

Bergen Carbon Solutions AS
Condensed Interim Financial Statements
First half year 2021

Key Figures first half year 2021

Key figures	First half year		Full year
Amounts in NOK thousands	2021	2020	2020
Total revenue and other income	147	0	1
Total operating expenses	11 948	1 652	4 616
Operating profit (loss)	(11 801)	(1 652)	(4 615)
Net profit (loss) for the period	(11 820)	(1 671)	(4 654)
Net change in cash and cash equivalents	59 970	(3 204)	32 994
Cash and cash equivalents, end of period	100 467	4 299	40 497
Outstanding shares, end of period (*)	32 362 511	18 253	25 554
Cash and cash equivalents/total asset	89 %	40 %	83 %
Equity ratio	97 %	80 %	90 %
Equity	108 767	8 556	43 491
Total assets	112 684	10 757	48 544
Employees, average	17,7	6,0	6,5
Employees, end of period	21	6	9

(*) The share was split 1:1000 in March 2021

Board of director's report

Highlights

Bergen Carbon Solutions (BCS) was listed on Euronext Growth on April 19th 2021. Prior to listing, a share issues was carried out which secured the company NOK 80 million in new capital.

During the last quarter, the company has continued to work with upscaling and development of the modular CNF production unit. The project follow the plan towards installation of the first unit in the first quarter of 2022. This unit will be located at BIR's waste plant in Rådalen, Bergen.

Another milestone was that BCS moved into new premises during June at Flesland, Bergen. Thus, all activity is co-located. This is considered very important for the further development of the company, and especially for the collaboration across the organization.

Over the past 6 months, we have significantly strengthened the organization, and employed several key resources that will be important for the further development. This applies both on the technical side, including the role of CTO, as well as in sales and administrative support functions. We are very pleased to attract strong expertise in all areas.

Other important highlights during the last six months are the conclusion of several LOI's related to collaboration with customers, and future deliveries of CNF. BCS has entered into an LOI with two Japanese companies, one company from China, and in Norway with Yara and Jackon.

Finally, it is important to mention the positive development in Mosjøen related to the establishment of CNF Arena. BCS has great faith in this initiative, will take an active role, and looks forward to a further positive development in Mosjøen.

Financial review

The net result for the first half year of 2021 was a net loss of NOK 11.82 million compared to a loss of NOK 1.67 million in the first half year of 2020. The increased loss in 2021 is mainly a result of planned increase in headcount, the move to new premises and the process for listing to Euronext Growth resulted in higher cost compared to year 2020.

The company has not had any significant revenue during the period, but has budgeted for some revenue at the end of the fourth quarter based on the development of a new crucible to be completed in October.

Total operating expenses amounted to NOK 11.95 million in the 1st half year of 2021 compared to NOK 1.65 million in same period 2020. Employee expenses increased to NOK 7.30 million (NOK 1.94 million in 2020). The increase was primarily caused by the planned increase in headcount from 6 to 21. Other operating expenses amounted to NOK 5.40 million (NOK 0.97 million in 2020). The increase was primarily related to consulting and legal services, but also cost related to the move to new premises, the listing process and increased development activities.

At June 30, 2021, BCS had a cash position of NOK 100.5 million compared to NOK 4.3 million at June 30, 2020 and NOK 40.5 at December 31, 2020. The increase in cash is a result from the issue completed during the period. The company's cash situation is considered satisfactory. At June 30, 2021, total equity amounted to NOK 108.8 million, compared to NOK 8.6 million at June 30, 2020 and NOK 43.5 million at December 31, 2020.

Total investments (cash-flow) in the first half of 2021 were NOK 5.82 million (of which NOK 1.39 million was 'Payments own development of intangible assets'). The corresponding figure in the first half of 2020 was NOK 2.52 million, of which NOK 1.45 million was 'Payments own development of intangible assets'. Of the investment amount in the first half of 2021, NOK 1,9 million was financed in the form of grants from Enova, while the corresponding figure in the first half of 2020 was NOK 1.7 million. Total investments in 2020 were NOK 6.2 million (of which NOK 3.7 million was 'Payments own development intangible assets'). Of the investment amount in 2020, NOK 3.99 million was financed in the form of grants from Enova.

Continues

Risk

Overall goal and strategy: Throughout 2021, BCS will work with the development and completion of the modular production units that will ensure increased capacity and volume in the years to come. Furthermore, the company will continue the market approach by launching new collaboration agreements, R&D initiatives, sales agreements and introduce locations where modules will produce CNF in the future.

Market risk: The global economy has experienced a period of uncertainty since the outbreak of coronavirus SARS-CoV-2 ("Covid 19"), which was recognized as a pandemic by the World Health Organization in March 2020. The global outbreak of Covid-19, and the extraordinary health measures and the restrictions on a local and global basis imposed by governments around the world are expected to continue to cause disruption to the company's value chain. The Covid-19 situation may adversely affect the company's risk profile.

The effects of the Covid-19 situation may affect the company's revenues and operations in the future, where the severity of the Covid-19 situation and the exact effects for the company may be uncertain.

Due to the Covid-19 pandemic, high rise in demand and production problems in key factories, there is a global shortage in microchips (semiconductor chips). This causes delivery problems for practically all suppliers of instrumentation and control systems. The issue is known, and we are handling it by redesigning the control philosophy of the newest generation of crucibles. This enables use of components with an – expected – shorter delivery time. There is however still a possibility that the implementation might be delayed due to this.

The progression on the company's development in 2020 and so far in 2021 has in general been very positiv, however negatively affected by Covid-19. It has been negative that it has not been possible to travel to and meet in person potential customers and partners. However, there is hope for improvements as vaccination is becoming increasingly widespread, and the company has also signed several LOI's with customers and partners during the past 6 months. BCS generally meets great interest in the market, and this work continues with full force despite the mentioned limitations.

Outlook

Development activities related to our production facility at Flesland and the module that will be placed at BIR are the most important activities in the next six months.

We are currently hiring and training personnel for 24 Hours a day, 7 days a week production at our Flesland plant, and we are expecting to run production 24/7 by the end of autumn.

We are expecting the first 4 crucibles of our modular design to be installed in our plant at Flesland by the end of Q1 2022 as planned.

The Company has a strong cash position and no debt, and the position is therefore good for continuing development activities related to both technology, market and organization.

The Company is in continuous dialogue with potential customers, academic and industrial entities and will announce new key collaborations, LOI's and partnerships if or when they may occur.

As mentioned, the COVID-19 pandemic may impact timelines and operations.

Directors responsibility statement

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 30 June 2021 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity. We also confirm that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group

24-08-2021

Dag Vikar Skansen
Chairman of the board

Finn Blydt-Svendsen
Board member /COO

Jan Børge Sagmo
Board member/CEO

Atle Tvedt Pedersen
Board member

Bjørn Simonsen
Board member

Condensed Statement of Profit or Loss (Unaudited)

NOK thousands	Note	Year to date		Year
		1st half 2021	1st half 2020	2020
Revenue		147	0	1
Other operating income		0	0	
Total operating income		147	0	1
Materials consumables and freight		305	12	155
Personell expenses		7 296	1 944	5 214
Change in internally developed non current assets		(1 388)	(1 449)	(3 709)
Other operating expenses		5 398	971	2 554
Depreciation, amortization and impairment	3	337	174	402
Operating profit		(11 801)	(1 652)	(4 615)
Net financial items		(19)	(19)	(39)
Profit/(loss) before tax		(11 820)	(1 671)	(4 654)
Income tax expense				
Net Profit/(loss) for the period		(11 820)	(1 671)	(4 654)
Basic earnings per share (NOK)	5	(0,00)	(0,09)	(0,18)
Diluted earnings per share (NOK)	5	(0,00)	(0,09)	(0,18)

Condensed Statement of Financial Position (Unaudited)

NOK thousands	Note	30 June 2021	30 June 2020	31. December 2020
Research and development	3	7 098	3 937	5 081
Licenses and patents		409	88	115
Total intangible assets		7 507	4 025	5 196
Machinery, tools, office machinery and equipment		3 401	2 187	2 257
Total tangible assets		3 401	2 187	2 257
Inventory		74	103	74
Other current receivables		1 235	143	520
Cash and cash equivalents		100 467	4 299	40 497
Total current assets		101 776	4 545	41 091
Total assets		112 684	10 757	48 544
Equity and liabilities				
Share capital	2	97	55	55
Additional paid in equity and other equity	2	108 670	8 501	43 436
Total equity		108 767	8 556	43 491
Other non-current liabilities		0	1 500	1 500
Total non-current liabilities		0	1 500	1 500
Accounts payable		1 979	140	2 513
Other current liabilities		1 938	561	1 040
Total current liabilities		3 917	701	3 553
Total liabilities		3 917	2 201	5 053
Total equity and liabilities		112 684	10 757	48 544

Condensed Statement of cash flow (Unaudited)

NOK thousands	Note	Year to date		Year
		First half 2021	First half 2020	2020
Cash flow from operations				
Profit before income taxes		(11 820)	(1 671)	(4 655)
Taxes paid		0	0	0
Depreciation and amortization	3	337	174	402
Interest expense		19	19	39
Net changes in working capital		(351)	(885)	(525)
Cash generated from operations		(11 815)	(2 363)	(4 739)
Cash flow from investments				
Purchase of fixed assets and intangible assets		(4 427)	(1 072)	(2 509)
Sale of fixed assets		155	0	0
Payments own development intangible assets		(1 388)	(1 449)	(3 709)
Investment grants		1 868	1 699	3 988
Net cash flow from investments		(3 792)	(822)	(2 230)
Cash flow from financing				
Interest paid		(19)	(19)	(39)
Proceeds from long term loans		0	0	0
Repayment of long term loans		(1 500)	0	0
Capital increase		77 096	0	40 002
Net cash flow from financing		75 577	(19)	39 963
Net change in cash and cash equivalents		59 970	(3 204)	32 994
Cash and cash equivalents at the beginning of the period		40 497	7 503	7 503
Cash and cash equivalents at the end of the period		100 467	4 299	40 497

Note 1 - Summary of significant accounting policies

General information

Bergen Carbon Solution AS is a Norwegian company headquartered in Bergen. Since 2016, the company has worked to develop technology related to producing carbon nanofibers based on CO₂ as an input factor. Carbon nanofiber is a material that is in an exciting growth phase in terms of produced volume and application globally.

These interim financial statements were approved by the Board of Directors for issue on 24th of August 2021.

These interim financial statements have not been audited.

Basis of preparation and accounting principles

The entity applies measurement and recognition principles based on Norwegian accounting act and general accepted accounting principles in Norway for smaller entities (NRS8). The accounting policies adopted are consistent with those in the financial statement of Bergen Carbon Solution of 2020.

The cash flow is prepared using the indirect method. Earnings per share is prepared in accordance with IAS 33.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss. Due to the fact that the company is in a start up phase and not yet been profit making, deferred tax assets are not recognized.

These interim financial statements do not provide the same scope of information as the annual financial statement and should therefore be read in conjunction with the annual financial statements for the year ended 31 December 2020.

Going concern

The Company has adopted the going concern basis in preparing its financial statements. When assessing this assumption, management has assessed all available information about the future. This comprises information about net cash flows from existing customer contracts and other service contracts, debt service and obligations. After making such assessments, management has a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future.

Use of estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2020.

Research and Development (R&D)

Direct development costs are capitalized to the extent that a future economic benefit related to the development of an identifiable intangible asset can be identified and the expenses can be measured reliably. Otherwise, such expenses are expensed on an ongoing basis. Capitalized development is depreciated on a straight-line basis over its economic life. Own development of intangible assets is shown on a separate line in the income statement. Indirect expenses are treated as period costs, in accordance with the simplification rules for small enterprises. Received grants associated with the project is entered as a reduction in the investment for the costs that is capitalized.

Note 2 Equity

NOK thousands	Share capital	Share premium	Non registered capital increase	Other Equity	Total equity
Balance at 1 January 2020	55	10 173			10 228
Profit/loss for the period		(4 655)			(4 655)
Non registered capital increase			37 918		37 918
Balance at 31 December 2020	55	5 518	37 918	0	43 491
Balance at 1 January 2021	55	5 518	37 918	-	43 491
Capital increase	42	114 972	(37 918)		77 096
Profit/loss for the period		(11 820)			(11 820)
Balance at 30 June 2021	97	108 670	0	0	108 767

*Expenses directly related to the share issue is booked directly against Share premium.

Note 3 - Intangible assets

Throughout 2019, 2020 and 2021, the company has worked on a development project related to the development of an upscale production unit, which will produce carbon nanofiber based on CO2 as an input factor. The majority of the expenses relating to the project have been capitalized during research and development, and as of 30 June 2021, costs related to the project of NOK 15,445,916 have been capitalized. The project is supported by ENOVA, and extends in accordance with the current plan until the year 2022. Taking into account the provision for May and June which was paid in July 2021, the company has been paid a total of NOK 8,348,228 since its inception in 2019.

The company expects to generate future income from this project from the end of 2021, at the same time as the development work is completed by mid-2022. From mid-2022, the unit is expected to represent a fully developed operating asset that is depreciable.

Accounting for government grants

	30.06.2021	30.06.2020	2020
Reduction of amount recognized in balance sheet	(2 135)	(1 699)	(3 927)
Reduction of costs	0	0	(431)

NOK thousands	Research and development	Licenses and patents
Cost 1 January 2021	5 081	130
Additions external purchases	2 764	307
Additions own development	1 388	0
Government grant Enova	(2 135)	0
Cost 30 June 2021	7 098	437
Accumulated depreciation 1 January 2021	0	15
Depreciation for the period	0	13
Net book value 30 June 2021	7 098	409

Expected useful life	Under development	5-15 years
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Note 4 - Options

Saga Pure ASA has a right, but not a commitment to subscribe for up to 4,978,000 shares in the company within 12th October 2021. If the option is called, Saga Pure ASA shall pay NOK 6.026 for each share.

After the reporting date (28.07.21) Saga Pure ASA informed they will exercise this option pending all necessary corporate resolutions. The new shares are subject to a lock-up agreement until October 2021. Saga Pure ASA has no additional or remaining options after this transaction.

The Board of Directors of Bergen Carbon Solutions AS has resolved to implement a long term share incentive scheme for key employees in the Company. The programme covers up to 5% of the share capital, and was approved by the General Meeting on 31st March 2021. No allocation has yet been made under the scheme.

Note 5 - EPS

NOK thousands	30.06.2021	30.06.2020	31.12.2020
Loss attributable to the equity owners	(11 820)	(1 671)	(4 654)
Loss for calculation of diluted earnings per share	(11 820)	(1 671)	(4 654)
Weighted average number of shares outstanding	32 362 511	18 253	25 554
Dilutive options	4 978 000	0	0
Average number of shares and options used in calculation for diluted EPS	37 340 511	18 253	25 554
Basic earnings per share (NOK)	(0,00)	(0,09)	(0,18)
Diluted earnings per share (NOK)	(0,00)	(0,09)	(0,18)

Basic earnings per share calculations are based on the weighted average number of common shares outstanding during the period.

Diluted earnings per share calculations are performed using the weighted average number of common shares and dilutive common shares equivalents outstanding during each period. Options are dilutive when they result in the issue of ordinary shares for less than the average market price of ordinary shares during the period. The difference between the number of ordinary shares issued and the number of ordinary shares that would have been issued at the average market price in the period is treated as an issue of ordinary shares for no consideration.

Note 6- Related parties

The company has entered into an option agreement with Saga Pure ASA, where Saga pure ASA has a right, but not a commitment to subscribe for up to 4,978,000 shares at a price of 6,026 for each share in the company within nine months after the share capital increase was registered in the Company Register (12.01.2021).

After the reporting date (28.07.21) Saga Pure ASA informed they will exercise this option pending all necessary corporate resolutions. The new shares are subject to a lock-up agreement until October 2021. Saga Pure ASA has no additional or remaining options after this transaction.

Note 7- 20 largest shareholders, June 30th 2021

Investor name	Number of shares	% of total	Country	Type
SAGA PURE ASA	5 476 000	16,9 %	Norway	Comp
FINN BLYDT-SVENDSEN	3 906 000	12,1 %	Norway	Priv
JAN BØRGE SAGMO	3 280 000	10,1 %	Norway	Priv
AWILCO AS	2 126 600	6,6 %	Norway	Comp
BIR AS	1 827 000	5,6 %	Norway	Comp
SILVERCOIN INDUSTRIES AS	1 069 057	3,3 %	Norway	Comp
VERDIPAPIRFONDET NORDEA AVKASTNING	949 949	2,9 %	Norway	Comp
SANDE HOLDING AS	850 000	2,6 %	Norway	Comp
NORDNET LIVSFORSIKRING AS	778 371	2,4 %	Norway	Comp
J.P. Morgan Bank Luxembourg S.A.	552 940	1,7 %	Luxembourg	Comp
MILLENNIUM FALCON AS	549 700	1,7 %	Norway	Comp
SULEFJELL AS	426 000	1,3 %	Norway	Comp
OLE MARTIN LARSEN	425 000	1,3 %	Norway	Priv
MØLLEN INVEST AS	424 000	1,3 %	Norway	Comp
IVAN FILIPENKA ERIKSEN	325 000	1,0 %	Belarus	Priv
CARIOCA AS	300 000	0,9 %	Norway	Comp
KOKSTAD HOLDING AS	295 889	0,9 %	Norway	Comp
SKOG INVEST AS	291 000	0,9 %	Norway	Comp
SERAC AS	270 000	0,8 %	Norway	Comp
NORDNES HOLDING AS	269 964	0,8 %	Norway	Comp

Note 8 - Events after the reporting date

With reference to Note 4 and 6. Saga Pure ASA has on the 28th of July informed Bergen Carbon Solutions of the exercise of their remaining share options, whereby Saga Pure will subscribe to 4,978,000 shares following all necessary corporate resolutions. The new shares are subject to a lock-up agreement. A capital increase was approved on the basis of a board authorization granted by the general meeting registered in the Register of Business Enterprises on 12.01.2021, which increases the share capital of the company from NOK 97,087.533 by NOK 14,934 to NOK 112,021.533.