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Q4 Report for
the fourth
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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.

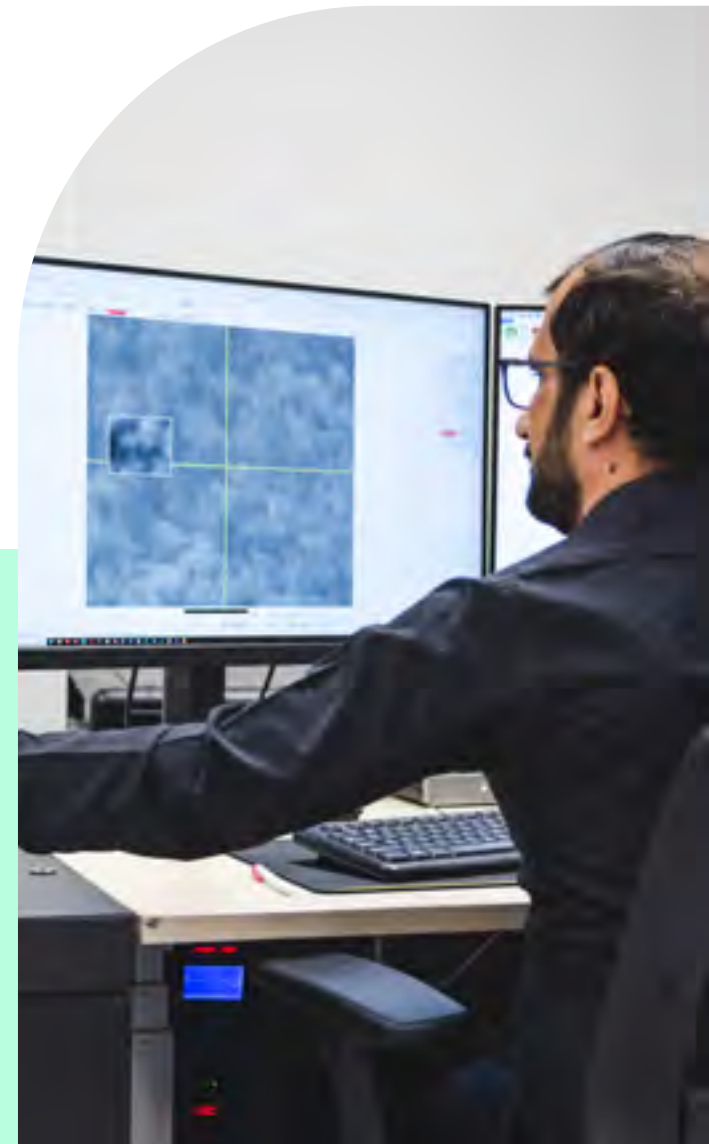
Our core technology leverages the power of electrolysis to transform CO₂ into valuable carbon products, including graphite and carbon nanotubes (CNTs) for the battery industry. By harnessing the potential of this process, we contribute to addressing environmental challenges while creating useful materials.

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



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2023 - A YEAR OF PROGRESS

I am pleased to present our report for the fourth quarter 2023. This year has been marked by a sole focus of our core electrolysis competence with significant efforts towards strategic advancements that position us for the expected growth. In addition to a significant strengthening of our organisation, our focus in 2023 has been on process optimisation, cost reductions and product quality in order to meet our client requirements. This work continued also into the fourth quarter with increasing interest also from new potential clients both in Asia as well as in Europe.

The process of validating and verifying our Multi-Walled Carbon Nano Tubes (MWCNT) for different battery applications and chemistries, with different partners, is technically complex and time consuming. The BCS technology, and our CCU equity story, attracts a lot of interest also among large, global industrial players. Several of these players want to test our carbon product into their different battery applications. Following partner selection and negotiations, BCS produce and deliver test samples of its products for integration into the partner's battery design testing process. Subsequently, BCS receives feedback, implement changes, and deliver revised material samples. This iterative process may involve multiple rounds and, at times, prove time-consuming.

In order to gain competence internally of the impacts of our carbon product to different battery chemistries we are now in the process of implementing a new Battery Lab at our HQ in Bergen. The Battery Lab will have equipment for testing our product in different battery chemistries and will significantly increase the speed of product development towards the battery industry. This will build confidence and give us more control of the test results as well as give us valuable insights for further material development.

During the year we have implemented new process steps and installed new process- and testing equipment in our testing facility in Bergen. The result is significant progress in our cost reduction program as well as giving us a quicker feedback loop during our product qualification process. Our strategic partnership with TKG Huchems was extended during the year and the qualification process continues with positive developments.



Our sales and Business Development efforts have been strengthened during Q4 in order to further broadcast our attractive CCU equity story. Our proactiveness and announcements of product quality improvements have resulted in a steep raise of one-to-one client meetings. The sanctioning of new EU regulations applicable for certain strategic raw-materials, among them synthetic graphite, is also placing BCS within an improved geopolitical context. The importance of making our green carbon locally is essentially attracting more interest.

Our financial outlook remains robust. With an adjusted net loss in line with guidance at NOK 5.6 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 233 million.

Our key priorities remain clear. Our focus is on delivering on MWCNT specification and progressing commercial discussions with potential partners. With the new Battery Lab in construction, we will increase the speed of this process and open the door for similar discussions with more potential partners.

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

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HIGHLIGHTS AND KEY FIGURES

HIGHLIGHTS FOR THE FOURTH QUARTER

- **Adjusted net loss for the fourth quarter: NOK 5.6 million**
 - Adjusted for non-cash cost: NOK 2.1 million
 - Adjusted for non-recurring cost: NOK 0.9 million
- **Processes for verifying our technology and products towards customers is progressing according to plan**
- **Continued improvements in reducing unit cost of our products**
- **Investing in a Battey Lab at our HQ in Bergen to speed up the battery material verification process**
- **Fully funded to deliver on key priorities, cash balance of NOK 233 million**

SUBSEQUENT EVENTS

- **In an extraordinary general meeting at 25 January, Rita Glenne was elected as a new board member of the board of directors**

KEY FIGURES*

<i>Amounts in NOK thousand</i>	Q4 2023	Q4 2022	FY 2023	FY 2022
Total revenue and other income	-	1 144	296	1 486
Total operating expenses	18 034	18 783	75 104	57 441
Operating profit (loss)	(18 034)	(17 639)	(74 808)	(55 955)
Net profit (loss) for the period	(8 557)	(14 984)	(66 049)	(54 001)
Net change in cash and cash equivalents	(6 016)	(10 733)	(59 945)	185 694
Cash and cash equivalents, end of period	233 044	292 989	233 044	292 989
Outstanding shares, end of period	41 970 140	41 970 140	41 970 140	41 970 140
Cash and cash equivalents/total asset	85%	87%	85%	87%
Equity ratio	90%	92%	90%	92%
Equity	246 265	308 730	246 265	308 730
Total assets	273 118	336 670	273 118	336 670

* Unaudited consolidated group figures, simplified IFRS

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FOURTH QUARTER 2023

FINANCIAL REVIEW

Through 2023, Bergen Carbon Solutions remained steadfast in its commitment to key strategic initiatives. These include enhancing the quality of the carbon product, cost reduction initiatives and technology qualification. Moreover, gaining deeper market insight has been prioritised in order to secure additional industrial business partners, where use of CNT (Carbon Nano Tubes) as an additive in the different battery designs has been, -and will continue, to be our key priority.

As a consequence, the company has throughout 2023 strengthened its organisation within battery design and electrolysis know-how. The organisation will be continually strengthened in 2024.

An extension of the MOU with TKG Hucems was announced in the third quarter. During fourth quarter there has been an increased CNT product testing activity to further progress and meet Huchems and market demands. The CNT is currently being tested in different battery applications in South Korea, and feedback is expected during the first quarter 2024.

BCS is currently in dialogue with several major global industrial players, both in Asia as well as Europe, with regard to CNT qualifications.

BCS' CCU value proposition in terms of contribution to a circular carbon value chain continues to attract attention in a market

dominated by CCS players. Consumption, - and transformation, of CO₂ from flue gas into valuable carbon products for the battery industry is a second to none equity story.

In November 2023, synthetic graphite was recognised as a strategic raw material in the EU, in line with the Critical Raw Materials Act (CRMA). This reflects the EU's commitment to diversify its raw material supply. Today, the EU imports 99 per cent of its annual demand of natural graphite, primarily from China. With graphite representing one third of a battery's carbon footprint, BCSs technology can play a significant role helping to achieve the ambitions of the CRMA as an European supplier of synthetic graphite as well as contribute to the overall decarbonisation targets of Europe.

The battery certification passport announced by EU in July 2023, intended to prevent and reduce the adverse impact of batteries on the environment and ensure a safe and sustainable value chain for all batteries, has increased the European interest for BCS. The 'passport' will be implemented in 2027.

To ensure simplified corporate structure with more focus, the three daughter companies, BCS Productions, BCS Properties and BCS Opportunities were closed in 2023, no activities were recorded in these entities. BCS is also in the process of winding down activities in Carbon Development Solutions, will be completed in 2024.

FINANCIAL STATEMENTS

Fourth quarter 2023 shows a net loss of NOK 8.6 million compared to loss of NOK 14.9 million in the fourth quarter of 2022.

Adjusted net loss for the quarter was NOK 5.6 million due to NOK 2.1 million in non-cash cost and NOK 0.9 million in non-recurring cost. The financial result is according to planned growth and continued technology development.

Cash and cash equivalents at the end of the period was NOK 233 million, compared to NOK 292.9 million in the fourth quarter of 2022.

For the year 2023, the company has interest income of NOK 10.5 million, these are accounted for in the fourth quarter. The company has had a conscious focus on risk-free placement of bank holdings.

In Q4, BCS received NOK 1.8 million as first part of funding from Innovation Norway on the joint research project with a Chi-

nese partner on Sodium Ion Batteries. Funding received is partly booked against assets in the balance sheet and partly as a cost reduction.

BCS has a steady cash-burn according to planned growth, amounting to NOK 6 million in fourth quarter, benefitting from an interest income of NOK 10 million.

Total investments in fourth quarter 2023 were NOK 3.0 million, mainly technology equipment. Per year end 2023, total assets amounted to NOK 273 million, compared to NOK 336 million at the same time last year.

As part of the close down of daughter companies there has been a write down of receivables due to debt cancellation, amounting to NOK 0.95 million.

Total equity was NOK 246 million at end of fourth quarter 2023 compared to NOK 308 million in same period 2022.

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OUTLOOK STATEMENT

During 2023, the focus for BCS has been technology development and process optimisation as well as market insights. This will continue throughout 2024, with continued focus on product quality improvement.

There will be further investments in equipment to increase the acceleration of product qualification and process optimisation.

Implementation of post electrolyses characterisation equipment has been approved by the Board of Directors, and will be fully operational before the summer 2024.

The new filtration and separation pilot line announced in July 2023, will continue to be an important project going forward in significantly reducing production cost. This separation pilot line purifies the produced material, and at the same time increases the recycling of the electrolyte with more than 90 per cent, as well as reducing BCS' CO₂ footprint further.

The company will continue to recruit and develop strong technical competence in order to support our ongoing core technology activities.

The company has experienced an increased attention and interest during the year to BCS's carbon products, and the company's CCU capability, from large global industrial players. With several of these companies, BCS is now in a product qualification process. BCS will continue and strengthen the corresponding business development work going forward in 2024.

Asia is the largest market within CNT and graphite, and our market activity will still have a strong focus towards the Asian market during 2024. However, the recognition of synthetic graphite as a strategic raw material in EU together with the battery passport EU announced in July 2023, strategically places the BCS value proposition as a provider of green graphite to the European market. Hence, BCS will increase the market activities in Europe.

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FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS

Amounts in NOK thousand	Q4 2023	Q4 2022	2023	2022
Revenue	-	469	-	811
Other operating income	-	675	296	675
Total operating income	-	1 144	296	1 486
Raw materials and consumables used	1 523	(110)	3 687	3 938
Own work capitalised	-	(281)	-	(1 291)
Personnel expenses	10 681	11 661	36 133	32 887
Depreciation tangible and intangible assets	1 508	937	6 399	3 734
Impairment loss	(101)	627	526	627
Other operating expenses	4 423	5 949	28 359	17 546
Operating profit/(loss)	(18 034)	(17 639)	(74 808)	(55 955)
Other financial income	10 619	2 941	10 689	3 009
Other financial expenses	1 142	263	1 930	1 032
Profit/(loss) before tax	(8 557)	(14 961)	(66 049)	(53 978)
Income tax expense	-	(23)	-	(23)
Net Profit/(loss) for the period	(8 557)	(14 984)	(66 049)	(54 001)



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STATEMENT OF FINANCIAL POSITION

Amounts in NOK thousand	2023	2022
ASSETS		
Development	-	-
Licenses and patents	1 412	75
Total intangible assets	1 412	75
Right of use asset	15 509	18 486
Plant and machinery	17 630	20 972
Equipment and other movables	613	651
Total tangible assets	33 752	40 109
Inventory	2 285	973
Trade receivables	-	511
Other current receivables	2 624	2 013
Cash and cash equivalents	233 045	292 989
Total current assets	237 954	296 486
Total assets	273 118	336 670
EQUITY AND LIABILITIES		
Share capital	126	126
Share premium	246 139	308 604
Total equity	246 265	308 730
Lease liability	13 694	16 633
Total non-current liabilities	13 694	16 633
Accounts payable	3 139	2 933
Tax payables	-	23
Public duties payable	2 512	1 952
Other current liabilities	4 629	3 735
Lease liability short term	2 879	2 664
Total current liabilities	13 159	11 307
Total liabilities	26 853	27 940
Total equity and liabilities	273 118	336 670



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STATEMENT OF CASH FLOWS

<i>Amounts in NOK thousand</i>	Q4 2023	Q4 2022	2023	2022
Cash flow from operating activities				
Profit (loss) for the period	(8 557)	(14 961)	(66 049)	(53 978)
<i>Adjustments for:</i>				
Depreciation, amortisation and impairment	865	1 963	3 399	4 361
Loss/gain on the sale of fixed assets	(101)	-	526	-
Changes in working capital;				
Change in inventory	(996)	536	(1 312)	(601)
Change in trade receivables	-	(505)	511	(459)
Change in trade payables	995	1 741	206	511
Change in other accrual items	(6 123)	1 104	(6 047)	4 394
Change in IFRS 16	(69)	(298)	38	(4 736)
Cash generated from operating activities	(13 986)	(10 420)	(68 728)	(50 509)
Interest recieved	10 689	2 941	10 689	3 009
Income taxes paid		-	(23)	-
Net cash flow from operating activities	(3 297)	(7 480)	(58 062)	(47 500)
Cash flow from investing activities				
Sale of fixed assets	-	-	26	-
Capital expenditures tangible assets	(2 718)	(3 253)	(1 908)	(8 965)
Capital expenditures manufactured intangible assets	-	-	-	-
Proceeds from investment grants	-	-	-	-
Capital contribution and/or incorporation of subsidiaries	-	-	-	-
Net cash used in investing activities	(2 718)	(3 253)	(1 882)	(8 965)
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	(6 015)	(10 733)	(59 944)	185 694
Cash and cash equivalents at the beginning of the period	239 060	303 722	292 989	107 295
Cash and cash equivalents at the end of the period	233 045	292 989	233 045	292 989

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