired the remaining 20% of the shares in FlagshipONE AB in December, which means the Company owned 100% of FlagshipONE AB as of the end of 2021.

In July, a decision was made to terminate the partnership with CIP, an infrastructure fund, and enter into a partnership with Danish Ørsted instead. The result of this partnership was that on 23 December the Board of Directors proposed to the Annual General Meeting to sell 45% of the shares in FlagshipONE AB to Ørsted.

COVID-19

COVID-19 impacted the Company both negatively and positively. Company operations were conducted at full throttle in the first half of 2021 although with fewer business trips. The lesson learnt from the pandemic of holding digital meetings has continued and today the Company has employees based in eight different locations.

The Team

Gradually building a strong, sustainable, diversified team with cutting-edge skills within the Company's relatively broad field of work has been of paramount importance. In 2021, the team increased with ten people, in technology, commercialisation, law, regulatory frameworks and life cycle analysis. In 2022, the team needs to be strengthened with additional members in order to deliver on the final investment decision (FID) for FlagshipONE and to start with additional Flagships.

In 2021, a new subsidiary Liquid Wind Denmark ApS was established with the aim of running operations/ employing staff in Denmark. At present, there are a total of six employees in the Danish organisation.

The Market Situation

In 2021, interest in electrofuels and eMethanol rose steadily. Decarbonizing international shipping is urgent and requires the involvement of stakeholders from the full maritime value chain as well as governments. It is promising to see the marine industry working on innovative and green technologies supporting the transition to zero emission marine fuels, such as eMethanol.

What We Do

Green Electrofuel for the Marine Industry

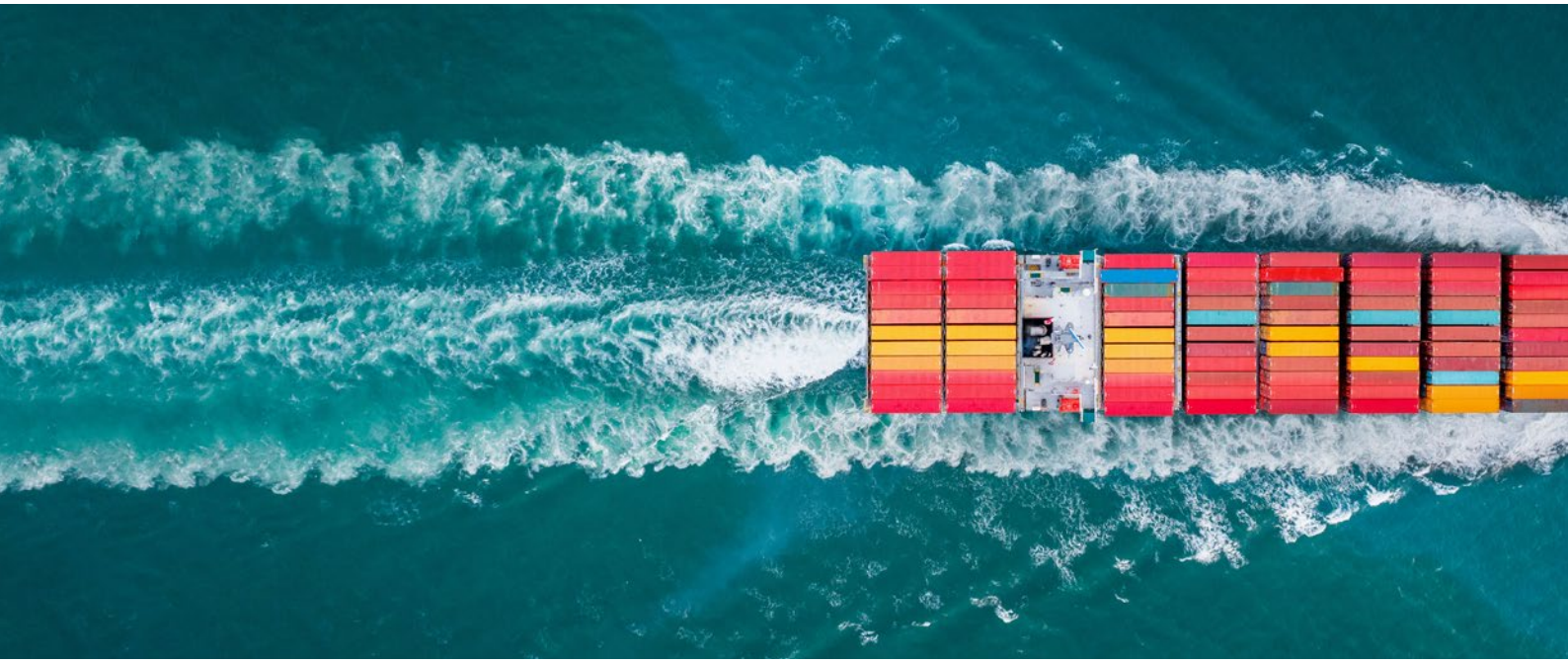
Liquid Wind is planning the worldwide first large-scale industrial roll-out of green electrofuel facilities, eMethanol. The first plants will be built in Sweden, with additional plans to roll out the so-called Flagship facilities in Europe and on a global scale, in partnership with pulp and paper mills and CHP plants. The eMethanol produced can be used to power all kinds of ships and replace marine fuel oil.

This scaling is made possible thanks to a standardized and modular facility model, based on the latest digitalization technology, for the efficient replication of eMethanol facilities. The entire planning and integration are carried out with the help of licensing, a so-called Digital Twin, for data (COMOS), process and operations, which are provided by the Siemens Ecosystem. This means that all plants can be planned, tested, and efficiently operated via Digital Twin implementations. With great development opportunities for scaling up in countries that are rich in renewable energy and, with the synthesis from hydrogen and CO_2, meet the growing demand for green methanol.

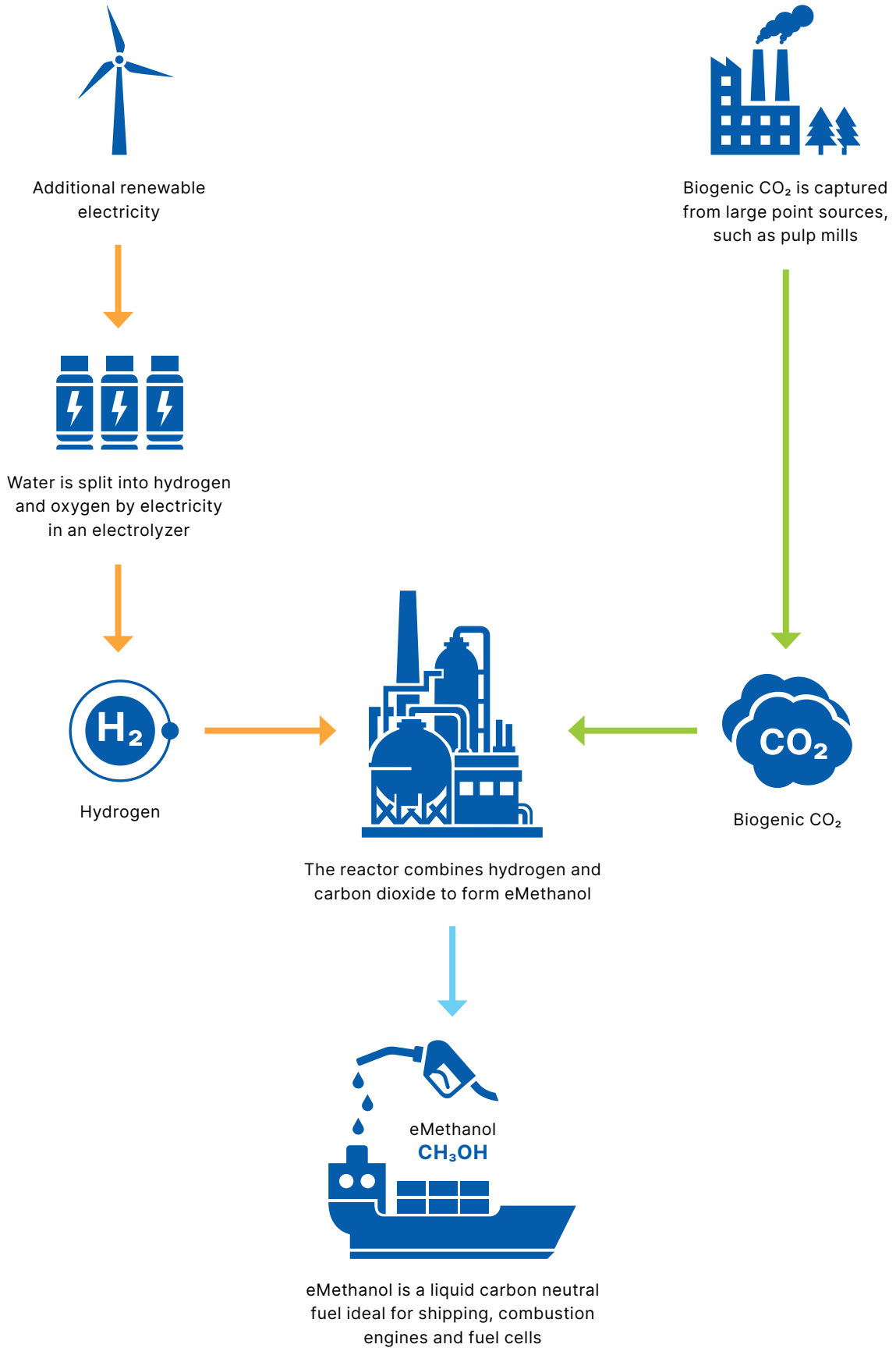
eMethanol, a Green Alternative for Marine Propulsion and Industry

eMethanol is a sustainable marine fuel option, especially for ship propulsion systems, that are predominantly operated using so-called 'marine diesel' (heavy fuel oil). Due to marine diesel's poor ecological assessment, its use cannot be reconciled with international climate targets.

Our technology will support the shipping companies' transition towards decarbonisation and contribute to a greener and more sustainable future for the maritime sector.



Production Process of Green Electrofuel



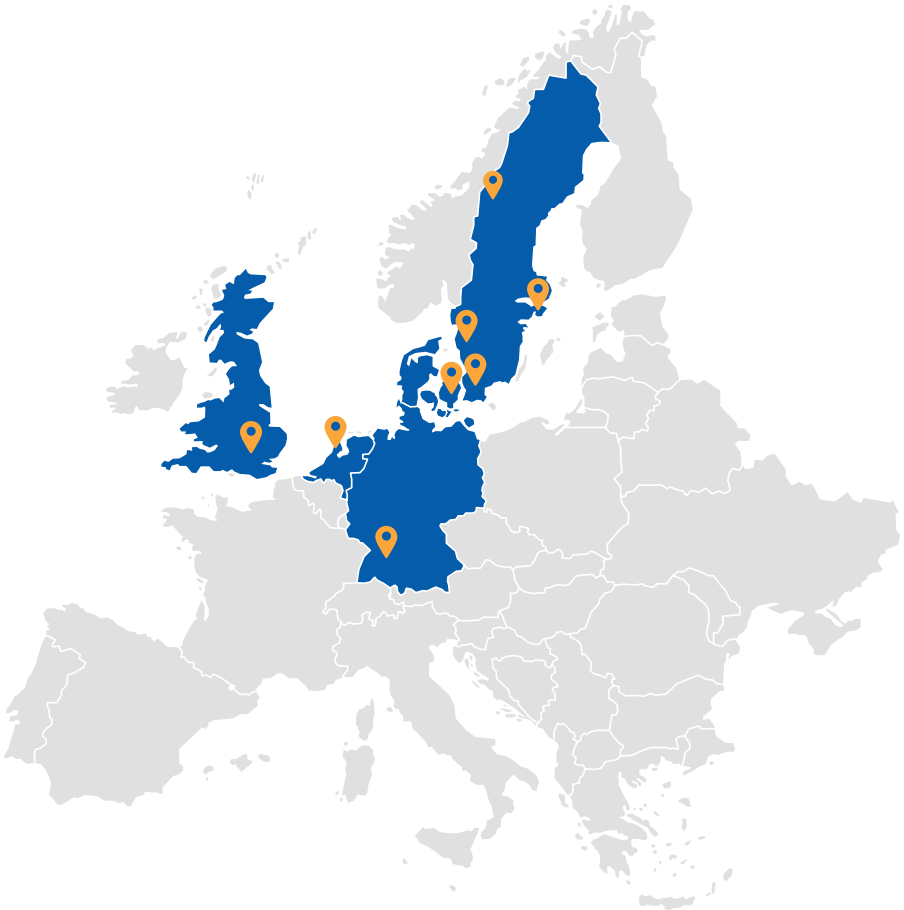
Who We Are

Our Team

Liquid Wind aims to recruit, develop, and retain diverse, world-changing talent. We care about our team and strive for a balanced age and gender spread as well as ethnic and cultural diversity.

At Liquid Wind we think of diversity and inclusion as core to our business model. We believe that an empowered organization, with possibilities to decide about their workplace, can help us deliver on our targets.

Where We Are Located



Our Strategic Partners

Our Strategic Partners play an important role in financing, engineering and developing facilities to produce green electrofuel, eMethanol. Together we are working towards establishing our first commercial-scale facility FlagshipONE in Örnsköldsvik, Sweden.

Alfa Laval, Carbon Clean, Topsoe, Siemens Energy and Worley collaborate to efficiently integrate their technologies. Worley provides front-end engineering design services to plan the efficient integration of technology components and the union with the host. Uniper supports with electricity supply and fuel distribution knowhow.

Carbon Clean's efficient and low-cost technology will capture and concentrate biogenic carbon dioxide emissions from industry.

Haldor Topsoe's cost-efficient eMethanol technology and proprietary catalyst will combine CO_2 and hydrogen to form eMethanol.

Siemens Energy's leading electrolyzer technology will efficiently and cost-effectively convert water into hydrogen. Siemens will also provide other services to support the smooth operation and intelligent replication of eMethanol facilities.

Alfa Laval will provide expertise in energy optimisation, and equipment for multiple stages in the conversion process. Which will improve efficiency and minimise the use of resources.

Worley will provide front-end engineering design services, to plan the efficient integration of the technology components, as well as the balance of plant engineering.

Uniper will work on medium term solutions to eMethanol distribution, leveraging their knowhow in electricity supply and fuel distribution.

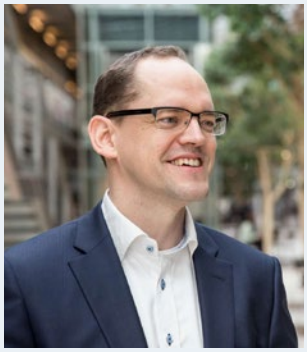
Partnering Up With the World's Most Sustainable Energy Company - Ørsted

In January 2022, Liquid Wind and Ørsted reached an agreement, under which Ørsted will acquire a 45% ownership share of Liquid Wind AB's FlagshipONE eMethanol project. Ørsted's entry into the FlagshipONE project is a testament to the company's strategic ambition of building a global leadership position within green fuels and renewable hydrogen.

It is the intention that FlagshipONE will be commissioned in 2024, subject to final investment decision, which could happen as soon as 2022.

About Ørsted

The Ørsted vision is a world that runs entirely on green energy. Ørsted develops, constructs, and operates offshore and onshore wind farms, solar farms, energy storage facilities, renewable hydrogen and green fuels facilities, and bioenergy plants. Moreover, Ørsted provides energy products to its customers. Ørsted is the only energy company in the world with a science-based net-zero emissions target as validated by the Science Based Targets initiative (SBTi). Ørsted ranks as the world's most sustainable energy company in Corporate Knights' 2022 index of the Global 100 most sustainable corporations in the world and is recognised on the CDP Climate Change A List as a global leader on climate action. Headquartered in Denmark, Ørsted employs 7,016 people. Ørsted's shares are listed on Nasdaq Copenhagen (Orsted). In 2021, the group's revenue was DKK 77.7 billion (EUR 10.4 billion).



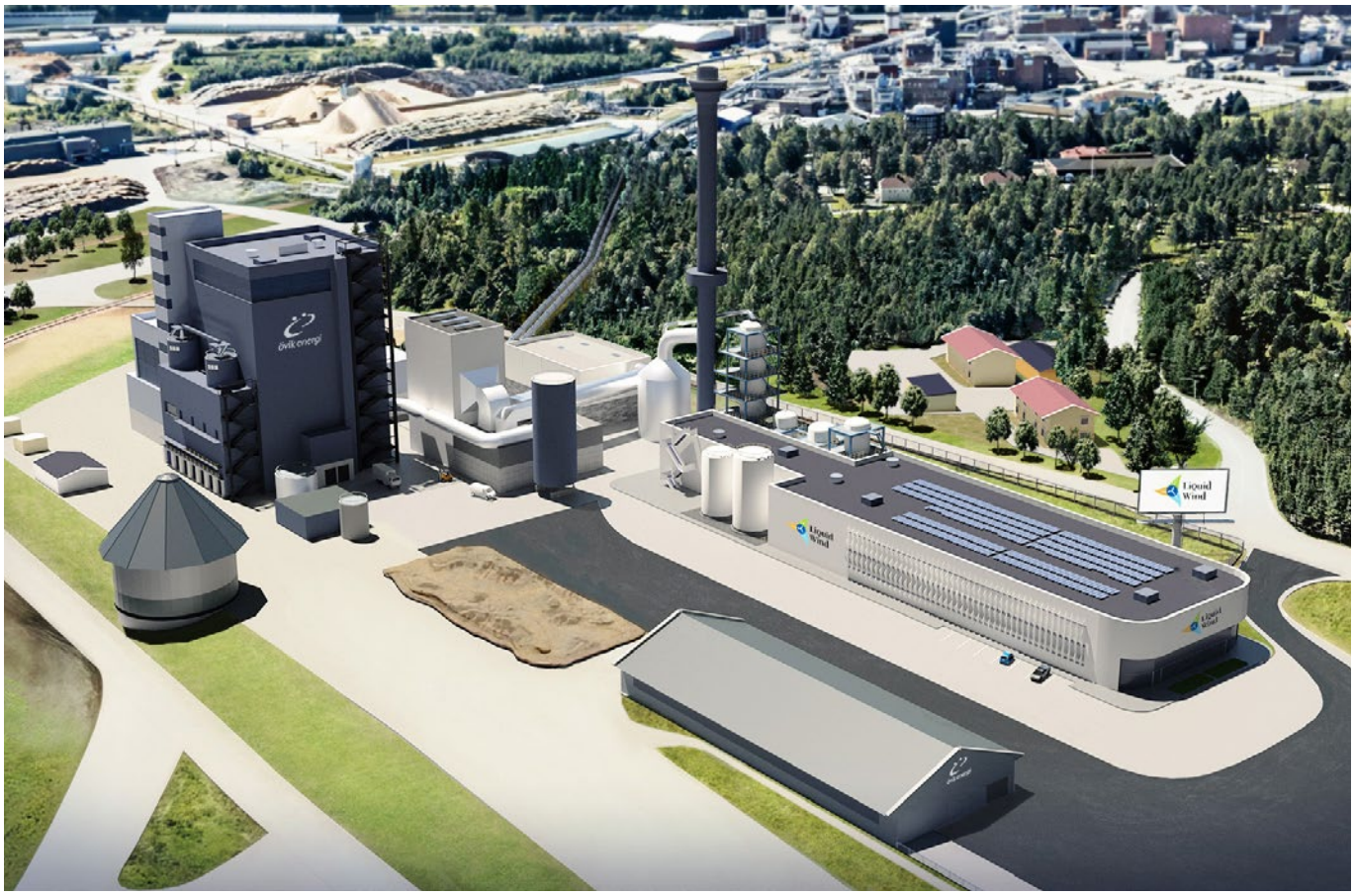
"Ørsted has set the clear strategic ambition of building a global leadership position within renewable hydrogen and green fuels, and our investment in FlagshipONE is a clear proof of our commitment proof of our commitment to this ambition. Like we did with offshore wind, we are at Ørsted ready to be a driving force in maturing the green fuels industry, where we can play a significant role in decarbonising hard-to-abate sectors like maritime transport."

Martin Neubert
CCO and Deputy Group CEO of Ørsted

"We are extremely pleased with the opportunity of engaging in a partnership with Ørsted, a global sustainability leader recognising eMethanol as a replacement for today's marine fossil fuels. The interest from Ørsted shows how far Liquid Wind has come and is further evidence for the importance of electro-fuel."

Claes Fredriksson
CEO and Founder of Liquid Wind

FlagshipONE Host



The first facility will be located on the site of Övik Energi in north-east Sweden.

Liquid Wind's first facility, FlagshipONE, will be co-located with a combined heat and power plant (CHP) from Övik Energy in Örnköldsvik, north-east Sweden, making use of biogenic CO_2, sustainable energy, and other utilities. The biomass-based flue gases will form the green raw material for a carbon neutral fuel. In the process, the CO_2 for the methanol synthesis is captured from the plant's biomass-based flue gas. Purified water is used for the hydrogen electrolysis, as is the water produced as a by-product during the methanol synthesis. The waste heat is used to concentrate CO_2.

Board of Directors

Claes Fredriksson
Board Member, Chairman, Managing Director

Hans Björkström
Board Member

Iain Tobin
Board Member

Åsa Burman
Board Member

Fei Chen
Board Member

Ulrika Francke
Board Member

Renate Krammer*
Board Member

Deputy Board Members

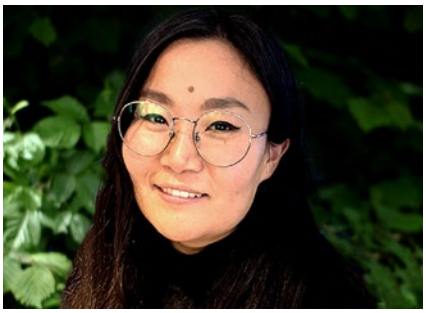
Malin Dahlroth
Tommy Göransson
Nikolaj Knudsen
Monica Birgitta Murphy
Aniruddha Sharma

*From 29 June 2021 to 11 February 2022

Management Team

Claes Fredriksson
Founder and CEO

Thomas Nilsson
Project Director FlagshipONE



Tuya Bold
VP Finance

Benny Mai
VP Technical and Projects

Ulrik Falkenberg Lending
VP Commercial

Sustainability

Supporting the UN Sustainable Development Goals (SDGs)

Liquid Wind is committed to the SDGs and the 2030 Agenda for Sustainable Development*. Green electrofuel, in form eMethanol, is critical for the global sustainability transformation of the marine industry due its ability to reduce greenhouse gas emissions by 94%** when replacing fossil-based marine fuel. Demonstrating that eMethanol offers a viable and sustainable alternative to fossil fuels. Our business has significant potential to make a meaningful positive contribution to SDGs 7, 13, 14 and 17, which is explained below.

Long-distance shipping and heavy road transport are currently considered 'hard-to-abate' sectors, as they lack viable alternatives to fossil fuels. Liquid Wind will address this challenge by providing access to large volumes of renewable liquid fuel, which is compatible with existing infrastructure and can enable a significant reduction in fossil carbon emissions.

Liquid Wind is committed to urgent and practical action to mitigate climate change. Using a standardised and modular approach, we can efficiently replicate eMethanol facilities to provide large volumes of carbon neutral fuel to replace fossil fuels.

As well as reducing pollutants impacting our climate, eMethanol is also better for life below water. Marine toxicity is low and it rapidly dissolves in water, supporting the Marine Industry in their ambitions for better ocean stewardship.

We cannot achieve the changes needed to mitigate climate change alone, it is critical that we work together. Liquid Wind has assembled a powerful Consortium of world-class companies who believe and support our ambition. Together we will bring carbon neutral fuel to market at scale and support the sustainable energy transition. Liquid Wind also collaborates with research institutes and universities to advance understanding of eFuels.

*The UN 2030 Agenda for Sustainable Development
**Source: Liquid Wind White Paper on evaluating marine fuels White paper — Liquid Wind - eMPowering our Future.

Getting to Zero Coalition

In 2021 Liquid Wind joined the #GettingToZero Coalition's Call to Action for Shipping Decarbonization*, together with more than 230 industry leaders and organizations. The #GettingtoZeroCoalition is a partnership between the Global Maritime Forum and the World Economic Forum. It brings together decision-makers from across the shipping value chain with key stakeholders from the energy sector as well as from governments and IGOs. The work is supported by knowledge partners such as UCL Energy Institute, Environmental Defense Fund and the Energy Transitions Commission.

*Getting to Zero Coalition (globalmaritimeforum.org)

Market Trends and Drivers

Sustainability

Maritime transport emits around 940 million tons of CO_2 annually and is responsible for about 3% of global greenhouse gas (GHG) emissions (3rd IMO GHG study). These emissions are projected to increase significantly if mitigation measures are not put in place swiftly.

In order to reach their sustainability targets, more and more companies have started pushing for decarbonization of the shipping industry. In 2021 nine big retailers including Amazon, Ikea and Unilever signed up to a pledge to only move cargo on ships using zero-carbon fuel by 2040.

The COP26* summit brought parties together to accelerate action towards the goals of the Paris Agreement and the UN Framework Convention on Climate Change. During the UN Climate Change Conference, 22 countries, including the US, Japan, Germany, Britain, France and Sweden, signed the Clydebank Declaration for Green Shipping Corridors in order to reduce carbon dioxide and other gas emissions from shipping. These countries have committed to establishing zero-emission maritime routes for ships using clean marine fuels like methanol.

Electrification

Methanol has demonstrated to be an excellent fuel which can be made fossil free, for example as eMethanol made from electricity from wind and solar, meeting not only GHG requirements but also emission legislations.

The major advantages of using eMethanol are also logistics with easy bunkering as a liquid and engine technology with a future attractive price. Thanks to these benefits the shipping companies see eMethanol as an opportunity to comply with their customers' requirements of fossil free transportation.

In 2021 several ship-owners started to order vessels from major shipyards that build ships for the biggest container vessels, tank vessels, ferries and even small work boats. Marine industry heavyweights, including Sea Consortium-controlled X-Press Feeders and the world's largest container ship company A.P. Moller - Maersk, are forging ahead with their own plans to reach net zero by 2040 and ordering large vessels powered by carbon neutral methanol. The first vessels are scheduled to be in the open sea in 2023 and 2024 respectively.

Geopolitics

2021 continued to be dominated by the Covid-19 pandemic. Major disruptions in global supply chains have led to significant shortages of key goods and components. Geopolitical tensions and conflicts are leading to a stronger emphasis on regional and national independence and security, leading to global trade becoming more regional. The dependency of the European Union (EU) on energy imports, particularly oil and natural gas, forms the backdrop for policy concerns relating to the security of energy supplies. In 2020 more than half (57.5 %) of the EU's gross available energy came from imported sources**. Electrification of the transport sector and European production of electrofuels is likely to be pushed further as the need to break dependence on Russian oil and gas comes high on the political agenda.

*HOME - UN Climate Change Conference (COP26) at the SEC – Glasgow 2021 (ukcop26.org)
**Energy production and imports - Statistics Explained (europa.eu)

Regulation and Legislation

Electrofuels Are Increasingly Recognized by Policies and Regulations

The European Union

The European Union has committed in its new Climate Law to reduce greenhouse gas emissions with at least 55% by 2030 (compared to 1990 levels) and to become carbon neutral (net zero) by 2050.

Fit for 55

In July 2021 the European Commission published the"Fit for 55" package*, with several legislative and policy proposals to enable the EU to meet its new 2030 target. The package consists of 13 legislative proposals – some new and other revisions of existing laws. Liquid Wind can see an increased focus on electrofuels and a first attempt to decarbonize shipping which is important in order to further increase the demand and push for green shipping fuel.

EU Emissions Trading System (ETS)

One significant proposal is to extend the EU Emissions Trading System (ETS) to mobility and put a price on carbon in the maritime sector, road transport and aviation. The EU ETS has proven to be an effective instrument to reduce carbon dioxide emissions and policy instruments are needed to decarbonise hard-to-abate sectors such as the marine industry.

FuelEU Maritime

Further, the Commission has submitted an initiative, FuelEU Maritime, delivering a common EU regulatory framework to increase the share of renewable fuels in maritime transport. This directive proposes an introduction of reduction targets for maritime greenhouse gas emissions starting from 2025, demanding shipping companies to decrease their emissions with x % every fifth year. FuelEU Maritime also suggests to adopt a well-to-wake approach in measuring GHG emissions from maritime transport, considering the impacts from the entire value chain.

A proposal to significantly revise the Energy Taxation Directive has been published as part of the Fit for 55 package. It has been suggested that the energy tax should be based on energy content and environmental performance instead of, as is the case today, volume. This is an important proposal for renewable fuels, which usually contains less energy in relation to volume, compared to fossil fuels. Further it has been suggested that the marine transportation is included in the taxation system, a sector that has been exempted until now.

*https://ec.europa.eu/commission/presscorner/detail/en/IP_21_3541

Swedens National Plan for Hydrogen, Electrofuels and Ammonia

In 2021 the Swedish Government commissioned the Swedish Energy Agency to analyze and quantify the potential for increased production, storage, transport and use of hydrogen, electrofuels and ammonia in various sectors in Sweden and to outline the possibilities for cooperation with other countries and actors in Europe.

In November 2021, the Swedish Energy Agency presented a proposal for a national strategy for hydrogen, electrofuels and ammonia. The proposed strategy* includes proposals for action in areas such as financial incentives, development of frameworks and regulations, collaboration for a developed value chain.

Liquid Wind was invited to participate and contribute from an industrial perspective. In the report hydrogen and electrofuels are recognized as enablers for decarbonizing the maritime industry.

In addition to reducing greenhouse gas emissions, fossil-free hydrogen and electrofuels was stated as examples on how to decrease Sweden's dependence on fossil fuels and strengthen the country's competitiveness and position on the renewable energy market.

*Förslag till nationell strategi för fossilfri vätgas (energimyndigheten.se)

Financial Report

Multi-year Overview (TKR)

(Amounts in SEK Thousand)	2021	2020	2019	2018
Net Turnover	25 643	5 557	159	0
Profit/Loss After Financial Items	-19 502	-8 232	-6 905	-310
Equity/Assets Ratio (%)	17	41	67	Neg

For definitions of key ratios, see Accounting and Valuation Principles.
The increased net turnover are due to invoiced service fee to the subsidiary FlagshipONE AB, which has started its operations.

Changes in Equity (2021)

(Amounts in SEK)	Share Capital	Unregistered Share Capital	Share Premium Reserve	Retained Profit/Loss	Profit/Loss This Year	Total
Amount at the Opening of the Year	63 361	3 249	19 192 590	-7 203 409	-8 232 238	**3 823 553**
Registration of Share Capital	3 249	-3 249				**0**
Appropriation of Earnings as per Resolution of the Annual General Meeting				-8 232 238	8 232 238	**0**
New Share Issue	19 439		34 970 761			**34 990 200**
Profit/Loss for the Year					-19 502 489	**-19 502 489**
Amount at the End of the Year	**86 049**	**0**	**54 163 351**	**-15 435 647**	**-19 502 489**	**19 311 264**

The conditional, non-reimbursed, shareholders' contribution amounted to SEK 25,000 (25,000) as of the balance sheet date.

Proposed Profit Appropriation (2021)

The Board of Directors recommends the following available funds (SEK):

(Amounts in SEK)	
Accumulated Losses	-15 435 647
Share Premium Reserve	54 163 351
Year's Losses	-19 502 489
Total Profit	**19 225 215**
Be Appropriated As: To Be Carried Forward	**19 225 215**

The company's earnings and financial position in general are described in the following income statement and balance sheet with accompanying notes.

Income Statement

(Amounts in SEK)	Note	2021/01/01 -2021/12/31	2020/01/01 -2020/12/31
Operating Revenues			
Net Sales		25 642 896	5 556 998
Other Operating Income		17 073	715 101
Total Revenue		**25 659 969**	**6 272 099**
Operating Expenses			
Consultants and Project Development Expenses		-27 879 629	-6 486 257
Other External Costs	2	-12 728 728	-4 538 981
Personnel Costs	3	-6 461 244	-3 326 420
Depreciation of Tangible Fixed Assets		-5 961	0
Other Operating Expenses		-68 690	-137 184
Total Operating Expenses		**-47 144 252**	**-14 488 842**
Operating Profit/Loss		**-21 484 283**	**-8 216 743**
Profit/Loss From Financial Items			
Interest Income		2 217 794	0
Interest Expenses		-236 000	-15 495
Total Profit/Loss From Financial Items		**1 981 794**	**-15 495**
Profit/Loss After Financial Items		**-19 502 489**	**-8 232 238**
Profit/Loss Before Tax		**-19 502 489**	**-8 232 238**
Net Profit/Loss for the Year		**-19 502 489**	**-8 232 238**

Balance Sheet: Assets

(Amounts in SEK)	Note	2021/12/31	2020/12/31
Non-Current Assets			
Intangible Assets			
Intellectual Property	4	5 113 450	0
Tangible Assets			
Equipment, Tools, Fixtures and Fittings	5	47 687	0
Financial Assets			
Participation in Group Companies	6,7	26 259 656	5 730 000
Total Non-Current Assets		**31 420 793**	**5 730 000**
Current Assets			
Current Receivables			
Receivables from Group Companies	8	64 197 178	0
Other Receivables		0	607 226
Deferred Expenses and Accrued Income	9	1 955 096	74 138
Total Current Assets		**66 152 274**	**681 364**
Cash and Cash Equivalents		**14 499 961**	**3 019 293**
Total Current Assets		**80 652 235**	**3 700 657**
Total Assets		**112 073 028**	**9 430 657**

Balance Sheet: Equity and Liabilities

(Amounts in SEK)	Note	2021/12/31	2020/12/31
Equity			
Restricted Reserves			
Share Capital		86 049	63 361
Unregistered Share Capital		0	3 249
Total		**86 049**	**66 610**
Non-restricted Equity			
Share Premium Reserve		54 163 351	19 192 590
Retained Earnings or Losses		-15 435 647	-7 203 410
Profit/Loss for the Year		-19 502 489	-8 232 238
Total		**19 225 215**	**3 756 942**
Total Equity		**19 311 264**	**3 823 552**
Provisions			
Other Provisions	10	26 726 506	0
Total Provisions		**26 726 506**	**0**
Non-Current Liabilities			
Liabilities to Group Companies		0	976 000
Other Liabilities	11	51 884 500	472 500
Total Non-Current Liabilities		**51 884 500**	**1 448 500**
Current Liabilities			
Accounts Payable		1 646 171	945 248
Liabilities to Group Companies	12	1 218 599	819 050
Current Tax Liabilities		123 871	57 787
Other Liabilities	13	1 303 008	1 000 002
Accrued Expenses and Deferred Income	14	9 859 109	1 336 518
Total Current Liabilities		**14 150 758**	**4 158 605**
Total Equity and Liabilities		**112 073 028**	**9 430 657**

Notes

Note 1: Accounting and Valuation Principles

General Information

The annual report is prepared in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 Annual Reporting and consolidated reports (K3).

Receivables and liabilities in foreign currencies have been valued according to the exchange rate on the balance sheet date. Unrealized exchange rate gains and losses on operating receivables and liabilities are included in the operating profit/loss while exchange rate gains and losses on financial receivables and liabilities are reported as financial items.

The accounting principles are unchanged compared to the previous year.

Revenue Recognition

Revenue are recognized at the fair value of the consideration received or which will be received and is reported to the extent that it is probable that the economic benefits will be incurred to the company, and when the revenue can be reliably measured.

Tangible and Intangible Assets

Tangible assets are recognized at cost less accumulated depreciation and any impairment losses.

Intangible assets consist of learnings and operational data from ongoing projects related to eMethanol facilities. The data is collected for the purpose of improving and optimising future eMethanol facilities. Depreciation starts when the database is completed.

Assets are depreciated systematically over the estimated useful lives of the asset, with significant residual value taken into account. The following depreciation period is applied:

Tangible Assets	
Equipment, Tools, Fixtures and Fittings	5 Years

Financial Assets

Participation in Group Companies
Participation in group companies is carried at cost less any impairment losses. The cost includes the purchase price paid for the shares and acquisition costs. Any possible capital contributions are added to the cost as they arise.

Impairment of Financial Fixed Assets
At each balance sheet date, there is an assessment as to whether there are indications of impairment of financial fixed assets. Impairment losses are reported if the decline in value is considered to be permanent, and such losses are assessed on an individual basis.

Income Taxes

Total tax consists of current tax and deferred tax. No reservation of deferred tax is made as the company's business is to sell shares which is a non-taxable income.

Employee Remuneration

Employee benefits refer to all kinds of benefits the company provides to employees. Short-term employee benefits include wages, holiday pay, paid leave, bonuses, and reimbursement upon completion of employment (pensions) etc. Short-term employee benefits are reported as an expense and a liability when there is a legal or constructive obligation to pay compensation as a result of a past event, and a reliable estimate of the amount can be made.

Public Contributions

Public contributions are reported as income when the future performance stipulated as a requirement to receive the contribution has taken place. In those cases, in which the contribution is obtained prior to such performance being completed, the contribution is reported as a liability in the balance sheet. Public contributions are measured at the fair value of consideration received or receivable.

Group Relationships

The company is a parent company but with reference to the exception rules stipulated in Chapter 7, §3 of the Annual Accounts Act, no consolidated financial statements are prepared.

Definition of Key Business Ratios

Net Turnover - Main operating revenues, invoiced expenses, ancillary income and revenue adjustments.

Profit/Loss After Financial Items - Profits after financial items and costs but before appropriations and taxes.

Equity/Assets Ratio (%) - Adjusted equity (equity and untaxed reserves with deduction of deferred tax) as a percent of the balance sheet total.

Note 2: Remuneration to Auditors

Audit engagements refer to the audit of the annual report and accounting as well as the administration of the Board and the CEO, other tasks that are assigned to the auditor and advisory or other assistance that is prompted by observations in such auditing or during the execution of other tasks.

(Amounts in SEK)	**2021-01-01 -2021-12-31**	**2020-01-01 -2020-12-31**
Ernst & Young		
Audit Engagements	35 000	0
Tax Advice	12 000	0
Total	**47 000**	**0**
Öhrlings PricewaterhouseCoopers		
Audit Engagements	74 745	33 000
Total	**74 745**	**33 000**

Note 3: Average Number of Employees

	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Average Number of Employees	6	3

Note 4: Intellectual Property

Ongoing capture of learnings and operational data (Flagship Master Platform). Depreciation starts when the database is completed.

	2021-12-31	2020-12-31
New Acquisitions	5 113 450	0
Accumulated Acquisition Value, Closing Balance	**5 113 450**	**0**
Carrying Value, Closing Balance	**5 113 450**	**0**

Note 5: Equipment, Tools, Fixtures and Fittings

(Amounts in SEK)	2021-12-31	2020-12-31
New Acquisitions	53 648	0
Accumulated Acquisition Value, Closing Balance	**53 648**	**0**
Depreciation, Opening Balance	0	0
Depreciation of the Year	-5 961	0
Accumulated Depreciation, Closing Balance	**-5 961**	**0**
Carrying Value, Closing Balance	**47 687**	**0**

Note 6: Participation in Group Companies

(Amounts in SEK)	**2021-12-31**	**2020-12-31**
Acquisition Value, Opening Balance	5 730 000	80 000
New Acquisitions	75 856	0
Shareholders' Contribution	0	5 550 000
Reservation Additional Purchase Price-Earnout	20 453 800	0
Accumulated Acquisition Value, Closing Balance	**26 259 656**	**5 730 000**
Carrying Value, Closing Balance	**26 259 656**	**5 730 000**

Note 7: Specification of Shares in Group Companies

Group company	**Capital/ votes**	**No. of shares**	**Carrying value**
FlagshipONE AB	100%	100 000	26 104 932
FlagshipTWO AB	100%	100 000	100 000
Liquid Wind Denmark ApS	100%	40 000	54 724
Total			**26 259 656**

Group company	**Corp. Reg. No**	**Reg. office**
FlagshipONE AB	559216-1821	Göteborg
FlagshipTWO AB	559267-0748	Göteborg
Liquid Wind Denmark ApS	42510033	Allerød

Note 8: Receivables From Group Companies

(Amounts in SEK)	**2021-12-31**	**2020-12-31**
FlagshipONE AB	64 197 178	0
Accumulated Acquisition Value, Closing Balance	**64 197 178**	**0**

Note 9: Prepaid Costs and Accrued Income

(Amounts in SEK)	**2021-12-31**	**2020-12-31**
Prepaid Software License	104 685	0
Prepaid Insurance	18 338	38 338
Prepaid Rent	50 930	35 800
Other Prepaid Costs	40 492	0
Accrued Interest	1 740 529	0
Total	**1 954 974**	**74 138**

Note 10: Provisions

(Amounts in SEK)	**2021-12-31**	**2020-12-31**
Additional Purchase Price-Earnout	20 453 800	0
Investment Decision (FID) Bonus Consultants	4 707 896	0
Investment Decision (FID) Bonus Employees	1 564 810	0
Total	**26 726 506**	**0**

Note 11: Other Non-Current Liabilities

(Amounts in SEK)	**2021-12-31**	**2020-12-31**
Entry Fee Ørsted	51 134 500	0
VGR Seed Loan	750 000	472 500
Total	**51 884 500**	**472 500**

Note 12: Liabilities to Group Companies

(Amounts in SEK)	**2021-12-31**	**2020-12-31**
Freethem Generation AB	976 000	819 050
Liquid Wind Denmark ApS	242 599	0
Total	**1 218 599**	**819 050**

Note 13: Other Current Liabilities

(Amounts in SEK)	**2021-12-31**	**2020-12-31**
Taxes	1 281 876	369 902
VGR Seed Loan	0	277 500
Convertible Notes	0	352 600
Others	21 132	0
Total	**1 303 008**	**1 000 002**

Note 14: Accrued Expenses and Deferred Income

(Amounts in SEK)	**2021-12-31**	**2020-12-31**
Renumeration to Auditor	35 000	25 000
Accountancy Services	80 725	25 000
Consulting Fees Internal	1 344 610	498 905
Consulting Fees External	2 332 616	144 238
Salaries and Social Fees	394 260	310 474
Holiday Pay and Social Fees	558 448	317 901
Cost for Flagship Master Platform	5 113 450	0
Interest Expense	0	15 000
Total	**9 859 109**	**1 336 518**

Note 15: Significant Events After the Financial Year

A Board recommendation to divest 45,000 shares in FlagshipONE AB was approved at the Annual General Meeting on 7 January, and as a direct result, Ørsted became a partner in the work of acquiring FlagshipONE AB “FID ready”.

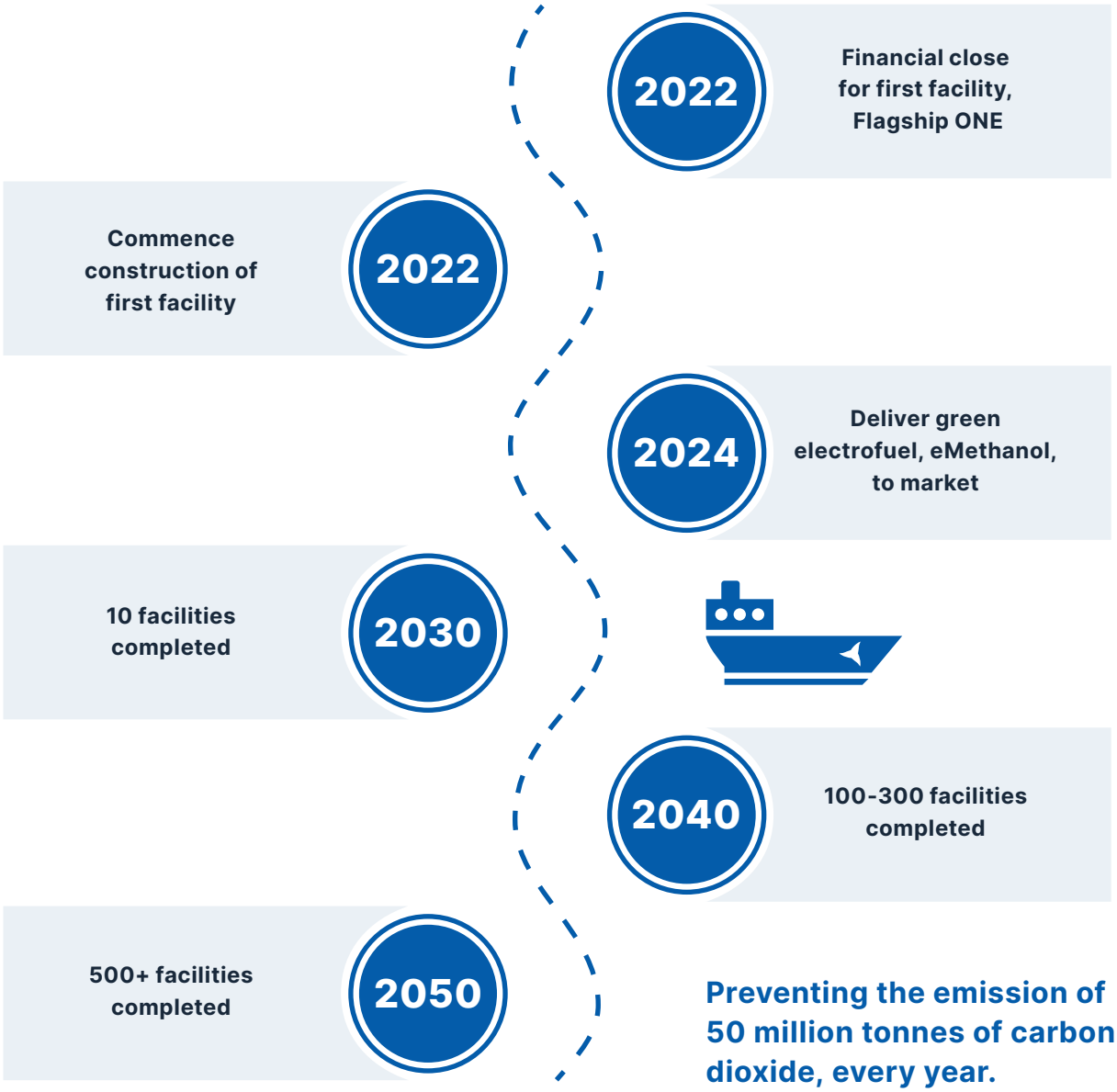
Planning for Series B continued in spring and on 7 April, the Company decided to initiate a new share issue for existing shareholders to invest in. The subscription period with a right of first refusal runs until 29 April and without a right of first refusal until 13 May.

We have witnessed the horrible invasion of Ukraine in spring. When it comes to the Company, this means a potential delay in deliveries of components and a likely cost increase in both raw materials and components to FlagshipONE AB. At the same time, it puts greater focus on “energy security” and the value of having local fuel production at stable prices. This has increased the interest in the Company’s activities as we are now more relevant in addition to being climate neutral.

Timeline and Next Steps

Bringing Green Electrofuel to Market at Scale

Liquid Wind is making steady progress towards bringing green electrofuel to market at scale. We are focused on reaching the following milestones over the coming months, years and decades.



Liquid Wind
eMPowering our Future

Liquid Wind
Sven Hultins Plats 9C
Göteborg 412 58
Sweden

Info@liquidwind.se
LiquidWind.se