



Q3

Report for
the third
quarter 2023



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 CO₂ 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 utilisation. 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 CO₂ 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



Letter from the CEO

CONTINUED PROGRESS

I am pleased to share the highlights of our journey through the third quarter at Bergen Carbon Solutions (BCS). This period has been marked by our relentless commitment to process optimisation, production quality, and meeting the quality demands of our clients. Our strategic partnership with TKG Huchems has been extended by an additional year, demonstrating the continued interest in our offerings. The qualification process with TKG Huchems is ongoing, with samples currently undergoing rigorous testing in South Korea.

One of our most significant achievements in recent months has been the consistent production of Multi-Walled Carbon Nanotubes (MWCNT) in a very specific size range. This achievement is a testament to our dedication and to the progress we've made. We have also established a revised Intellectual Property (IP) strategy, an important step in safeguarding our market position and our innovations. During the quarter we successfully implemented the test verification reactor and the CO₂ separation and filtering projects, both essential for the speed of our operational development and the ongoing cost reduction initiatives.

While we maintain our focus on optimising Carbon Nano Tube production, we are also attentive to post-electrolysis activities, critical to the development of a qualified Carbon Nano Tube product. Our increased market knowledge, particularly regarding battery end-user requirements, is guiding our efforts towards controlling certain testing abilities in-house.

We now see the establishment of a 'green' battery industry in Europe. Our value proposition, centered on local production and negative emission technology, addresses this need and is as such responding to all the critical challenges from a geopolitical perspective. Our presence and increased participation in external events have garnered significant interest. Our Carbon Capture and Utilisation (CCU) solutions are attracting attention, especially from companies with substantial CO₂ emissions.

Client commitment remains our top priority. We are exploring a variety of partnership agreements also based on shared technology development programs to demonstrate our commitment, eventually before confirmed offtake contracts.



We recognise the criticality of technical competence in our commercial discussions with customers and it's our belief that specific electrolysis and battery chemistry competence will be crucial for our expected growth. I am therefore pleased to note a significant 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 develop the company, 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 17.1 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 239 million.

In closing, I extend my appreciation to our dedicated team, partners, and stakeholders for their unwavering support. The path ahead is clear – continued progress, maturation, and client commitment are our clear focus as we strive to make a positive impact on the industry and the environment.

A handwritten signature in blue ink, reading "Odd Strømsnes".

Odd Strømsnes,
CEO of Bergen Carbon Solutions

HIGHLIGHTS AND KEY FIGURES

HIGHLIGHTS FOR THE SECOND QUARTER

- **Extended MOU with TKG Huchems, showing the shared commitment to continue working with commercialising the technology**
- **Adjusted net loss for the third quarter: NOK 17.1 million**
 - Adjusted for non-cash cost: NOK 1.7 million
 - Adjusted for non-recurring cost: NOK 1.5 million
- **Main cost drivers have been optimisation of the technology with focus on reduced unit cost**
- **Steady burn-rate according to planned optimisation of technology**
- **Fully funded to deliver on key priorities, solid cash balance of NOK 239 million and no interest-bearing debt**
- **Increased Board of Directors from five to six board members, where Finn Blydt-Svendsen joined the board in July**

SUBSEQUENT EVENTS

- **In October, BCS announced participation in FME Battery research center. The project will target next generation and an improved circular sustainable battery technology value chain.**

KEY FIGURES*

<i>Amounts in NOK thousand</i>	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Total revenue and other income	116	113	296	342
Total operating expenses	20 256	10 739	57 158	38 657
Operating profit (loss)	(20 140)	(10 626)	(56 862)	(38 315)
Net profit (loss) for the period	(20 341)	(10 826)	(57 579)	(39 017)
Net change in cash and cash equivalents	(20 458)	(16 029)	(53 929)	196 427
Cash and cash equivalents, end of period	239 060	303 722	239 060	303 722
Outstanding shares, end of period	41 970 140	41 970 140	41 970 140	41 970 140
Cash and cash equivalents/total asset	86%	88%	86%	88%
Equity ratio	90%	93%	90%	93%
Equity	251 385	321 977	251 385	321 977
Total assets	279 339	346 273	279 339	346 273

* Unaudited consolidated group figures, simplified IFRS

THIRD QUARTER 2023

FINANCIAL REVIEW

Through 2023 BCS has focused on continues work with cost reduction initiatives, market insight and potential business partners, where use of the product as an additive in the battery sector has been and will continue to be the priority.

According with the optimisation of technology and market insight, the company has strengthened the R&D and production with four new recruitments in the third quarter, and will continue recruiting.

There has been positive development on the company's R&D projects. During the quarter BCS successfully implemented the test verification reactor and the electrolyte separation and filtering projects, both are now operational with promising results.

BCS' Sodium Ion Batteries project funded by Innovation Norway is on schedule with good progress. The first shipment of materials will be sent to our Chinese partner in November for testing.

In September, BCS announced an extension of MOU with TKG Huchems. The extension is valid until September 2024 with the intention of exploring the possibility of establishing a factory in Korea with an annual capacity of 10 000 tonnes Carbon Nano Tubes.

BCS has announced participation in FME Battery research center. The project will support the national strategies such as Energi21, the green industrial imitative, and Norway's battery strategy, with a holistic focus on materials, processes and systems integration, with a strong effort on sustainability, as well as digitalisation, innovation, education and exploitation. The scientific focus of FME BATTERY will be to position the centre in the international forefront of battery research and support a competitive and knowledge-based Norwegian battery business sector.

FINANCIAL STATEMENTS

Third quarter shows a net loss of NOK 20.3 million compared to loss of NOK 10.8 million in the third quarter of 2022.

Adjusted net loss for the quarter was NOK 17.1 million due to NOK 1.7 million in non-cash cost and NOK 1.5 million in non-recurring cost. The financial result is according to planned growth and continued optimisation of technology. BCS has a steady cash-burn according to planned growth and amounts to NOK 20.4 million in the third quarter of 2023.

Cash and cash equivalents at the end of the period was NOK 239 million, compared to NOK 303.7 million in the third quarter of 2022.

BCS reports revenue of NOK 0.1 million. This is mainly related to R&D hours worked on external project.

Total investments in third quarter 2023 were NOK 0.5 million. In the same period, the company has made a write-down off NOK 0.6 million. Per end September 2023, total assets amounted to NOK 279 million, compared to NOK 346 million at the same time last year.

Total equity was NOK 251 million at end of third quarter 2023 compared to NOK 322 million in same period 2022.

OUTLOOK STATEMENT

BCS will continue working on optimisation of technology and market insights. Continued focus on product customisation which is accelerated with the company's new test verification reactor.

The new separation pilot line announced in July will be an important project going forward in reducing production cost.

This separation pilot line purifies the produced material and at the same time recovered the electrolyte, thus reducing BCS CO₂ footprint further.

Our ongoing cooperation with a Chinese partner on Sodium batteries and the participation in FME Battery research center accelerates innovation in our product development as well as provide us the key cutting edge knowledge to stay at the forefront of sustainable materials market.

Our aim is to steadily focus on our key strategic priorities in upcoming days and months, to enhance product specifications in order to meet customer demands, optimisation of the processes and reduction in costs as well as strengthening our industrial collaborations with key players in the battery sector via internal R&D projects as well as partnerships through govt and EU grants.

FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS

<i>Amounts in NOK thousand</i>	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Revenue	90	113	90	342	811
Other operating income	26	-	206	-	675
Total operating income	116	113	296	342	1 486
Raw materials and consumables used	957	(645)	2 164	2 170	3 938
Own work capitalised	-	(353)	-	(353)	(1 291)
Personnel expenses	7 455	7 428	25 452	22 418	32 887
Depreciation tangible and intangible assets	1 637	962	4 891	2 826	3 734
Impairment loss	627	-	627	-	627
Other operating expenses	9 580	3 347	24 024	11 596	17 546
Operating profit/(loss)	(20 140)	(10 626)	(56 862)	(38 315)	(55 955)
Other financial income	53	56	70	68	3 009
Other financial expenses	254	256	787	770	1 032
Profit/(loss) before tax	(20 341)	(10 826)	(57 579)	(39 017)	(53 978)
Income tax expense	-	-	-	-	23
Net Profit/(loss) for the period	(20 341)	(10 826)	(57 579)	(39 017)	(54 001)

STATEMENT OF FINANCIAL POSITION

<i>Amounts in NOK thousand</i>	YTD 2023	YTD 2022	2022
ASSETS			
Development	-	14 256	-
Licenses and patents	1 082	356	75
Total intangible assets	1 082	14 612	75
Right of use asset	17 164	18 972	18 486
Plant and machinery	17 005	5 068	20 972
Equipment and other movables	709	243	651
Total tangible assets	34 878	24 283	40 109
Inventory	1 289	1 510	973
Trade receivables	-	6	511
Other current receivables	3 030	2 140	2 013
Cash and cash equivalents	239 060	303 722	292 989
Total current assets	243 379	307 378	296 486
Total assets	279 339	346 273	336 670
EQUITY AND LIABILITIES			
Share capital	126	126	126
Share premium	251 259	321 851	308 604
Total equity	251 385	321 977	308 730
Lease liability	15 418	16 932	16 633
Total non-current liabilities	15 418	16 932	16 633
Accounts payable	2 144	1 192	2 933
Tax payables	-	-	23
Public duties payable	1 487	1 224	1 952
Other current liabilities	6 006	2 477	3 735
Lease liability short term	2 899	2 471	2 664
Total current liabilities	12 536	7 364	11 307
Total liabilities	27 954	24 296	27 940
Total equity and liabilities	279 339	346 273	336 670

STATEMENT OF CASH FLOWS

<i>Amounts in NOK thousand</i>	Q3 2023	Q2 2022	YTD 2023	YTD 2022
Cash flow from operating activities				
Profit (loss) for the period	(20 341)	(10 825)	(57 574)	(39 017)
<i>Adjustments for:</i>				
Depreciation, amortisation and impairment	847	222	2 534	681
Loss/gain on the sale of fixed assets	627	-	627	-
Changes in working capital:				
Change in inventory	(538)	(1 137)	(316)	(1 137)
Change in trade receivables	-	-	511	46
Change in trade payables	(78)	(575)	(789)	(1 230)
Change in other accrual items	(957)	(1 182)	1 024	3 357
Change in IFRS 16	105	122	107	(2 040)
Cash generated from operating activities	(20 335)	(13 376)	(53 877)	(39 339)
Interest recieved	-	-	-	-
Income taxes paid	205	-	205	-
Net cash flow from operating activities	(20 130)	(13 376)	(53 671)	(39 339)
Cash flow from investing activities				
Sale of fixed assets	174	(2 054)	174	-
Capital expenditures tangible assets	(502)	(480)	(2 522)	(2 693)
Capital expenditures manufactured intangible assets	-	-	-	(3 701)
Proceeds from investment grants	-	-	2 090	-
Capital contribution and/or incorporation of subsidiaries	-	-	-	-
Net cash used in investing activities	(328)	(2 534)	(258)	(6 393)
Cash flow from financing activities				
Repayment of non-current liabilities	-	-	-	-
Capital increase	-	-	-	242 159
Repayment of lease liabilities	-	-	-	-
Interest paid	-	-	-	-
Net cash flow from financing activities	-	-	-	242 159
Net change in cash and cash equivalents	(20 458)	(15 909)	(53 929)	196 427
Cash and cash equivalents at the beginning of the period	259 518	319 631	292 989	107 295
Cash and cash equivalents at the end of the period	239 060	303 722	239 060	303 722



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