Annual Report

2023

Liquid Wind

Contents

Liquid Wind in Brief

Liquid Wind is a leading developer of commercial-scale eFuel facilities with a vision to reduce the world's dependency on fossil fuel in hard-to-abate sectors such as global shipping. With its unique partnership collaboration with international decarbonization leaders, pioneering technology solutions and its standardized and modularized execution approach, Liquid Wind continues its drive to accelerate the green transition and production of sustainable eFuels. The group comprises the Parent company, Liquid Wind AB and wholly owned subsidiaries in Denmark and Finland, as well as eFuel development entities in Sundsvall, Umeå and Haapavesi.

Founded in 2017, Liquid Wind develops standardized and modularized eFuel production facilities, with the first facility FlagshipONE located in Örnsköldsvik. Building on the success of the past years, Liquid Wind has made significant progress in growing its team, finetuning the strategy, and strengthening the partnerships for further eFuel facilities across the Nordics.

Highlights 2023

Ørsted breaks ground on FlagshipONE	**FlagshipTWO permit application submitted**	**Letter of Intent signed for first facility in Finland**
Liquid Wind receives multiple prestigious awards such as the recognition as a top 5 global clean energy startup by Startups Magazine	**+30% new team members to support Liquid Wind's growth story**	**10 facility projects in pipeline**

Business Model

Liquid Wind's scalable business model is based on the company's unique know-how and state-of-the-art solutions to develop standardized and modularized eFuel production facilities.

With FlagshipONE already under construction, Liquid Wind continued in 2023 to build a pipeline of development projects, with a target to take Final Investment Decision (FID) for 10 additional facilities in the Nordic countries by 2027.

Statement from the CEO

2023 marks an eventful year with many things coming together for the company. Ørsted has broken ground on our first eFuel development project, FlagshipONE, in Örnsköldsvik - Sweden's first and Europe's largest FIDed commercial-scale eFuel facility. During the year, we progressed with our projects in Sweden, FlagshipTWO in Sundsvall and FlagshipTHREE in Umeå and submitted environmental permit applications for both sites. We closed the year by signing a collaboration agreement for Liquid Wind's first facility in Haapavesi, Finland.

Green Methanol Continued to Gain International Traction
Shipping companies continued to order new methanol dual-fuel vessels. For container ships, green methanol is gaining traction as a climate-neutral fuel alternative, with more than 300 methanol ships on order, to support the transition. Engine manufacturers are adding new engines to their portfolios, positively impacting the demand and development of eFuels.

Decarbonizing Shipping Means Reducing Global Emissions
Shipping currently emits around 1 billion tons of CO_2 and is responsible for producing 3% of global greenhouse gas emissions. Maritime transport represents around 80% of trade worldwide, with 11 billion tons of cargo transported annually. With the global shipping industry currently consuming 300 million tons of fossil fuels per year, there is an urgent need for sustainable fuel to reduce global emissions.[1] [2]

Scaling up Our Business to Mitigate Climate Change
In 2023, climate change continues to be a major global issue affecting various aspects of the environment, economies, and societies around the world. Many regions experienced more frequent and intense extreme weather events, and the global average temperatures continued to rise, with some areas experiencing record-breaking temperatures. With impacts on ecosystems, agriculture, water resources and marine life. The state of climate change in 2023 highlights the need for continued and accelerated action to address its impacts and prevent further harm to the planet and its inhabitants.

At Liquid Wind, we are committed to taking action now, to do our part to stop the trend of global warming. Our contribution to the environment and society is to accelerate the transition to fossil-free fuels. We strongly believe in educating and sharing insights with stakeholders to raise awareness on how to reduce greenhouse gas emissions and support a sustainable energy transition.

By gradually expanding our team, we are even better positioned to bring green fuel to market at scale. By the end of 2023, we employed 60 people, which means we are set up to execute more net-zero projects across multiple markets at an accelerated pace, in the years to come.

Awarded for Pioneering Green Technology
In 2023, Liquid Wind received several awards for pioneering and leading technology, exceptional performance and impact in the green tech industry. I am truly grateful for the national and international recognition of our team, our partners, our supporters, and our vision to create a world without dependency on fossil fuels. We will keep pushing the boundaries by establishing cost-effective and sustainable solutions for eFuel facilities, aiming to minimize the impact of climate change.

Partnering with Decarbonization Leaders to Accelerate eFuel Production Capacity
We further strengthened our partnership with key partners Alfa Laval, Carbon Clean, Siemens Energy and Topsoe. The intensified collaboration aims to further reduce the time, cost, and risk of developing and implementing eFuel facilities.

Overall, 2023 was a year focused on building our team, growing the Liquid Wind awareness, intensifying our governmental and regulatory activities, developing our partnerships, and preparing the organisation (processes and governance) for the growth to come.

I would like to thank all our team members, our partners, our investors, and all other believers for helping us lead the way to a world without dependency on fossil fuels.

[1] European Commission, Reducing emissions from the shipping sector
[2] International Maritime Organization, Introduction to IMO

"We will gradually introduce cost and time reducing technologies, which will limit the risk and maximize the odds of succeeding in introducing electrofuel solutions to the world. eFuels will be the long-term solution to liquid energy. In the short term, it will take ongoing and relentless effort to get this new industry up and running. At Liquid Wind we are committed to providing that effort and we do so, knowing that others in the industry will do all they can to make it happen."

Claes Fredriksson
Founder and CEO

Key Achievements

Case: Ørsted Breaks Ground on FlagshipONE

Liquid Wind's first large-scale eFuel facility FlagshipONE, Europe's largest to date, has been developed in close partnership with the local energy company Övik Energi. In 2022, Liquid Wind sold FlagshipONE to the Danish energy company Ørsted in two stages. The groundbreaking that followed truly marks a key milestone in Liquid Wind's growth story and indeed highlights the successful year of 2023. FlagshipONE represents the first steps towards a new green shipping era, harnessing the capacity of large-scale eMethanol production facilities to power a growing fleet of eFuel-powered vessels globally.

Project Milestones

Groundbreaking

The groundbreaking ceremony took place in Örnsköldsvik, northern Sweden, on May 24, 2023, marking Ørsted's construction start of FlagshipONE.

Partnerships

FlagshipONE benefits from the expertise of Carbon Clean, Siemens Energy, and Topsoe, who provide electrolysers and control systems, carbon capture equipment, and methanol synthesis equipment respectively.

Job Creation

The construction and operation of FlagshipONE contributes to the local economy through the creation of direct and indirect jobs.

Funding

Klimatklivet, a climate initiative part of the Swedish Environmental Protection Agency, supported FlagshipONE with a substantial grant of SEK 151 million in 2023.

Green Maritime Fuels

The project, slated to begin eFuel production in 2025, will produce 50,000 tons of eMethanol annually, serving an increasing demand for green maritime fuels.

FlagshipONE is strategically located next to Övik Energi's combined cogeneration plant Hörneborgsverket in Örnsköldsvik, a hub for the Swedish forest industry. eMethanol from FlagshipONE will be produced using renewable electricity from wind power and biogenic carbon dioxide captured from Hörneborgsverket. Furthermore, the project will utilize steam, process water, and cooling water from Hörneborgsverket, and excess heat from the eMethanol production process will be integrated into Övik Energi's district heating supply.

The 2023 progress of FlagshipONE represents a significant milestone for Liquid Wind in its mission to become the leading international developer of eFuel facilities, putting Sweden on the map as a key market for the production of eFuels.

Ørsted FlagshipONE, Örnsköldsvik. Image by Ørsted.

What We Do

About Liquid Wind and eFuel

Our Business

Liquid Wind aims to advance the electrification of the transportation industry and accelerate the transition to a world without dependency on fossil fuels. The company is committed to bringing green liquid fuel to market at scale from 2025 onward. By converting renewable electricity and biogenic carbon dioxide into liquid eFuel, specifically eMethanol, Liquid Wind's facilities offer hard-to-abate sectors, such as global shipping, an opportunity to accelerate their transition to fossil-free propulsion. Enabled by advanced digital solutions and a joint eFuel Design and Performance Centre in collaboration with world-leading technology partners, Liquid Wind's standardized and modularized approach ensures efficient replication of its facilities.

The eFuel Market

The transition to eFuels is a key element in achieving a fossil fuel free maritime fleet by 2050. eFuel is particularly important for sectors that present challenges for electrification.

The maritime sector needs to accelerate its transition as the shift from road to sea transportation has increased the demand for fossil-free marine fuels. Currently, 99.9% of the world's maritime fuels are derived from fossil sources[3], and emissions from shipping have increased by 40% over the last two decades according to the International Energy Agency and now account for 3% of global greenhouse gas emissions. The sector consumes around 300 million tons of fossil fuel annually, resulting in emissions of more than one billion tons of carbon dioxide per year, according to the United Nations Conference on Trade and Development (UNCTAD).[4]

eFuel will be a pivotal factor in the transition to a greener maritime industry. Leading ports such as the Port of Gothenburg are implementing new standards and regulations. The Swedish government's initiative to explore green shipping corridors is in line with this vision, as evidenced by the 2022 report 'On course for green shipping corridors', which highlights eFuel and Liquid Wind.

[3] UNCTAD, 2019, Review of Maritime Transport
[4] UNCTAD, "Why should we talk about a 'just and equitable' transition for shipping?"

Image: The Port of Gothenburg, image source Port of Gothenburg.

Growing Political and Investor Interest

In October 2023, the Swedish government increased the budget of the climate initiative known as the Swedish Climate Leap, "Klimatklivet", by 4 billion SEK for 2024. The initiative aims to support local and regional investments that reduce emissions of carbon dioxide and other gases that affect the climate. In line with this, eFuel production has been highlighted by both the government and the initiative itself. Beyond this, the European Commission has several initiatives that support the development of eFuel production such as the European Green Deal and REPowerEU.

Additionally, the EU proposed FuelEU Maritime initiative in July 2023, aimed at decarbonizing the maritime sector and part of the comprehensive EU climate deal known as "Fit for 55" targets the production of eFuels for the shipping industry. Growing interest is also seen from the private sector. Here, philanthropist and co-founder of Microsoft, Bill Gates, invested roughly 1.3 billion SEK in FlagshipONE via the initiative Breakthrough Energy Catalyst, during an announcement made at COP 28 in December 2023, together with the European Commission and the European Investment Bank, signalling the growing support across the board for eFuels.

Geopolitical Landscape Supporting eFuel Market

The areas of usage for eFuels are just as diverse as for conventional combustion fuels and play a decisive role against the backdrop of geopolitical tensions and the EU's de-risking strategy. After all, the increasingly tense geopolitical situation goes along with more energy price volatility and concerns about energy supply disruptions which can have drastic consequences for economic resilience and civil preparedness.

To achieve the EU's climate neutrality goals by 2050, sectors such as the chemical, glass, steel, and paper industries need green transformation to decarbonize. There are also numerous energy-intensive areas in the mobility sector that cannot be sensibly electrified. Particularly in aviation and shipping, existing fleets can be made climate-neutral quickly and efficiently by using eFuels despite their long service life.

The geopolitical importance of eFuels is further underlined by Europe's dependence on global trade. Aviation and shipping, which together account for 4.9% of global CO_2 emissions and use around 637 million tons of fuel annually[5], are essential to Europe's prosperity. If these eFuels are domestically produced, like those developped by Liquid Wind, geopolitical risks will be reduced by not being exposed to volatile prices on the global market influenced by geopolitical tensions. This strengthens civil preparedness and European energy sovereignty and independence.

[5] Verbundvorhaben BEniVer, November 2023, Roadmap für strombasierte Kraftstoffe, p. 432 & 446

Recognitions

Liquid Wind is honoured to have received several prestigious recognitions for its contributions to sustainable energy innovation over the past year. These awards reflect the dedication and hard work of the Liquid Wind team and the invaluable support of its partners and supporters.

1. On 23 November, Liquid Wind was awarded the E-Prize 2023 in the Renewable Energy category, marking a significant achievement in Sweden's climate innovation landscape. This prestigious award underlines Liquid Wind's commitment to advancing climate-positive solutions, particularly through its successful partnerships and business acumen in creating large-scale production of sustainable eFuel from Swedish forest resources and renewable electricity.

2. In addition, Liquid Wind has been named one of the top 10 clean energy startups by Energy Digital Magazine, a leading publication covering renewable energy, sustainability, utilities, oil & gas, technology and AI. This recognition highlights Liquid Wind's role as a leader in driving the energy transition to a cleaner, more sustainable future.

3. In November, Liquid Wind was also honoured to receive the Capgemini Nordic Sustainability Tech Award 2023. The award, which was presented at a ceremony at the Nobel Prize Museum in Stockholm, Sweden, recognises organisations and inspiring technology pioneers in the Nordic region that are pushing the boundaries of sustainable technology solutions. The jury recognised Liquid Wind's significant progress in pioneering the field of eFuel production, which is poised to accelerate the transition to carbon neutral shipping and reduce global carbon emissions.

Claes Fredriksson, CEO & founder; Klaudija Cavala, Head of PR, Marketing & Communications. Picture by Liquid Wind.

Why eFuel? Advantages and Opportunities

Moving Shipping Forward
eFuel, which is both fossil-free and renewable, offers rapid implementation to accelerate the shipping industry's transition to green practices, while meeting stringent environmental standards from the outset. It is also safe to store and easy to distribute. While coastal shipping can use battery power for electrification, the vast majority of global shipping, characterized by long distances, requires liquid eFuel. Unlike biofuels, which are limited by the availability of the raw materials needed to produce them, eFuel has the scalability required to power global shipping.

Reducing Carbon Emissions
Replacing fossil fuels with sustainable eFuel from Liquid Wind-designed facilities could reduce carbon dioxide emissions from shipping by more than 90%. Adoption of eFuel by cargo owners would significantly reduce emissions and align with their sustainability goals. eFuel production also provides an opportunity for several industries such as combined heat and power plants, biorefineries and the pulp & paper industry to convert carbon dioxide emissions into valuable resources. In addition, eFuel facilitates grid balancing for the power sector and enables engine suppliers to advance their sustainable offerings in a mature industry.

For more information on the benefits and emission reduction opportunities of eFuels, see the blog post *"eMethanol: A Cleaner Fuel for Sustainable Shipping" on Liquid Wind's website*.

Strategy and Objectives

Scaling eFuel Production

Liquid Wind's efforts align with the growing emphasis on decarbonisation, driven by consumer demand, business goals and regulatory initiatives. Global eMethanol production is forecast to grow to 250 million tons per year by 2050, driven primarily by its growing use in the maritime sector, aviation and chemical sectors.[6]

At the core of Liquid Wind's strategy is its scalable business model, which leverages the company's unique expertise and state-of-the-art solutions to develop commercial-scale eFuel production facilities. The goal is to have 500 eFuel facilities in operation worldwide by 2050, collectively reducing carbon emissions from global shipping by 50 million tons per year. In addition to the ongoing projects, Liquid Wind plans to FID an additional 10 facilities in the Nordic countries by 2027.

Liquid Wind's rapid expansion of its eFuel network is made possible by its state-of-the-art, scalable business model. The use of proven technology and standardised designs accelerates deployment and market entry, resulting in lower eFuel costs. Planning and integration are streamlined through the use of a digital twin solution, enabling efficient plant operation through virtual replicas.

Strategic partnerships are an integral part of Liquid Wind's approach, facilitating engineering, development and financing efforts. The integration of proven technology solutions from its long-standing and world-leading OEM partners Alfa Laval, Carbon Clean, Siemens Energy and Topsoe, strengthens the company's business model. In the coming years, the company will continue to work closely with them to scale and accelerate the deployment of new eFuel projects.

The replicable nature of eFuel plant development enables expansion wherever the required renewable energy resources, such as wind or solar power and biogenic carbon dioxide, are available, providing a stable and sustainable investment outlook.

By cultivating a robust portfolio of commercial-scale eFuel development projects, Liquid Wind aims to enhance the value of the unique expertise and intellectual property embedded in each project company (SPV) for the benefit of project investors.

Gearing up for the Future

To further strengthen the organisation and market strategy, Liquid Wind continues to develop core assets, functions and processes. Examples of how we are gearing up for the future:

- Corporate implementation of policies supporting compliance and development within HR, Legal, IT and data security.
- We have put into practice Communications and PR strategies to support our business strategy and to continue establishing Liquid Wind as a leading developer of eFuel facilities.
- We have implemented a Customer Relationship Management tool (CRM) and Customer Insights (Marketing Automation) to support and drive stakeholder excellence across the company and channels.
- The Project Management Office (PMO) has implemented a Project Handbook to successfully drive the development of our facility projects, from definition to completion.

[6] International Renewable Energy Agency, Innovation Outlook: Renewable Methanol, p. 89

Driving Maritime Decarbonization with AI and Data Exchange

Digital Twin Innovation

Liquid Wind has an unwavering ambition to develop multiple eFuel facilities. To achieve its goals, the company has implemented a Digital Data Twin that streamlines the process of replicating facilities. This solution not only accelerates knowledge acquisition during project development, but also improves overall quality, which is critical to the company's sustainable success and cost-effectiveness. It also promotes collaboration between Liquid Wind and its partners.

The Liquid Wind Digital Data Twin spans the entire lifecycle of plant projects, based on cloud-based platforms for comprehensive information management throughout. In construction, standardised structures are essential for the smooth interaction and transfer of data across applications and project phases. Liquid Wind uses three primary predefined structures within its model: a reference designation system, a work breakdown structure, and a cost breakdown structure.

Liquid Wind Submits Environmental Permit for FlagshipTWO

Liquid Wind continued working with power utility provider Sundsvall Energi in 2023, developing Liquid Wind's second commercial-scale eFuel project, FlagshipTWO, in Sundsvall, northeast Sweden. Liquid Wind's project, combined with Sundsvall Energi's expansion plans for the area, is expected to be the largest industrial investment ever made in Sundsvall and will support the municipality's ambition to become carbon neutral by 2030.

In February 2023, Liquid Wind submitted the environmental permit for the facility, marking a key project milestone building upon the successful cooperation with Sundsvall Energi. The facility is planned to be ready for production in 2027. [On 3 May 2024, FlagshipTWO was granted the environmental permit from the Land and Environmental Court in Östersund].

The eFuel plant will be located at Sundsvall Energi's Korstaverket site, close to the local Tunadal harbour. Sundsvall Energi will supply carbon dioxide from the company's power plant at the same site, and green hydrogen will be produced from water and renewable electricity from renewable power. Hydrogen will be combined with the captured carbon dioxide to produce fossil-free eFuel. Steam and waste heat from the site will also be captured to maximise resource efficiency. FlagshipTWO is expected to reduce carbon dioxide emissions by an estimated 283,000 tons per year, primarily by enabling the replacement of fossil fuels in shipping with fossil-free eFuel, but also by capturing and permanently storing carbon dioxide. The facility itself will have an annual production capacity of up to 130,000 tons eMethanol, significantly strengthening the eFuel capacity in Sweden and the Nordics.

How Liquid Wind Makes an Impact: Supporting the UN Sustainable Development Goals (SDGs)

Liquid Wind's commitment to the United Nations Sustainable Development Goals (SDGs) and the 2030 Agenda for Sustainable Development is part of good business practice.[7] Green eFuel, exemplified by eMethanol, is a key player in the global sustainability transformation of the maritime industry, capable of reducing greenhouse gas emissions by over 90% when replacing fossil-based marine fuel.[8]

Engines are relatively easy to retrofit to operate on Methanol, allowing the life cycle of a vessel to be extended. Methanol is soluble and has limited toxicity, posing less risk to aquatic organisms than other fuels if spilled into the sea. Additionally, eMethanol combustion produces lower levels of nitrogen oxides (NOx) than conventional marine fuels, improving air quality and reducing environmental impact. Shipping companies can use Methanol to significantly reduce sulphur oxides (SOx) emissions and comply with stringent environmental regulations such as the International Maritime Organisation's (IMO) sulphur cap.

The benefits of green eFuel underline Liquid Wind's commitment and significant potential to positively contribute to SDGs 7 (affordable and clean energy), 13 (climate action), 14 (life below water) and 17 (partnerships for the goals).

[7] The UN 2030 Agenda for Sustainable Development
[8] Liquid Wind White Paper on evaluating marine fuels White paper – Liquid Wind – eMpowering our Future.

7 AFFORDABLE AND CLEAN ENERGY

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.

13 CLIMATE ACTION

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.

14 LIFE BELOW WATER

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.

17 PARTNERSHIPS FOR THE GOALS

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.

Liquid Wind and Umeå Energi Partner to Create Innovative eFuel Facility

Liquid Wind's third eFuel facility project, FlagshipTHREE, will be built in cooperation with Umeå Energi and will be connected to Umeå Energi's cogeneration plant Dåvaverket. The facility will capture biogenic CO_2 from the Dåva plant and combine it with green hydrogen produced from renewable electricity to generate eMethanol. The steps taken showcase the successful deployment and replication of Liquid Wind business model.

By capturing carbon dioxide from the Dåva cogeneration plant, Umeå is taking further steps towards circular flows and the goal that Umeå City and the Umeå Municipality will be climate neutral by 2030 and 2040, respectively. In December 2023, Liquid Wind submitted the environmental permit application for FlagshipTHREE, with construction set to commence in 2024 with a slated production start in 2027. Once operational, the facility will contribute to a 271,000-ton reduction of CO_2 emissions annually, having a planned production capacity of up to 130,000 tons of green eFuel per year.

Hans Lindberg (S), Chairman of the Municipal Executive Board of Umeå Municipality; Claes Fredriksson, CEO of Liquid Wind; Jan Ridfeldt, CEO of Umeå Energi. Photographer Malin Grönborg.

Overview of Projects

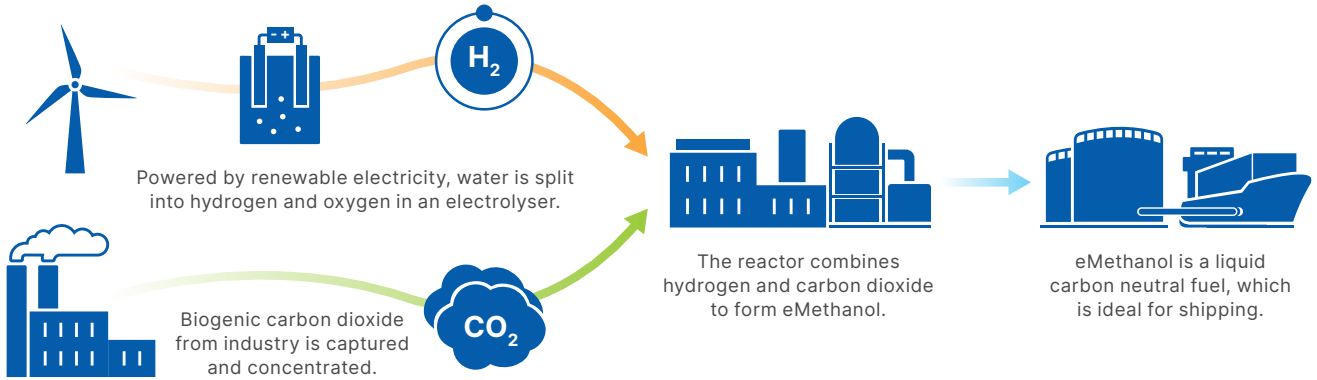
Liquid Wind is making steady progress towards the widespread implementation of sustainable eFuel on a European scale, with Sweden as the starting point for its first facilities. In the coming years, Liquid Wind will focus on achieving several key milestones including the development of more than 10 projects by 2027.

Marking Liquid Wind's first facility outside of Sweden, a cooperation agreement was signed between Liquid Wind and energy producers Kanteleen Voima, and Piipsan Tuulivoima in December 2023. The facility is planned to be adjacent to NordFuel's planned biorefinery site and will be powered by renewable energy from a new onshore wind park that will be built and operated by Piipsan Tuulivoima, and NordFuel's biorefinery project will be developed in parallel. Kanteleen Voima is the owner of NordFuel, and Piipsan Tuulivoima is part of the Puhuri group.

The cooperation marks the beginning of a strong partnership to develop a feasibility study for an eMethanol production facility in Haapavesi, Finland. It also represents a significant advancement towards increasing the production of eFuel in Finland.

Liquid Wind's Production Process of Green eFuel

- Oxygen is released and can either be reused or vented.
- eFuel produced in Liquid Wind's facilities reduces CO_2 (Carbon Dioxide Emissions) by more than 90%.
- Reduces NOx (Nitrogen Oxides) by up to 80%, and eliminates SOx (Sulfur Oxides) and particulate matter emissions.



Who We Are

Liquid Wind is a leading developer of sustainable eFuel production facilities with a vision to reduce the world's dependency on fossil fuels, especially in hard-to-abate sectors such as global shipping. The company is headquartered in Gothenburg, Sweden, with offices in Denmark and Finland.

- Office Locations
- Sundsvall Facility
- Örnsköldsvik Facility, sold to Ørsted
- Umeå Facility
- Haapavesi Facility

Strategic Expansion in the Nordics Strengthens Liquid Wind's Importance in the European Energy Sector

Liquid Wind's expansion in the Nordics marks a significant step in its growth story within the European energy landscape with strategic moves into Denmark and Finland. In Denmark, Liquid Wind and partners, Alfa Laval, Carbon Clean, Siemens Energy and Topsoe, established an eFuel Design & Performance Centre to strengthen their joint R&D efforts. In Finland, Liquid Wind announced its first project outside of its home market. Together, these initiatives will help to strengthen the domestic eFuel production in Sweden and across the Nordics.

The Team

Liquid Wind has a growing and diversified team, consisting of around 60 people by the end of 2023 with leading edge expertise in the company's core business. As a knowledge-intensive business, the team has been strengthened in 2023 by adding deeper expertise in areas such as process engineering, project management, carbon capture, power market, as well as in HR, IT and Finance to support the company's expansion plans and accelerate the development of new facilities.

Liquid Wind's Employee Attraction and Retention Program

Attracting and retaining top talent is critical to Liquid Wind's success. The company prioritises employees' health, safety, and well-being by offering comprehensive benefits packages, including insurance.

Liquid Wind offers a dynamic career path in a collaborative business environment, allowing employees to build their personal know-how and engage with different stakeholders in the extensive partner network. A corporate guiding star is that competence attracts competence and leverages its network to retain and attract the best talent.

Liquid Wind prioritises ongoing employee and leadership development through regular online learning and development sessions as well as recurring team meetings for knowledge sharing, collaboration, and social interaction such as Digital Fika and All Teams Meetings. Employee engagement is supported through survey feedback, and a structured Employee Development Process to ensure Liquid Wind's team members' voices are heard and supported.

The aim is to continue to attract, develop and retain diverse talent to drive the company's vision forward. Liquid Wind strives for a balanced age and gender distribution, as well as ethical and cultural diversity. Emphasising Liquid Wind's corporate values and culture and taking action against any business activities that do not comply with applicable laws and regulations is explicitly stated in Liquid Wind's Code of Conduct and is part of every employee's commitment to the company.

Company Values

Community

We are working together with peers and partners to reduce dependency on fossil fuel. Strong community collaboration provides the power to drive real change.

Drive

We put our ability to use here and now. We don't wait for approval or answers from others. We don't get stuck in endless discussions or negotiations. **We act. Now.**

Courage

We have the willpower, conviction and resilience it takes to become a category leader. We never give up, and we are not intimidated by the scope of our task or the fossil industry we are gradually replacing.

Transparency

In our business of green transformation, transparency will be critical to gaining trust. We must live by it and make sure our customers can too.

Code of Conduct

Liquid Wind strives to conduct its business in the most responsible way possible – resource and energy efficient, with minimal footprint on environment and climate, with respect for human rights and labour rights, and in compliance with applicable laws and regulations. Liquid Wind's Code of Conduct sets requirements for employees as well as for its suppliers and business partners. It is based on the UN Global Compact, the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises, amongst other international standards, norms, and guidelines. Read the Liquid Wind Code of Conduct *on the website under the section "About us"*.

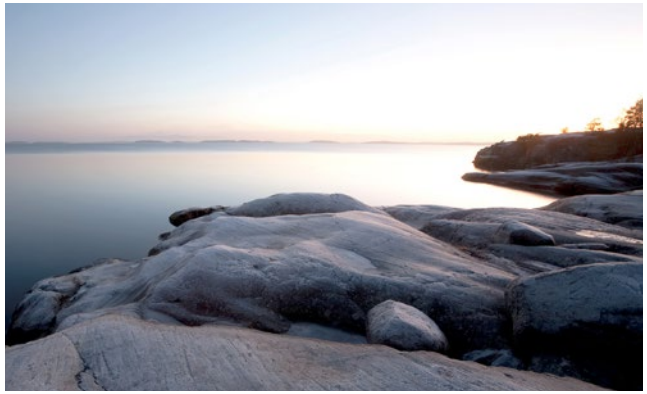
Promoting Sustainable Business Practices in the Nordics

Liquid Wind plays an important role in promoting social business practices and aiding of the green transition in regions such as Northern Sweden and Finland. Here, Liquid Wind's mission is to establish eFuel facilities that produce green eFuels, utilizing existing infrastructure to provide cleaner energy solutions that enable society's transition away from a fossil fuel dependency.

In line with this, Liquid Wind has been collaborating with major players in the industry to advance clean energy solutions. The company's strategy involves close cooperation with local entities, for example, power companies, harbours, pulp & paper companies, indicating a significant step towards accelerating the production capacity of eFuel and sustainable business practices in the respective regions. This has been highlighted by the construction start of FlagshipONE in Örnsköldsvik, which broke ground in May 2023 and the submitted environmental permit for FlagshipTWO in Sundsvall in February 2023.

A core aspect of these collaborations is the development of facilities adjacent to existing energy sites, such as district heating plants, powered by renewable energy from, for example, established or future wind power parks. These endeavours showcase Liquid Wind's commitment to the circular economy and zero-waste principles, as they aim to efficiently utilize carbon dioxide emissions from existing processes, upscaling and improving the environmental track record of existing infrastructure at the same time.

Liquid Wind's commitment to the environment extends beyond the production of green eFuels. The new facilities also contribute to job creation, providing both direct and indirect employment opportunities in the regions. These sustainable jobs further demonstrate Liquid Wind's dedication to social responsibility and regional economic growth, in line with the company values.



Strategic Partnerships

Liquid Wind partners with leading companies in the sustainable technology sector to realise the full potential of converting electricity into liquid fuel. These key strategic partnerships are integral to the execution of the company's strategy to develop, finance and establish a network of eFuel facilities. In addition, Liquid Wind's partners play a key role in the collaborative development of the next generation of integrated eFuel facilities.

The concerted effort to establish the first four commercial-scale eFuel facility projects has been achieved through close collaboration between Liquid Wind and its strategic partners. The integration of key technologies will enable cost-competitive production of carbon-neutral fuel at the site. In the coming years, the company will continue to work closely with these partners to expand and accelerate the deployment of new projects.

Global Leaders Forge Alliance to Spearhead eFuel Innovation and Combat Climate Changes

In 2020, Liquid Wind, together with strategic partners Alfa Laval, Carbon Clean, Siemens Energy and Topsoe, articulated a firm commitment to combat global warming by providing cutting-edge technologies for the decarbonisation of hard-to-abate industries. This foundational statement set a course for collaborative efforts and laid the groundwork for a strategic alliance to pioneer innovation in eFuel production. Over the ensuing years, this alliance matured, reaching a pivotal point in November 2023, when a decisive partnership decision was made to intensify efforts towards eFuel innovation.

Throughout 2023, the collaborative consortium diligently pursued its mandate, drawing on collective expertise to advance the development of sustainable energy solutions. [This concerted effort culminated in February 2024 with the formal inauguration of the eFuel Design & Performance Centre (DPC) - a seminal milestone in the collective pursuit of climate change mitigation strategies]. The establishment of the DPC not only underscored the Alliance's unwavering commitment to technological advancement, but also served as a tangible manifestation of its collective resolve to accelerate the deployment of eMethanol plants on a global scale. By maintaining a disciplined and collaborative approach, Liquid Wind and its esteemed partners reaffirmed their status as leaders in the ongoing transition to a sustainable and resilient future.

Alfa Laval specializes in heat transfer, separation, and fluid handling technologies. Their expertise in process optimization and equipment design contributes to the overall energy efficiency and reliability of eFuel production processes.

Carbon Clean's scalable carbon capture, utilization, and storage (CCUS) technologies, captures CO_2 emissions from industrial processes and utilizes them in the production of eFuels, contributing to the overall carbon neutrality of the process.

Siemens Energy is a global leader in energy technology. Their expertise in electrification, automation, and digitalization, showcased through our Digital Twin, ensures efficient project replication and sustainable operations.

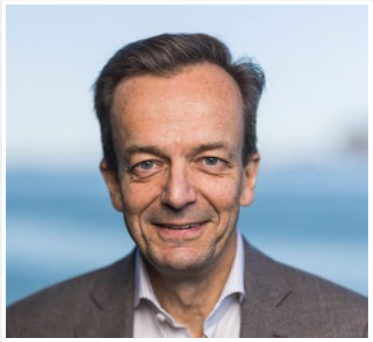
Topsoe's knowledge in catalyst development and process optimization plays a critical role in enhancing the efficiency and selectivity of chemical reactions involved in eFuel production, leading to higher yields and lower production costs.

Board of Directors

Iain Tobin
Carbon Clean

Kai Baumgarte
Uniper

Sundus Cordelia Ramli
Topsoe



Claes Fredriksson
Chairman, Liquid Wind

Åsa Burman
Lighthouse

Peter Luetkebohmert
Siemens Energy

Julien Gennetier
Alfa Laval

Ulrika Francke
International Organisation for Standardisation

James Munce
Hycap

Management Team

Claes Fredriksson
Chairman, CEO
and Founder

Emma Rönnmark
CCO

Mikael Schoultz
CIO

Bert-Ove Johansson
CPO

Benny Mai
CTO

Sustainability

Forecasted CO_2 Reduction Data

Number of Facilities Reaching FID by 2027:

10

eFuel Production Per Year:

1,000,000 tons

Replaces:

490,000 tons of fossil fuel (LSFO*)

*Low sulphur fuel oils

Can Power:

~20 ships (15,000 TEU)

CO_2 Avoided Annually:

~1,800,000 tons

Equivalent to Annual Emission to:

180,000 Swedes

393,000 Cars

4,500 flights from Stockholm to New York City

Market Trends and Drivers

Climate

The effects of climate change are becoming increasingly evident around the world. To mitigate global warming, there's an urgent need to accelerate efforts to transition to a fossil-free society, across different geographies and sectors.

The maritime sector emits approximately 1 billion tons of carbon dioxide annually, accounting for approximately 3% of global greenhouse gas emissions.[9] With the continued growth of maritime transport, emissions from shipping are projected to increase significantly unless rapid action is taken.

The International Maritime Organisation (IMO), the United Nations specialised agency for shipping, has set targets to reduce the climate impact of shipping. These targets aim to reduce emissions by 40% by 2030, with a majority of IMO members supporting a zero-carbon target by 2050. Many shipping companies are aligning their climate and sustainability goals with the Science Based Targets (SBTi) initiative.

[9] IMO, 2020, Fourth IMO GHG Study

Electrification

Electrification is central to society's climate transition, enabling the replacement of fossil fuels in transport and industry with renewable energy sources. It also reduces dependence on energy imports from geopolitically unstable regions. According to the Swedish Energy Agency, the demand for renewable electricity is expected to grow rapidly in the coming years, and eFuel will play a crucial role in electrifying various sectors.

eFuel, especially eMethanol, facilitates the electrification of difficult to electrify sectors such as shipping. It can be produced from renewable sources such as wind and solar power and offers a significant reduction in emissions by replacing fossil fuels. Major players in the maritime industry see eMethanol as a means of meeting customer demand for fossil-free transport. Several prominent shipping companies have already placed orders for large eFuel led vessels, with the first ships already in commercial operation on the high seas as of the end of 2023. In UNCTAD Review of Maritime Transport from 2023, the orderbook for alternate fuel vessels is steadily growing, reaching 21.1% in number of ordered vessels in 2022 compared. Alternate fuel here contains LNG, Battery/Hybrid, LPG, Methanol and Hydrogen.

Geopolitics

The EU's focus shifted prominently towards ensuring energy security. The RePowerEU Plan of the EU remained at the core of this effort throughout 2023, emphasizing domestic energy production and bolstering resilience against supply disruptions. These objectives were pursued through initiatives such as the European Green Deal legislation and increased deployment of renewable energy sources, coupled with efforts to enhance energy efficiency. As a result, European reliance on Russian energy imports shifted dramatically from 2021 to 2023.

However, data released by the European Commission underscored the current rate of infrastructure development to be insufficient, necessitating greater investment incentives from policymakers. To further bolster the EU's energy resilience and its target of reducing greenhouse gas emissions by at least 55% by 2030, EU-based energy investment must double from the previous decade. This entails an annual investment requirement exceeding €400 billion for the current decade and reaching up to €575 billion per year in subsequent decades until 2050. Of this sum, about €210 billion in investments will be necessary for energy efficiency, renewable energy, and electricity networks by 2027 to reduce Europe's reliance on Russian gas.[10] [11]

Geopolitical considerations have played a significant role in expediting EU policy reforms to enhance the EU's competitiveness in the evolving global energy landscape. Initiatives in the past year included the Net-Zero Industry Act and the Critical Raw Materials Act, along with a recalibration of the EU energy diplomacy toward strategic energy projects and partnerships with select collaborators. Revisions to the EU Renewable Energy Directive (RED III) in March and the adoption of the EU Electricity Market Reform in December 2023 further underscored these efforts.

Geopolitics will increasingly influence the energy industry, with Europe particularly affected due to its ongoing reliance on external energy sources to remain competitive. According to the Hydrogen Council, by 2050, Europe, Korea, and Japan will be the top hydrogen importers, sourcing at least 20 metric tons externally.[12] [13] Europe will be the sole continental-scale industrial power that depends on energy imports. Hence, it is crucial for innovation leaders in the energy sector, such as Liquid Wind, to drive advancements and secure the continent's energy leadership in an increasingly geopolitically complex world.

[10] European Investment Bank, 03/2023, Energy Overview, p.2
[11] European Parliament, November 2023, Energy transition in the EU, p.1
[12] Hydrogen Council, 10.08.2022, Fitfor55 – fit for purpose?
[13] Hydrogen Council, November 2023, Global Hydrogen Flows - 2023 Update, p.3

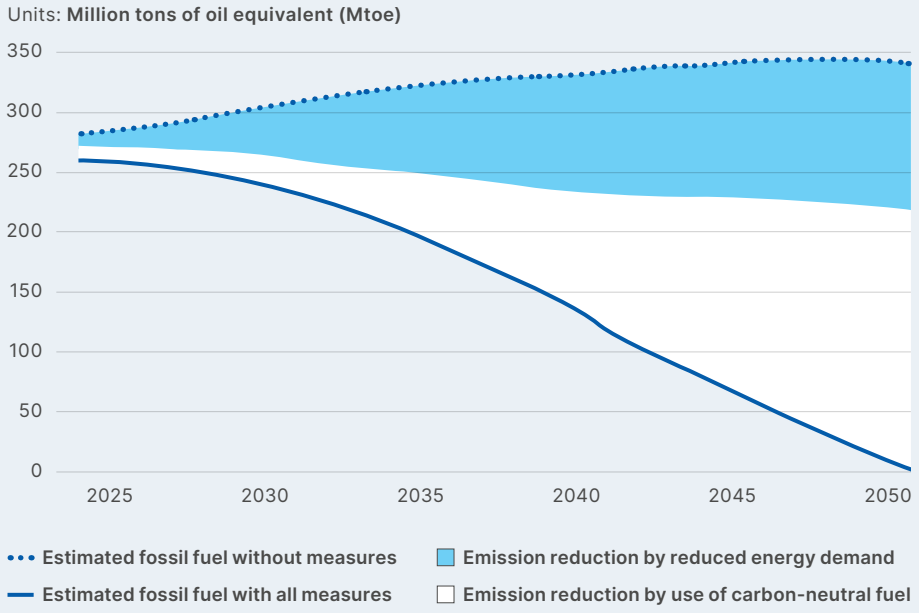
Maritime Value Chain

The momentum behind eFuels such as eMethanol continues to grow, with more than 300 orders for eMethanol dual-fuel vessels surpassing those for LNG-powered vessels, signalling a strong commitment to cleaner fuel solutions. Major shipping lines are reporting additional newbuild options and decisions on major retrofit orders for existing vessels, further driving demand for methanol as a marine fuel.

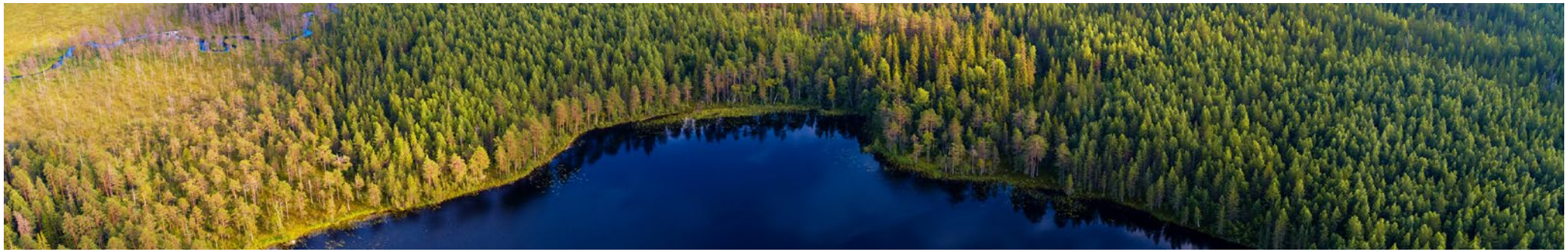
eMethanol represents a guaranteed way for the marine value chain to reduce its environmental footprint, comply with regulations and contribute to a more sustainable and resilient future for the industry. Given that the shipping sector is one of the largest contributors to global emissions, the transition to green methanol can be a significant step towards decarbonisation and sustainability, which is critical to meeting climate targets and preserving marine ecosystems. By integrating eMethanol into their business models, the shipping industry can act as a catalyst for the adoption of this fuel technology across other hard-to-abate sectors globally. A successful integration could demonstrate its viability, encourage investment, and accelerate the transition to cleaner energy solutions in industries that are traditionally challenging to decarbonise.

[14] DNV Group, Maritime decarbonization efforts propelled as orders for alternative-fueled vessels grow

Simulated Results for Future Demand of Carbon-Neutral Fuels in Shipping



Graph, source DNV Maritime Forecast to 2050



The Role of Cargo Owners

Cargo owners have significant influence in shaping the freight market and often set ambitious sustainability targets, acting as both end users and financiers of freight services. However, there is a noticeable gap in climate action within their supply chains. Liquid Wind is an active supporter of the World Economic Forum's First Movers Coalition, a global initiative to address the challenge of reducing emissions from sectors still reliant on unabated fossil fuels, particularly shipping. Liquid Wind is also an active participant in the Getting to Zero maritime alliance and the Global Maritime Forum. These efforts are focused on conducting research to overcome the price gap and assist shipping companies in accessing eFuel offtakes.

The lack of action on the adoption of green fuels cannot be attributed solely to a lack of strategic direction, but rather to a variety of challenges that make it difficult for cargo owners to procure these fuels. As cargo owners continue to advocate for green fuel initiatives and demand sustainable practices, they are driving change in an industry historically dependent on fossil fuels, influencing ship owners, charterers, and end users towards a more sustainable future.

Regulatory requirements are driving companies to monitor and reduce CO_2 emissions, while stakeholder pressure is demanding transparency and sustainability throughout the supply chain. Managing climate-related risks and improving resilience helps companies manage disruptions and maintain profitability. Cost savings and efficiencies are realised by adopting sustainable practices and reducing emissions through energy-efficient technologies.

Several shipping companies have demonstrated the viability of methanol as a fuel, with eMethanol increasingly seen as a practical solution to reduce emissions and meet sustainability goals. The Zero Emissions Maritime Buyers Alliance (ZEMBA) launched its ZEMBA 2040 Ambition Statement in October 2021, marking the first collective signal of support from cargo owners to transition to zero-emission solutions on a 1.5°C aligned trajectory. Despite the challenges, several shipping companies recognise the competitive advantage that green 'low CO_2' fuels offer their businesses. ZEMBA aims to accelerate the transition to zero emissions shipping and ensure that cargo owners have access to scalable solutions for 100% of their ocean freight by 2040.

The Increasing Efforts to Tackle Shipping Emissions

Liquid Wind has produced a comprehensive white paper entitled "Exploring the Economic Implication of Well-to-Wake Emission Intensities", which sheds light on sustainable alternatives to fossil fuels in the shipping industry. The report highlights the industry's increased commitment to reducing the carbon emissions associated with maritime transport. In particular, a growing number of companies are setting sustainability targets and offering green shipping solutions to their customers.

In addition, Liquid Wind's white paper outlines the evolving landscape of policies and regulations aimed at facilitating the industry's transition to sustainability. In recent years, a number of global initiatives have emerged to address the climate impact of shipping. For example, the International Maritime Organization (IMO), has formulated a strategy to reduce the sector's greenhouse gas emissions by 40% by 2030 and 70% by 2050 compared to 2008 levels. Interested readers can access the white paper on shipping emissions and sustainable alternative fuels on *Liquid Wind's website under the section "Electrofuel Insights"*.

Domestic Production of eFuels and Self-Reliance in Uncertain Times

Liquid Wind is playing a vital role in catalysing not only the green transition but also geopolitical stability in Sweden, the Nordics, and Europe. By enabling domestic production of eFuels, Liquid Wind is enhancing fuel self-reliance, thereby fostering a level of geopolitical independence critical in times of growing political instability and supply chain disruptions globally.

As these regions transition away from mainly imported fossil fuels towards domestically produced, sustainable eFuels, such as Liquid Wind's eMethanol, the regions are effectively reducing their reliance on external energy sources. This shift decreases their vulnerability to international energy price fluctuations and potential supply disruptions, thereby strengthening their energy and fuel security.

In the broader geopolitical arena, Liquid Wind's initiatives serve as a model for other countries and regions, demonstrating that energy self-reliance and environmental sustainability can go hand in hand. This contributes to global efforts to combat climate change and promotes a more stable, sustainable energy landscape worldwide for hard-to-abate sectors such as international shipping.

Regulations and Legislations

EU Emission Trading System (EU ETS)

The European Union's Emissions Trading System (EU ETS) is a cornerstone of the Fit for 55 package, designed to achieve a 55% reduction in net greenhouse gas emissions by 2030 compared to 1990 levels. This market-based approach applies to the maritime transport sector for the first time in 2024. Adopted in October 2023, the EU ETS places a cost on carbon pollution emitted by vessels building upon the proven effectiveness of the EU ETS in reducing carbon dioxide emissions in other sectors. This economic pressure disincentivizes the use of traditional, high-emission fuels like heavy fuel oil (HFO) and incentivizes shipping companies to explore cleaner alternatives like eFuel. The EU ETS effectively creates a market for lower-carbon options, accelerating the transition to a more sustainable maritime sector and fostering innovation in clean fuel technologies. It also plays a crucial role in closing the gap between fossil fuels and alternative fuel.

FuelEU Maritime: Setting Ambitious Reduction Targets and Rewarding Early Action

FuelEU Maritime, another key pillar of the EU's Fit for 55 package, directly tackles maritime emissions by setting binding targets for reducing the greenhouse gas (GHG) intensity of a ship's energy use. These binding reduction targets are increased every 5 years. Adopted in October 2023, this regulation applies to all ships above 5,000 gross tonnages calling at EU ports, covering both intra-EU voyages and a portion of voyages between EU and non-EU ports. By establishing clear reduction goals for energy used onboard, FuelEU Maritime pushes the industry towards cleaner operations and alternative fuel. Furthermore, the regulation recognizes the crucial role of eFuel in achieving these targets. It incentivizes the use of eFuels through a multiplier that effectively doubles their positive impact on compliance. Additionally, FuelEU Maritime rewards early adopters of eFuels through innovative mechanisms like pooling and banking. Pooling allows companies with surplus compliance (achieved by using eFuels) to share it with others in their fleet or even other companies, creating additional value and incentivising and rewarding first movers making early investments into eFuels lucrative. Banking allows companies to store their extra compliance for future use with no expiration date. These mechanisms provide significant financial advantages to companies that embrace eFuels early on, accelerating the uptake of this promising clean fuel technology.

Industry and NGO Memberships

Liquid Wind is a member of several relevant industry associations and collaborates with a selection of NGOs to support the climate transition and promote the use of eFuel in society.

IMO Ambition: A Global Commitment to Net-Zero

The International Maritime Organization (IMO) has significantly increased its ambition on greenhouse gas emissions with its revised strategy adopted in July 2023. This strategy sets a net-zero GHG emissions target for international shipping by 2050 with further ambitious milestones in 2030 and 2040, reflecting a major step forward for the industry. Previously, the IMO aimed for a reduction in the carbon intensity of CO_2 emissions per transport work by at least 40% by 2040 compared to 2008 levels. The new strategy, published in July 2023, establishes a much more ambitious goal, highlighting the industry's growing commitment to environmental sustainability. Furthermore, the IMO has adopted a "well-to-wake" approach, which considers emissions across the entire fuel lifecycle, from the production and transportation of fuel to its final use in a ship's engine. This holistic approach ensures that the industry's environmental footprint is comprehensively addressed. The IMO's revised strategy sends a clear message to the global shipping community: significant action is needed to decarbonize the sector and achieve net-zero emissions by 2050. The new ambitious targets are now being implemented through short- and mid-term targets which are expected to be adopted in 2025.

Financial Report Parent Company*

Unless otherwise stated, all amounts in the annual report are presented in Swedish kronor, SEK.
Data in parentheses refer to the previous year.

Multi-year Overview (SEK)

	2023	2022	2021	2020
Net turnover	36 722	24 277	25 643	5 557
Profit/loss after financial items	-68 710	44 890	-19 502	-8 232
Equity/assets ratio (%)	58	82	17	41

For definitions of key ratios, see Accounting and Valuation Principles.

Changes in Equity (SEK)

	Share capital	Non-restr share prem. reserve	Retained profit/loss	Profit/loss this year	Total
Opening shareholders' equity	121 809	209 818 719	-34 938 136	44 889 659	**219 892 051**
Appropriation of earnings as per resolution of the AGM			44 889 659	-44 889 659	**0**
Result of the year				-67 934 551	**-67 934 551**
Closing shareholders' equity	**121 809**	**209 818 719**	**9 951 523**	**-67 934 551**	**151 957 500**

No refunded conditional liability amounts at the balance sheet date to 25 000 (25 000).

*The Financial Report is for Liquid Wind AB.

Proposals for Profit Allocation

The Board of Directors recommends that the profit/loss and brought forward profits available for disposition (SEK):

Non-restricted share premium reserve	209 818 719
Profit carried forward	9 951 523
Year's loss	-67 934 551
	151 835 691
Be distributed so that they are: carried over	151 835 691
	151 835 691

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

Income Statement (SEK)

	Note	2023-01-01 to 2023-12-31	2022-01-01 to 2022-12-31
Operating revenues			
Net turnover		36 721 583	24 277 373
Other operating income		4 942 735	654 164
		41 664 318	**24 931 537**
Operating expenses			
Other external costs	2	-77 980 798	-49 263 582
Personnel costs	3	-30 605 473	-17 007 144
Depreciation of intangible assets		0	-47 687
Other operating expenses		-3 050 651	-1 159 108
		-111 636 922	**-67 477 521**
Operating profit/loss		**-69 972 604**	**-42 545 984**
Profit/loss from financial items			
Profit/loss from participations in group companies	4	-1 089 632	66 505 386
Other interest income and similar profit/loss items	5	2 737 923	25 637 147
Interest expense and similar profit/loss items	6	-385 238	-4 706 890
		1 263 053	**87 435 643**
Profit/loss after financial items		**-68 709 551**	**44 889 659**
Appropriations		775 000	0
Pre-tax profit/loss		**-67 934 551**	**44 889 659**
Net profit/loss for the year		**-67 934 551**	**44 889 659**

Balance Sheet: Assets (SEK)

	Note	2023-12-31	2022-12-31
Fixed assets			
Intangible fixed assets			
Franchise, patents, licences, trademarks and other similar rights	7	7 047 537	5 113 450
		7 047 537	**5 113 450**
Financial assets			
Participations in group companies	8,9	173 208 511	204 724
		173 208 511	**204 724**
Total fixed assets		**180 256 048**	**5 318 174**
Current assets			
Current receivables			
Receivables from group companies	10	1 599 418	30 996 236
Other receivables		11 302 459	13 409 681
Deferred expenses and accrued income	11	17 247 798	4 112 342
		30 149 675	**48 518 259**
Cash on hand and in bank		50 200 076	213 019 735
Total current assets		**80 349 751**	**261 537 994**
Total assets		**260 605 799**	**266 856 168**

Balance Sheet: Equity and Liabilities (SEK)

	Note	2023-12-31	2022-12-31
Equity			
Restricted reserves			
Share capital		121 809	121 809
		121 809	**121 809**
Non-restricted equity			
Premium Fund		209 818 719	209 818 719
Retained earnings or losses		9 951 523	-34 938 136
Profit/loss for the year		-67 934 551	44 889 659
		151 835 691	**219 770 242**
Total equity		**151 957 500**	**219 892 051**
Provisions			
Other provisions	12	5 107 777	5 122 646
Total provisions		**5 107 777**	**5 122 646**
Current liabilities			
Accounts payable		2 933 403	22 748 901
Liabilities to group companies	13	5 290 307	2 985 158
Current tax liabilities		820 575	245 986
Other liabilities	14	89 641 624	13 653 350
Accrued expenses and deferred income	15	4 854 613	2 208 076
Total current liabilities		**103 540 522**	**41 841 471**
Total equity and liabilities		**260 605 799**	**266 856 168**

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 at the exchange rate on the balance sheet date. Exchange profit and exchange loss on operating receivables and liabilities are reported in the operating result. Exchange profit and exchange loss on financial operating receivables and liabilities are reported in the financial items.

The accounting principles remain unchanged as compared to the previous year.

Revenue Recognition

Revenue has been raised to the fair value of consideration received or receivable and is recognised to the extent that it is probable that the economic benefits will be available to be used by the company and the revenue can be measured reliably.

Fixed Assets

Intangible and tangible fixed assets are posted at the acquisition value less accumulated depreciation and any write-downs.

Depreciation is done on a straight-line basis over the estimated useful life of the asset taking the significant residual value into account. The following depreciation percentage is applied:

Tangible fixed assets	
Equipment, tools and installations	5 years

Financial Instruments

Shares in Subsidiaries

Investments in subsidiaries are carried at cost less any impairment losses. The cost includes the purchase price paid for the shares and acquisition costs. Any capital contributions are added to the cost when they arise.

Impairment of Financial Fixed Assets

At each balance sheet date are considered if there are indications of impairment of financial fixed assets. Impairment loss takes place if the declines in value is considered to be persistent and are examined individually.

Income Taxes

Total tax consists of current tax and deferred tax. Taxes are reported in the income statement, except when the underlying transaction is reported directly in equity, whereby the associated tax effects are reported in equity.

Employee Remuneration

Employee benefits relate to all kinds benefits the company provides to employees. Short-term employee benefits include wages, paid holidays, paid leave, bonuses and reimbursement upon completion of employment (pension) 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 achievement as required to obtain the contribution are made. In those cases the contribution is obtained before performance is completed, the contribution is reported as a liability in the balance sheet. Public contribution is measured at the fair value of consideration received or receivable.

Group Relationships

This is a parent company but with reference to the exception rules described 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, side 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 deductions for deferred tax) as a percent of the balance sheet total.

Note 2 - Remuneration to Auditors (SEK)

Audit assignment refers to inspection of the annual report and the accounting as well as the reports of the Board of Directors and the CEO, other tasks fulfilled by the company auditor as well as counselling or other assistance deriving from observations made in the course of the inspection or fulfilment of such other tasks.

	2023-01-01 - 2023-12-31	2022-01-01 - 2022-12-31
Ernst & Young		
Audit engagement	127 200	90 000
Tax consultancy	39 500	13 320
Other services	75 198	184 385
	241 898	**287 705**

Note 3 - Average Number of Employees

	2023-01-01 - 2023-12-31	2022-01-01 - 2022-12-31
Average number of employees	37	13

Note 4 - Profit/Loss From Participation in Group Companies (SEK)

	2023-01-01 - 2023-12-31	2022-01-01 - 2022-12-31
Profit from divestments	-1 089 632	66 505 386
	-1 089 632	**66 505 386**

Note 5 - Other Interest Income and Similar Profit/Loss Items (SEK)

	2023-01-01 - 2023-12-31	2022-01-01 - 2022-12-31
Interest revenues from group companies	1 628 253	6 989 752
Other interest income	12 808	75 394
Exchange rate differences	715 011	15 994 176
Others (financial income)	381 851	2 577 825
	2 737 923	**25 637 147**

Note 6 - Other Interest Income and Similar Profit/Loss Items (SEK)

	2023-01-01 - 2023-12-31	2022-01-01 - 2022-12-31
Interest expenses to group companies	19 687	1 477 650
Other interest expenses	2 299	6 834
Exchange differences	363 252	3 222 406
	385 238	**4 706 890**

Note 7 - Franchise, Patents, Licences, Trademarks and Similar Rights (SEK)

	2023-12-31	2022-12-31
Acquisition value, opening balance	5 113 450	5 113 450
Purchasing	1 934 087	0
Accumulated acquisition value, closing balance	**7 047 537**	**5 113 450**
Book value, closing balance	**7 047 537**	**5 113 450**

Note 8 - Participation in Group Companies (SEK)

	2023-12-31	2022-12-31
Acquisition value, opening balance	204 724	26 259 656
Purchasing	173 003 787	50 000
Sales	0	-26 104 932
Accumulated acquisition value, closing balance	**173 208 511**	**204 724**
Book value, closing balance	**173 208 511**	**204 724**

Note 9 - Specification of Participation in Group Companies (SEK)

	Capital Share	No.of Shares	Book Value
FlagshipTWO AB	100%	110 000	113 403 100
Flagship THREE AB	100%	25 005	57 110 400
Liquid Wind Denmark ApS	100%	40 000	2 089 891
Liquicity FOUR AB	100%	25 000	25 000
Liquid Wind Finland OY	100%	50 000	580 120
			173 208 511

	Corp. ID No.	Head Office
FlagshipTWO AB	559267-0748	Göteborg
Flagship THREE AB	559406-8297	Göteborg
Liquid Wind Denmark ApS	42510033	Allerød
Liquicity FOUR AB	559406-8305	Göteborg
Liquid Wind Finland OY	3361580-2	Vasa

Note 10 - Receivables From Group Companies (SEK)

	2023-12-31	2022-12-31
Liquid Wind Denmark ApS	1 519 400	1 941 629
FlagshipTWO AB	41 125	29 054 607
FlagshipTHREE AB	38 893	0
	1 599 418	**30 996 236**

Note 11 - Prepaid Expenses and Accrued Income (SEK)

	2023-12-31	2022-12-31
Prepaid software license	771 732	382 694
Prepaid insurance	49 000	44 235
Prepaid rent	202 440	328 800
Other prepiad costs	95 880	48 727
Service income	0	3 307 887
Capital acquisition costs	16 128 747	0
	17 247 799	**4 112 343**

Note 12 - Provisions (SEK)

	2023-12-31	2022-12-31
Other provisions		
Investment decision (FID) FlagshipTWO	5 107 777	5 122 646
	5 107 777	**5 122 646**

Note 13 - Liabilities to Group Companies (SEK)

	2023-12-31	2022-12-31
Liquid Wind Denmark ApS	4 469 215	2 985 158
LiquidWind Finland Oy	821 092	0
	5 290 307	**2 985 158**

Note 14 - Other Current Liabilities (SEK)

	2023-12-31	2022-12-31
VAT payable	1 371 241	1 095 957
VGR loan	0	750 000
Bonus	2 137 683	11 790 346
Other	0	17 047
Convertibles Serie C	86 132 700	0
	89 641 624	**13 653 350**

On August 2, 2023, the Extraordinary General Meeting resolved to issue convertible bonds, whereby 3,009 convertible bonds, totaling corresponding to a total of EUR 7 522 500 were subscribed. The conversion of the said convertible bonds into shares shall take place when the Company has carried out a Capital Raising whereby funds have been raised to enable the Company to finance its continued operations and development. Capital Raising means, according to the amended convertible terms and conditions decided by the Extraordinary General Meeting on April 5, 2024 and with the consent of the convertible holders, issuance of shares, warrants or convertibles at the associated investment price. In the event that conversion before December 31, 2024, the conversion price shall be set at the investment price according to the Capital Raising with a 15% discount. In the event that conversion does not take place by December 31, 2024, the loan shall be repaid to the convertible bond holders including an annual interest rate of 7% up to and including December 31, 2024.

The loan and interest fall due for payment as follows:
- 50% of the interest is due on March 31, 2025; and
- 50% of the interest is due on June 30, 2025.

Note 15 - Accrued Expenses and Deferred Income (SEK)

	2023-12-31	2022-12-31
Renumeration to auditor	38 200	51 000
Accountancy services	25 341	191 498
Consulting fees (internal)	539 723	346 387
Consulting fees (external)	1 017 240	689 965
Salaries and social fees	394 260	394 260
Holiday pay and social fees	1 675 600	534 966
Cost for Flagship Master Platform	963 223	0
Other	201 026	0
	4 854 613	**2 208 076**

Note 16 - Significant Events After the Financial Year

The company has started a funding round. This is to enable continued expansion. Otherwise, no significant events have occurred after the end of the financial year.

Liquid Wind

Liquid Wind AB
Sankt Eriksgatan 6
411 05 Gothenburg
Sweden

info@liquidwind.se
liquidwind.se