BERGEN CARBON SOLUTIONS

Q2 Report for the second quarter and first half 2023

Letter from the CEO

WE ARE MAKING PROGRESS

I am pleased to present our report for the second quarter 2023, showing our continued progress and dedication at Bergen Carbon Solutions (BCS). This quarter has been marked by significant developments and strategic advancements that position us for the expected growth.

The quarter was marked by significant steps towards improving efficiency and reducing production costs. The implementation of a new process of electrolyte filtration and recycling has yielded positive results. The previously announced proof-of-concept for the electrolyte filtration unit was further validated through a Factory Acceptance Test (FAT) this summer and the unit is now commissioned and in operation. A new laboratory reactor was also installed earlier this month and is now in operation. Both units will be critical to accelerate the speed of testing and characterisation, as well as continue on the critical cost reduction road map

We have seen a summer period with high productional activity and continuous production mode with the sole aim to progress our product quality for multi-walled carbon nano tubes (MWCNT). By systematically adjusting critical parameters such as composition of electrolyte, run time, temperature and current density, salt chemistry and other parameters, we have reduced the particle size distribution consistently. This has revitalised interest from potential customers, and next the steps will be shipments of more material samples and initiating further commercial discussions.

Our commercial focus centers on delivering MWCNT of the highest quality demanded by the market. Positive feedback from several end users worldwide affirms our progress. Our concentration is currently focused on Huchems, where material testing and commercial discussions take center stage. Additionally, we're facilitating discussions with approximately 15 other potential clients and partners across our product groups, including MWCNT, graphite, and hard carbon.

We recognise the importance of technical competence in our commercial discussions with customers and it's our belief that technical progress and competence will be crucial for our expected growth. I am therefore pleased to note a positive response in our efforts to strengthen the organisation. We have extended our battery expertise and welcomed several new colleagues during the quarter. Our commitment to further build a sound company culture, maintaining key competencies, and securing new talent remains steadfast. As we work to meet market needs, we'll be scaling up our sales and business development activities, actively engaging the global market and working towards securing partnerships, joint ventures, and off-take contracts as our next strategic milestones.

Our financial outlook remains robust. With an adjusted operating loss in line with guidance at NOK 15.1 million for the quarter, we are maintaining a disciplined approach to our cost base. Importantly, our commitment to key priorities is backed by our solid financial footing, evident through our cash balance of NOK 260 million.

Our key priorities remain clear. Our focus is on delivering on Huchems' MWCNT specification and progressing commercial discussions. With the new lab reactor implementation showing promising progress, our attention now also turns to graphite production, while we understand the significance of continue to deliver results from our cost reduction initiatives.

In closing, I extend my gratitude to our dedicated team, supportive stakeholders, and partners who continue to share our vision of leading the shift from fossil to green carbon production, reducing emissions and contributing to a cleaner, greener industry landscape.

Odd Strømsnes,
CEO of Bergen Carbon Solutions

BERGEN CARBON SOLUTIONS

This is Bergen Carbon Solutions

Headquartered in Bergen, Norway, Bergen Carbon Solutions (BCS) is a leading player in the field of carbon utilisation. Since our establishment in 2016 and subsequent IPO in 2021, we have been dedicated to pioneering sustainable solutions that make a real-world impact.

Our core technology leverages the power of electrolysis to transform CO_2 into valuable carbon products, including graphite and carbon nanotubes (CNTs) for the battery industry. By harnessing the potential of this process, we contribute to addressing environmental challenges while creating useful materials.

At BCS, we prioritise innovation that's rooted in practicality. Our team of experts collaborates to drive advancements in carbon utilization. Our approach focuses on turning innovative ideas into tangible solutions.

While our operations are based in Bergen, our vision extends globally. Through partnerships and collaborations, we aim to amplify the impact of our solutions on a larger scale. We're not just making products; we're contributing to a more sustainable future.

Sustainability isn't just a tagline for us; it's the essence of our work. Our processes are producing products with a significantly reduced CO_2 footprint. By utilising advanced technology, we're making steps toward a greener tomorrow. Through practical innovation and a commitment to sustainability, we're actively shaping industries and pioneering change.

For more information and updates, visit our website: bergencarbonsolutions.com

HIGHLIGHTS AND KEY FIGURES

HIGHLIGHTS FOR THE SECOND QUARTER

Reducing unit cost:

- Positive results from new process of electrolyte filtration and recycling. New unit now commissioned and in operation

Product verification:

- Significant progress on improving product specs in the quarter
- Process of verifying our technology and products towards customers is progressing according to plan
- New lab reactor installed, will further accelerate product optimisation going forward

Positioning:

- Several visits and meetings with global companies
- Expanding the BCS team with new highly skilled people to support the expected growth

Financial results:

- Adjusted operating loss in the second quarter of NOK 15.1 million, adjusted for non-cash cost of NOK 0.8 million and non-recurring cost of NOK 2.2 million. Year-to-date the adjusted operating loss is NOK 33 million, adjusted for non-cash cost of NOK 1.5 million and non-recurring cost of NOK 2.2 million.
- Main cost drivers have been optimisation of the technology with focus on reduced unit cost
- Steady burn-rate according to planned optimalisation of technology
- Fully funded to deliver on key priorities, solid cash balance of NOK 260 million and no interest-bearing debt

Subsequent events:

- Finn Blydt-Svendsen was elected new member of board of directors in July. As part of his new role, he will step down as COO in the company

KEY FIGURES*

Amounts in NOK thousand	**Q2 2023**	Q2 2022	**H1 2023**	H1 2022
Total revenue and other income	**176**	11	**181**	229
Total operating expenses	**18 333**	15 188	**36 902**	27 898
Operating profit (loss)	**(18 157)**	(15 177)	**(36 721)**	(27 669)
Net profit (loss) for the period	**(18 423)**	(15 431)	**(37 237)**	(28 171)
Net change in cash and cash equivalents	**(17 259)**	(15 751)	**(33 471)**	212 456
Cash and cash equivalents, end of period	**259 518**	319 751	**259 518**	319 751
Outstanding shares, end of period	**41 970 140**	41 970 140	**41 970 140**	41 970 140
Cash and cash equivalents/total asset	**86%**	89%	**86%**	89%
Equity ratio	**90%**	92%	**90%**	92%
Equity	**271 496**	332 823	**271 496**	332 823
Total assets	**301 018**	360 837	**301 018**	360 837

** Unaudited consolidated group figures, simplified IFRS*

BOARD OF DIRECTORS' REPORT

NATURE OF THE ENTERPRISE

Bergen Carbon Solutions AS (BCS), located in Bergen, Norway, has developed and industrialised technologies using renewable energy to convert CO_2 into carbon products such as nanofibers (CNF), nanotubes (MWCNT), and graphite. The company has the ambition to pioneer a new material-technology industry that is both ground-breaking and environmentally friendly.

FUTURE DEVELOPMENT

In first half of 2023, the company focused on developing and optimising the technology as well as increase the market understanding and targets to expand the product portfolio further.

In March the company announced a MOU with a Korean chemical company, TKG Huchems. The purpose of this MOU is to produce noble CNTs with BCS technology for delivery to battery cell manufacturers in the Asian region. The parties will as part of this MOU explore the opportunity of setting up a CNT factory with a capacity of 10 000 tonnes per year in Korea.

The company has full focus on cost reduction program and optimising our technology and could in July announce that BCS has successfully proof of concept for the new separation pilot line.

The board emphasises that the forward-looking statements in this report are based on various assumptions and forecasts that, by their nature, involve risk and uncertainty.

FINANCIAL STATEMENTS

Year-to-date (first half) 2023 has an operating loss of NOK 36.7 million, compared to NOK 27.7 million in 2022.

The second quarter of 2023 shows an operating loss of NOK 18.2 million vs. a loss of NOK 15.2 million in the second quarter of 2022.

The financial result is according to plan and a direct result of the continued growth and scale-up of the business.

The company's steady cash-burn continued as planned in the second quarter and amounts to NOK 17.3 million (vs. 15.8 in second quarter 2022). Cash and cash equivalents at the end of the period was NOK 259.5 million, compared to NOK 319.8 million on 30 June 2022.

The first half of 2023 shows a negative net cash flow amounting to NOK 33.5 million, vs. a positive net cash flow of NOK 212.5 million in the same period last year, where the company received NOK 250 million through issue of new shares.

Total investments in the second quarter 2023 were NOK 1.9 million (vs. NOK 1.9 million in the same period last year), totaling NOK 2.0 million for the first half of the year (vs. NOK 3.9 million in the same period in 2022).

For the period ending 30 June 2023, total assets amounted to NOK 301 million, compared to NOK 361 million at the same time last year.

Total equity was NOK 271.5 million at the end of the second quarter 2023 vs. NOK 332.8 million at quarter end 2022.

FINANCIAL RISK

In 2023, BCS will continue focus on the development and optimisation of the technology to ensure that potential new market opportunities can be captured. Further the company will continue its work after the successfully verification of the technology in a pilot to be able to implement a new enhanced and optimised factory design with reduced risk and improved cost position.

MARKET RISK

The company's performance is affected by the global economic conditions in the market in which it operates. There have been some delays on delivery of raw materials due to high demand in the global market, but with limited negative effect on production.

As the world has opened after COVID, the company has been able to meet up with potential business partners and attended trade fairs. One of the meetings amounted into an MOU with TKG Huchems.

During first half of 2023, the company received approval from Innovation Norway for funding of NOK 6 million for a joint research project with a Chinese partner on sodium ion batteries. The project is progressing well.

LIQUIDITY AND CREDIT RISK

The company has budgeted for minimal revenues in 2023, as the focus will be on optimising the technology.

The company requires additional capital financing to finance future factories and growth in the long term. The company's ability to finance working capital and capital expenditures will depend on future operating profit, as well as the ability to generate sufficient cash and to achieve new market funding. This depends to some extent on general economic, financial, competition, market, legislative, regulatory and other factors, many of which are beyond the company's control. The company has enough liquidity to be able to carry out the first plans that have been put forward. BCS will consider all financing options for future plans, including revenues, loans, government grants and equity.

WORKING ENVIRONMENT, GENDER EQUALITY AND DISCRIMINATION

The working environment in the company is considered by the board of directors to be good. A working environment survey has been conducted during the second quarter of 2023. The results show improvements compared to last year. Preparation for follow-up within the organisation is ongoing.

The company has a high focus on QHSE and has no incident leading to medical treatment or absence from work.

Total sick leave for the company for first half 2023 is eight per cent. Mainly due to a few long-term absence cases.

Bergen Carbon Solutions AS aims to be a workplace where full equality prevails between genders. The company has incorporated a personnel policy that is considered gender neutral in all areas. By end of first half 2023 the company had 29 employees, five females and 24 males. The company's board of directors consists of five people, three males and two females.

ENVIRONMENTAL REPORTING

In addition to BCS's production method being CO_2 negative, BCS otherwise have a strong focus on the environment and does its best to have as energy efficient production as possible. The most important resources used are energy, water, and CO_2. Paper, cardboard, plastic, metal, wood and (small) quantities of hazardous waste are delivered to recycling stations. BCS does not have emissions to water, emission to air consists of small amounts of CO_2 from the product purification process. We aim to have zero emissions at all levels at our test factory in Flesland, and our large-scale production. Our climate strategy is closely linked to our business strategy.

The announced proof of concept of new separation line recovering the electrolyte will further reduce the company's CO_2 footprint.

TRANSPARENCY ACT

The company has conducted due diligence assessments on both supply chain and business partners.

The account of the Act will be published on the company's webpage **www.bergencarbonsolutions.com**

RESEARCH AND DEVELOPMENT ACTIVITIES

Throughout first half of 2023 BCS has had high research and development activities including cost optimisation of raw products. This work will continue through 2023, and the company has good progress on the R&D projects.

The company has started working on the Sodium Ion Batteries project that has been funded by Innovation Norway, which is a joint research project with a Chinese partner.

The subsidiary, Carbon Development Solutions AS, finished its project regarding development of composite alloy with CNF in aluminum where they received funding from Regional Research Fund Nordland.

Board of directors' insurance: BCS has taken board of directors liability insurance which also cover CEO liability.

DISPOSAL OF PROFIT AND LOSS

Loss of NOK 37.2 million for first half of 2023 for the parent company is proposed transferred from the share premium.

CONTINUED OPERATION

The board believes that the accounts provide a true and fair view of the development and results of the company's operations and position.

The board of directors has reviewed the company and group's ongoing operations, position, and performance development. The board of directors believes that there is basis for continued operations and the financial statements for first half of 2023 have been created accordingly.

OUTLOOK STATEMENT

BCS has succeeded on new separation pilot line where the produced material gets purified at the same time as recovering the electrolyte, which gives a significant reduction of production cost as well as reducing our CO_2 footprint. The company will continue optimising this new separation line as well as continue focusing on other optimising projects.

Continues work with market insight and potential business partners will have a huge focus in rest of 2023, where use of the product as an additive in the battery sector will be the priority.

According with the optimalisation of technology and market insight, the company will strengthen the R&D and production with new recruitment.

As announced in annual report, 2023 will be an important year for the company and is on track, and it is the board's assessment that Bergen Carbon Solutions is well positioned and prepared to realise the current plans and its market potential.

RESPONSIBILITY STATEMENT

FROM THE BOARD OF DIRECTORS AND CEO OF BERGEN CARBON SOLUTIONS AS

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 30 June 2023 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.

Bergen, 29 August 2023
The board of directors and CEO, Bergen Carbon Solutions AS

Jon André Løkke
Chair

Wenche Teigland
Director

Bodil Holst
Director

Dag Vikar Skansen
Director

Terje Christian Fatnes
Director

Finn Blydt-Svendsen
Director

Odd Strømnes
CEO

FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS

Amounts in NOK thousand	*Note*	**Q2 2023**	Q2 2022	**H1 2023**	H1 2022	2022
Revenue		**-**	11	**-**	229	811
Other operating income		**176**	-	**181**	-	675
Total operating income		**176**	11	**181**	229	1 486
Raw materials and consumables used		**(169)**	2 114	**1 208**	3 015	3 938
Own work capitilised		**-**	(80)	**-**	(201)	(1 291)
Personnel expenses		**8 769**	7 976	**17 998**	14 989	32 887
Depreciation tangible and intangible assets	*2, 3, 4*	**1 627**	950	**3 254**	1 863	3 734
Impairment loss	*2*	**-**	-	**-**	-	627
Other operating expenses		**8 106**	4 228	**14 442**	8 231	17 546
Operating profit/(loss)		**(18 157)**	(15 177)	**(36 721)**	(27 669)	(55 955)
Other financial income		**13**	4	**18**	12	3 009
Other financial expenses		**279**	258	**534**	514	1 032
Profit/(loss) before tax		**(18 423)**	(15 431)	**(37 237)**	(28 171)	(53 978)
Income tax expense		**-**	-	**-**	-	23
Net Profit/(loss) for the period	*6*	**(18 423)**	(15 431)	**(37 237)**	(28 171)	(54 001)
Attributable to:						
Shareholders of the parent company		**(18 364)**	(15 431)	**(37 022)**	(28 171)	(54 028)
Non-controlling interests		**(59)**		**(211)**		27
Basic earnings per share (NOK)	*5*	**(0.44)**	(0.37)	**(0.88)**	(0.67)	(1.31)
Diluted earnings per share (NOK)	*5*	**(0.44)**	(0.37)	**(0.88)**	(0.67)	(1.31)

STATEMENT OF FINANCIAL POSITION

Amounts in NOK thousand	*Note*	**30.06.2023**	30.06.2022	31.12.2022
ASSETS				
Development	*2*	**-**	13 776	-
Licenses and patents	*2*	**618**	319	75
Total intangible assets		**618**	14 095	75
Right of use asset	*3, 4*	**17 954**	19 683	18 486
Plant and machinery	*3*	**18 553**	2 864	20 972
Equipment and other movables	*3*	**771**	652	651
Total tangible assets		**37 278**	23 199	40 109
Inventory		**751**	372	973
Trade receivables		**-**	6	511
Other current receivables		**2 853**	3 414	2 013
Cash and cash equivalents		**259 518**	319 751	292 989
Total current assets		**263 122**	323 543	296 486
Total assets		**301 018**	360 837	336 670
EQUITY AND LIABILITIES				
Share capital	*6*	**126**	126	126
Share premium	*5, 6*	**271 370**	332 697	308 604
Total equity	*6*	**271 496**	332 823	308 730
Lease liability	*4*	**16 103**	17 521	16 633
Total non-current liabilities		**16 103**	17 521	16 633
Accounts payable		**2 222**	1 748	2 933
Tax payables		**23**	-	23
Public duties payable		**1 393**	1 317	1 952
Other current liabilities		**7 042**	4 980	3 735
Lease liability short term	*4*	**2 739**	2 448	2 664
Total current liabilities		**13 419**	10 493	11 307
Total liabilities		**29 522**	28 014	27 940
Total equity and liabilities		**301 018**	360 837	336 670

Bergen, 29 August 2023

The board of directors and CEO, Bergen Carbon Solutions AS

Jon André Løkke
Chair

Wenche Teigland
Director

Bodil Holst
Director

Dag Vikar Skansen
Director

Terje Christian Fatnes
Director

Finn Blydt-Svendsen
Director

Odd Strømnes
CEO

STATEMENT OF CASH FLOWS

Amounts in NOK thousand	**H1 2023**	H1 2022
Cash flow from operating activities		
Profit (loss) for the period	**(37 234)**	(28 171)
Adjustments for:		
Depreciation, amortisation and impairment	**1 687**	1 863
Loss/gain on the sale of fixed asets	**-**	-
Changes in working capital		
Change in inventory	**222**	-
Change in trade receivables	**511**	46
Change in trade payables	**(711)**	(655)
Change in other accrual items	**1 981**	604
Change in IFRS 16	**2**	501
Cash generated from operating activities	**(33 541)**	(25 812)
Interest recieved	**-**	-
Income taxes paid	**-**	-
Net cash flow from operating activities	**(33 541)**	(25 812)
Cash flow from investing activities		
Sale of fixed assets	**-**	-
Capital expenditures tangible assets	**(1 460)**	(638)
Capital expenditures manufactured intangible assets	**(560)**	(3 222)
Proceeds from investment grants	**2 090**	1
Capital contribution and/or incorporation of subsidiaries	**-**	-
Net cash used in investing activities	**70**	(3 860)
Cash flow from financing activities		
Repayment of non-current liabilities	**-**	-
Capital increase	**-**	242 144
Repayment of lease liabillities	**-**	-
Interest paid	**-**	(17)
Net cash flow from financing activitites	**-**	242 127
Net change in cash and cash equivalents	**(33 471)**	212 456
Cash and cash equivalents at the beginning of the period	**292 989**	107 295
Cash and cash equivalents at the end of the period	**259 518**	319 751

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 01 Summary of significant accounting policies

General information
Bergen Carbon Solutions AS (BCS or the parent company or the company) is a Norwegian company headquartered in Bergen. Since 2016, the company has been developing technology utilising CO_2 and Norwegian hydropower to create carbon products such as nanofibers, nanotubes, and graphite. The company aims to pioneer a new Norwegian industry for ground-breaking, environmentally friendly material-technology.

Basis of preparation and accounting principles
The annual financial statements for 2022 had for the first time been prepared in accordance with the rules in the Norwegian Accounting Act § 3-9 and Simplified IFRS adopted by the Norwegian Ministry of Finance on 7 February 2022. This mainly means that measurement and recognition follow international accounting standards as adobted by the EU (IFRS) and presentation and note information are in accordance with the Norwegian Accounting Act and generally accepted accounting practices principles in Norway. The date of transition was 1 January 2021. The change has been implemented by applying the transitional rules in IFRS 1, with the exception of requirements for three balance sheets which are in accordance with the implementation of Simplified IFRS. See note 4 for further information and description of exceptions from measurement and recognition requirements of IFRS.

Consolidation principles
The consolidated financial statements include Bergen Carbon Solutions AS (BCS) and its subsidiaries, which are entities in which BCS has control. Control is normally achieved through ownership, directly or indirectly, of more than 50 per cent of the voting power. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

Investments in subsidiaries
Investments in subsidiaries is accounted for using the cost method in the separate financial statement for the parent company (company accounts).

Operating revenues
Revenue from the sale of products is recognised on the date of delivery. Rendering of services related to development and testing of products are recognised as revenue as they are delivered.

Classification and assessment of current and non-current items
Assets are classified as current when it is expected to be realised or sold, or to be used in the group's normal operating cycle or falls due or is expected to be realised within 12 months after the end of the reporting date. Assets that do not fall under this definition is classified as noncurrent. Liabilities are classified as current when they are expected to be settled in the normal operating cycle of the group or are expected to be settled within 12 months after the reporting date, or if the group does not have an unconditional right to postpone settlement for at least 12 months after the reporting date. Liabilities that do not fall under this definition are classified as non-current.

Fixed assets
Property, plant and equipment are capitalised and depreciated over the asset's expected economic life. Direct maintenance of fixed assets is expensed on an ongoing basis under operating costs, while costs or improvements are added to the fixed asset's cost price and depreciated in line with the fixed asset. If the recoverable amount of the fixed asset is lower than the book value, a write-down is made to the recoverable amount. Recoverable amount is the higher of net sales value and value in use. Value in use is the present value of the future cash flows that the asset will generate.

Inventory
Inventories are measured at the lowest of acquisition cost and net realisation value. Net realisation value is the estimated sales price on ordinary operation, less sales costs. Acquisition cost is allocated using the FIFO method and includes expenses incurred on the acquisition of the items and costs to bring the items to their current state and location.

Research and Development (R&D)
Direct development costs are capitalised to the extent that a future economic benefit related to the development of an identifiable intangible asset can be identified and the cost can be measured reliably.

Grants
Government grants are recognised when there is reasonable assurance that the grant will be received and when the company is compliant with all conditions attached. When the grant relates to an expense item, it is recognised as reduction of cost over the period that the costs it is intended to compensate are expensed. When the grant relates to an asset, it is deducted from the carrying amount of the asset - the grant is then recognised in profit or loss over the useful life of a depreciable asset by way of a reduced depreciation charge.

Grants that can not be identified to any related expense or investments is recognised as other operating income.

Income tax
Tax expense consists of tax payable and change in deferred tax. Deferred tax / tax benefit is calculated on all differences between the accounting and tax value of assets and liabilities. Deferred tax is calculated at 22 per cent on the basis of the temporary differences that exist between accounting and tax values, as well as tax losses carried forward at the end of the financial year. Deferred tax asset is recognised for all deductible temporary differences and tax losses carried forward to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Pensions
The company has a defined contribution plan and is a member of the AFP scheme. AFP is also treated as a defined contribution pension as a result of reliable measurement is not considered possible. The pension obligation is therefore not capitalised, see also separate note.

Currency
The company's functional currency is Norwegian kroner (NOK). Transactions in foreign currencies are recognised at the exchange rate at the time of the transaction. Monetary items in foreign currency are measured again at the reporting date at the current exchange rate. Changes are recognised in the income statement as financial items.

Cash flow statement
The company's cash flow statement is presented according to the indirect method. Cash and cash equivalents include bank deposits.

Use of estimates and judgements
In the preparation of the annual financial statements, the management has applied estimates and assumptions that have affected assets, liabilities, income and costs. Estimates and assumptions are based on historical experience and other factors that management considers reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The estimates and assumptions deemed most significant to the preparation of the consolidated financial statements are addressed below:

- Intangible and tangible assets, note 2 and 3
- IFRS 16 leases, note 4

Estimate may change as a consequence of future events. Changes in accounting estimates are recognised in the period in which the changes occur. If the changes also apply to future periods, the effect will be distributed on the current and future periods. Reference is made to the separate note for further details of estimates and assumptions included in this year's consolidated financial statements.

Impairment
Management reviews long-lived assets for impairment annually, or more frequently, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. If an impairment test is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset’s carrying value to determine if an adjustment for impairment to such asset is necessary. The effect of any impairment would be to expense the difference between the recoverable amount of such asset and it’s carrying value. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. As of 30 June 2023 management did not consider an allowance for impairment necessary for long-lived assets.

Going concern
The company has adopted the going concern basis in preparing its financial statements.

Leases
Leasing agreements with a duration exceeding 12 months are capitalised. The group assesses whether a legally enforceable contract is or contains a lease at the inception date of the contract.

The group recognises a right-of-use (“ROU”) asset and a lease liability at the lease commencement date. The lease liability is calculated based on the present value of the contractual minimum lease payments using the implicit interest rate of the lease. The group uses the incremental borrowing rate in the case the implicit rate cannot be readily determined from the lease contract. The contractual minimum lease payments consist of fixed or variable payments, including those resulting from options in which management is reasonably certain it will exercise during the lease term. The lease liability is subsequently measured at amortised cost under the effective interest rate during the lease term and may also be adjusted to management’s reassessment of future lease payments based on options exercised, renegotiations, or changes of an index rate.

The ROU asset is calculated based on the lease liability, plus initial direct costs towards the lease, and less any incentives granted by the lessor. The ROU asset is subsequently amortised under the straight-line method under the shorter of the lease term or the useful life of the underlying asset and is included as part of depreciation and amortisation in the accompanying statements of other comprehensive income.

Leases that fall under the IFRS 16 short-term and/or low value exception are recognised on a straight-line method over the lease term.

Note 02 Intangible assets

The majority of the expenses is related to upgrade of the company's new website.

Amounts in NOK thousand	Licenses and patents	**Total intangible assets**
Cost 1 January 2023	437	**437**
Additions external purchases	560	**560**
Additions own development	-	**-**
Cost 30 June 2023	997	**997**
Accumulated depreciation 1 January 2023	155	**155**
Write-down 1 January 2023	206	**206**
Write-down for the period	-	**-**
Depreciation for the period	17	**17**
Net book value 30 June 2023	618	**618**
Expected useful life	5 years	

Note 03 Tangible assets

Straight-line depreciation is applied over the useful life of property, plant, and equipment based on the asset's historical cost and estimated residual value at disposal. Depreciation is charged to expense when the property, plant or equipment is ready for use or placed in service. As such, assets under construction are not depreciated.

Assets under construction as of 30 June 2023 consisted mainly of capitalised costs related to the Høyanger facility. The company continues to improve the market understanding and the potential of the technology and has identified several opportunities to further optimise the technology to reduce risk and improve the overall business case. Among the improvements are several cost saving improvements that can be implemented into future factory designs. More flexibility on timing will also allow for these improvements to be implemented into the facility in Høyanger. The timeline of completion is not determined.

In 2023, Bergen Carbon Solutions AS has applied to Innovation Norway for a development grant for the project UT-Miljøteknologi 689. As part of this project the company has invested in a new microscope and the investment is booked under Plant and Machinery.

Rigth of use asset is described in further details in Note 4.

Amounts in NOK thousand	Right of use asset	Under construction	Plant and machinery	Equipment and other movables	**Total**
Cost 1 January 2023	22 321	3 770	19 235	1431	**46 757**
Additions external purchases	-	110	1 104	245	**1 459**
Government grant Enova	-	-	(2 090)	-	**(2 090)**
Cost 30 June 2023	22 321	3 880	18 249	1 676	**46 126**
Accumulated depreciation 1 January 2023	3 835	-	1 741	652	**6 228**
Write-down 1 January 2023	-	-	292	128	**420**
Write-down for the period	-	-	-	-	**-**
Depreciation for the period	532	-	1 543	125	**2 200**
Net book value 30 June 2023	17 954	3 880	14 673	771	**37 278**
Expected useful life	2-8 years		5-10 years	3-10 years	

Note 04 Capitalised lease-agreements

The company's assets under capitalised leases include buildings and other real estate. For the Parent entity this consist of the lease at Fleslandsveien 70. For the group this consist of both Fleslandsveien 70 and the lease of office space in Mosjøen in the subsidiary Carbon Development Solutions AS.

Fleslandsveien 70 (Bergen Carbon Solutions AS):
The rental period is ending in 2029 + option for 5 years.

Mosjøen (Carbon Development Solutions AS):
The rental period is ending 2024.

If the lease agreements have an option for extension, it is taken into account when determining the lease period if it is assumed reasonably certain that this will be used. The option for extension is not recognised in the table below.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

To determine the incremental borrowing rate, the group uses a build-up approach that starts with a risk-free interest rate adjusted for estimated credit risk.

The group is exposed to potential future increases in variable lease payments based on an indexregulation, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period in order to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Amounts in NOK thousand	Property – lease
Acqusition cost 1 January 2023	22 321
Additions capitalised lease-agreements	
Acquisition cost 30 June 2023	22 321
Accumulated depreciations 1 January 2023	3 835
Depreciations	532
Impairment losses	-
Accumulated depreciations 30 June 2023	4 367
Booked value 30 June 2023	17 954
Duration of the lease	2-8 years
Interest used	5.0%

Lease obligations under capitalised leases:
Overview of remaining estimated lease payments for capitalised leases:

Amounts in NOK thousand	Group
Within 1 year	2 777
1 to 5 years	12 634
After 5 years	3 432
Remaining estimated rent payments	18 843

Lease obligation in the balance sheet

Amounts in NOK thousand	Group
Whereas:	
- Short term debt	2 893
- Long term debt	16 103
Total lease obligation	18 996

Note 05 Earnings per share (EPS)

Amounts in NOK thousand	**Q2 2023**	Q2 2022	**H1 2023**	H1 2022	2022
Loss attributable to the shareholders of the parent	**(18 423)**	(15 431)	**(37 022)**	(28 171)	(54 028)
Loss for calculation of diluted earnings per share	**(18 423)**	(15 431)	**(37 022)**	(28 171)	(54 028)
Weighted average number of shares outstanding	**41 970 140**	41 970 140	**41 970 140**	41 970 140	41 198 535
Dilutive options	**-**	-	**-**	-	-
Average number of shares and options used in calculation for diluted EPS	**41 970 140**	41 970 140	**41 970 140**	41 970 140	41 198 535
Basic earnings per share (NOK)	**(0.44)**	(0.37)	**(0.88)**	(0.67)	(1.31)
Diluted earnings per share (NOK)	**(0.44)**	(0.37)	**(0.88)**	(0.67)	(1.31)

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.

Weigthed average number of shares are calculated as follows:

2022: The company issued 4 629 629 new shares in a capital raise in February 2022. As such, the weighted average number of shares outstanding in 2022 has been calculated by applying a weight of 2/12 of the number of shares before the capital raise in February (37 340 511), 10/12 of the number of shares after the capital raise (41 970 140).

2023: The company has not issued new shares as of June 2023.

Note 06 Equity

Amounts in NOK thousand	Share capital	Share premium	Other Equity	Non-controlling interests	Total equity
Balance at 1 January 2022	112	118 520	-	-	118 632
Capital increase*	14	242 145	-	-	242 159
Share based programme - options	-	1 933	-	-	1 933
Profit/loss for the period	-	(54 139)	111	27	(54 001)
Correction of tax payable previous years	-	(3)	-	-	(3)
Equity effect from sale of shares	-	-	(33)	43	10
Balance at 31 December 2022	126	308 456	78	70	308 730
Balance at 1 January 2023	126	308 456	78	70	308 730
Share based programme - options	-	(1 476)	-	-	(1 476)
Profit/loss for the period	-	(35 401)	(347)	(9)	(35 757)
Equity effect from sale of shares	-	-	-	-	
Balance at 30 June 2023	126	271 579	(269)	61	271 496

* *The general meeting has granted the board authorisation to increase the company's share capital by issuing shares in accordance to section 10-14 (1) of the Public Limited Companies Act. The board is granted authority to increase the company`s share capital by up to NOK 31 477.61 The share capital increase may be effected through one or more directed share issues. The authorisation entails that the company`s board of directors is granted authority to set the date, and to stipulate the subscription price for the new subscription. In addition, the board is given the authorisation to increase increase the company´s share capital with a maximum amount of NOK 8 813.73 through option agreement for employees, through one or more issues of new shares.*

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