

CO2 CAPSOL AS – Q3 2022 RESULTS

"Accelerating the world's transition to a carbon negative future"

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CO2 Capsol in brief

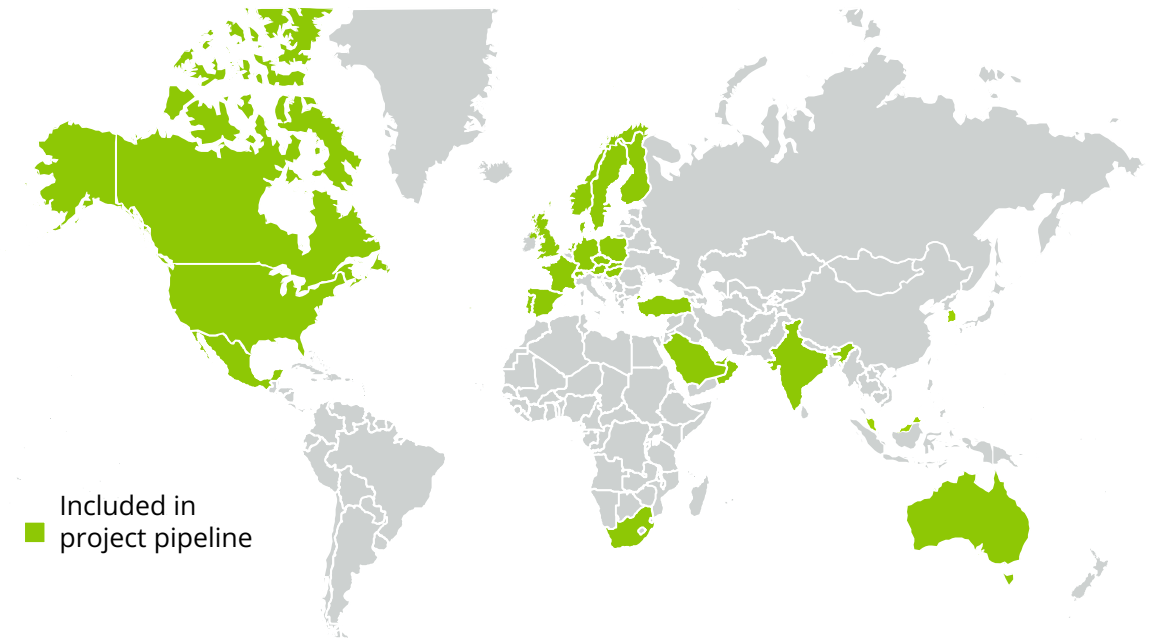
Ready to scale carbon capture technology

- CO2 Capsol has developed a cost-effective carbon capture technology which could be a major contributor in combatting climate change
- CO2 Capsol licenses out its capture technologies and the solution is implemented by partners
- The technology is applicable to all CO₂ intensive industries and in all geographies
- Key target segments include cement, biomass, waste-to-energy, power generation and large industrial facilities
- The patented technology is both sold directly to emitters as well as being offered through global distribution partners

**Euronext Growth
CAPSL**

**Market cap
NOK 600m**

...with global commercial traction



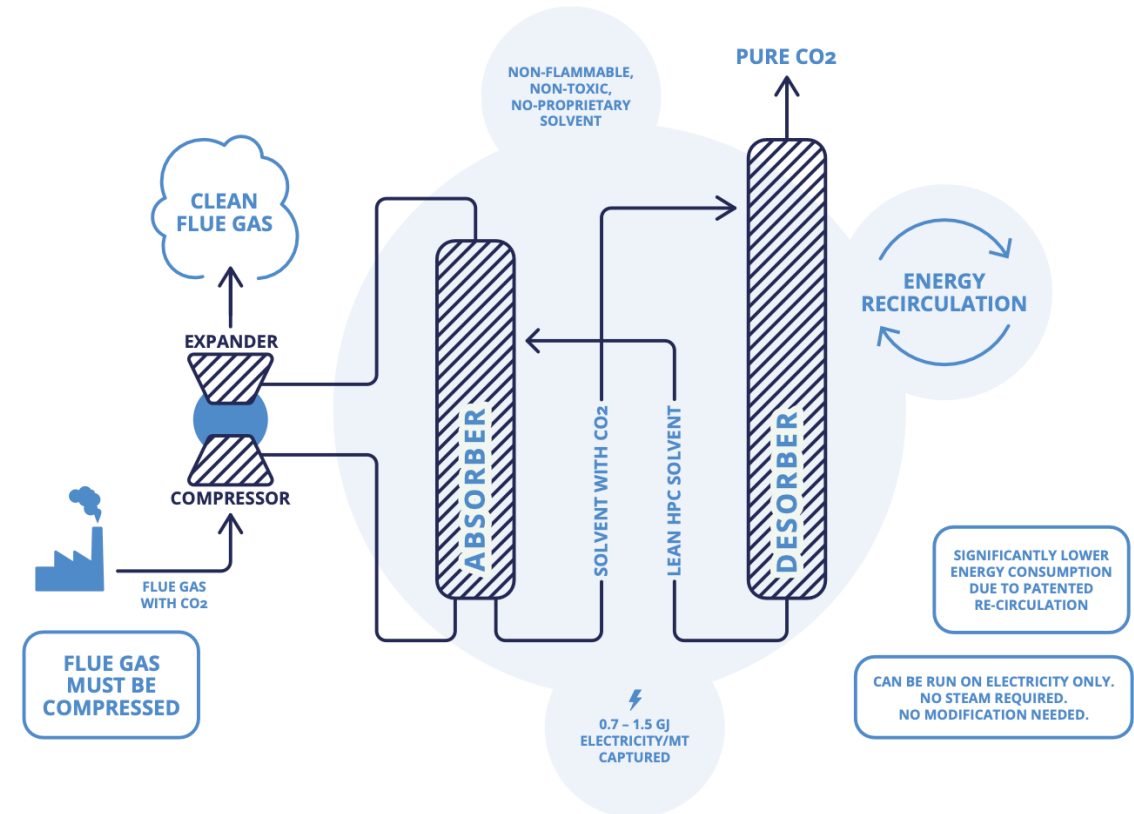
**Global interest
20+ countries**

**50+ active leads
Totalling 300mt/year**

**Inbound leads
~5-10/week**

CO2 Capsol's carbon capture technology

- **Environmentally friendly**, non-carcinogenic, non-flammable, energy-efficient, and affordable.
- **Safe**, non-proprietary HPC (Hot Potassium Carbonate) solvent for capturing of CO₂.
- **Flexible**. Can be run on electricity-only or utilize excess heat from the host plant.
- **Stand-alone**. No costly investments in external steam production or reconstruction of the existing plant.
- **Optimisation** - either for minimum electricity consumption or for maximized internal heat generation, for example for district heating.
- **Proven**. Chosen by Stockholm Exergi for their 1,200,000 tonnes of CO₂ per year biomass powered Combined Heat and Power (CHP) plant Värtaverket in Stockholm.



Business update

As most of us are aware of by now, a substantial expansion of carbon capture is critical to achieving net-zero emissions by 2050. According to the International Energy Agency, the industry must increase permanent storing of CO₂ from 40 million tonnes per year today to 7.6 billion tonnes of CO₂ per year in 2050.

Carbon capture is key to remove emissions and decarbonize hard-to-abate industries such as cement and gas- and biomass-to-power.

Market and opportunities

CO₂ Capsol receives an influx of requests from different industries globally on a weekly basis. Due to the large volume of requests, some markets and industries are prioritized, primarily due to the combination of tax and economic support for carbon capture projects, like the European and north American markets.

The northern European market including Sweden, Denmark, Finland, and Norway is a high priority market for CO₂ Capsol. CCS of biogenic carbon account as “negative emissions” and provide a boost to climate goals. We experience focus on BECCS (Bioenergy Carbon Capture and Storage) and Energy-from-Waste

(EfW) projects. Capsol is now well positioned for these projects due to the energy efficiency of our process. The license agreement with Stockholm Exergi, signed in July, gave additional support to our offerings.

The German market has the largest CCUS potential in Europe including the largest market for Energy-from-Waste (EfW) in the EU with approximately 100 plants turning 46 million tonnes of non-recyclable waste into heat and electricity annually. This is a high priority market for CO₂ Capsol.

The company has a dedicated approach to the UK market that offers several opportunities and in combination with the high priority cluster developments.

North America and the US Inflation Reduction Act

The US Inflation Reduction Act (IRA) – which offers tax breaks for large-scale carbon capture, utilisation and storage (CCUS) projects of up to \$85 per tonne of CO₂, could tip many projects that once weren’t worth the investment over the financial finish line. The new IRA bill, dubbed the “biggest step forward on climate”, also simplifies the process for receiving tax credits, and opens the subsidy to smaller carbon capture projects.

The US IRA is expected to kick off the CCUS industry, with estimates pointing to a potential increase of 13x by 2030 relative to current policy. Approximately 50% of all ongoing carbon capture projects globally are in the US. CO₂ Capsol has completed and delivered its first feasibility study for a large (100.000+ tons of CO₂ emissions per year) bio-conversion plant in the US.

CapsolGo™

CapsolGo™ offers industrial emitters an easy and affordable way to test CO₂ Capsol’s carbon capture technology on the client’s specific flue gas and processes, providing valuable data and information on the effectiveness, flexibility, and safety before taking an investment decision.

The first CapsolGo™ unit operates at an Energy-from-Waste plant and will provide both CO₂ Capsol and the client, Öresundskraft AB in Helsingborg, Sweden, with valuable data and information on the effectiveness, flexibility, and safety of CO₂ Capsol’s patented hot potassium carbonate (HPC) carbon capture technology

Due to strong demand from the European market, the company has invested in a second unit which is expected to be ready for deployment early 2023.

Business update cont.



CCapGT

CO2 Capsol is developing new solutions for capturing carbon dioxide from gas turbines, called CCapGT™, a solution for open cycle gas turbines 4 MWe – 100+ MWe. The technology has been developed based on learning from ongoing projects, in collaboration with large international players, offering a solution which generate additional electricity while capturing 95%+ CO2 from exhaust gases of open cycle gas turbines. Our CCapGT™ replace the traditional steam cycle, it reduces complexity, and it introduces carbon capture as a revenue source. The technology is still early stage but very promising. With CCapGT™ we have a wider selection of offerings to our clients.

Subsequent events

CO2 Capsol signed this week a 12-month contract for the delivery of two CapsolGo™ demonstration campaigns, one at an Energy-from-Waste (EfW) and one at a biomass-fired Combined Heat and Power (CHP) plant both of a major German energy company. The demonstration campaigns will be executed in Germany, with operational start early 2023, and will test the CO2-capturing of flue gas streams of both plants.

Strengthened the company's financial position

CO2 Capsol has entered into a loan agreement with the Norwegian bank DNB for financing of CapsolGo™ unit 1 and unit 2, which has strengthened the company's financial position and improved the company's growth capacity. This is a "green loan" facility of 23,000,000 NOK.

The fact that CO2 Capsol qualified under the DNB Sustainable Product Framework, which is verified by DNV as an independent third party, is a testament to our commitment to drive sustainability.

The company is well funded to deliver on its core strategy, to license out our technology. Recent contracts, financing and cash situation leaves the company in a good financial situation.

Q3 financial performance

CO2 Capsol AS unconsolidated financial statements as of and for the period 01.07.2022 to 30.09.2022 (Q3 2022) have been prepared in accordance with NGAAP "Other companies" (Norwegian; "Øvrige foretak") and the Accounting Act.

The company is early in commercial development with limited revenue. Recognized revenue is from deployment of its 1st CapsolGo™ unit and paid engineering studies. Furthermore, the company is in rapid organizational growth. Hence, 2022 statements are not easily comparable to statements from earlier years.

Unless otherwise specified, financial information is provided in Norwegian Kroner (NOK). In the reporting period the company recognized 3,868,132 NOK in revenue. Total operating expense was 11,022,654 NOK with 6,802,477 NOK in salary cost, of which 2,314,056 NOK relates to cost recognition for future expenses related to the company's employee share option program. The remaining operating cost is related to depreciation of immaterial assets and cost for technical and commercial services. The financial accounts for the period shows a loss of 7,413,601 NOK.

Total assets 30.09.2022 was 88,247,658 NOK, of which 59,965,633 NOK in cash, 6,584,860 NOK in intangible assets related to intellectual property, and 21,635,621 NOK in property, plant and equipment relating to investments in CapsolGo™ demonstration units. The company does not have any long-term debts.

Cash flows from operating activities ended at negative 5,206,877 NOK, being lower than the operating loss of 7,154,522 NOK, mainly due to cost recognition of the employee share option program and asset depreciation. Cash flows from investing activities were negative by -9,422,291 NOK, mainly reflecting capitalized development costs related to CapsolGo™ units. Financing activities brought 8,958,669 resulting execution of the final outstanding options (not including employee options).

Key figures

Revenue

3,868,132
NOK

Net profit (loss)

(7,413,601)
NOK

Total Assets

88,247,658
NOK

Cash

59,965,633
NOK

Net change in cash and cash equivalents

(5,670,499)
NOK

Income statement

Amounts in Norwegian Kroner	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Operating income and expenses					
Revenue	3,868,132	0	3,868,132	37,950	37,950
Other operating income	0	13,166	21,666	29,624	29,624
Total operating income	3,868,132	13,166	3,889,798	67,574	67,574
Personnel expenses	6,802,477	2,336,773	18,085,026	4,598,278	13,186,306
Depreciation of intangible assets	107,949	107,949	323,846	323,846	431,794
Other operating expenses	4,112,229	1,872,791	9,665,164	4,733,087	11,632,253
Total operating expenses	11,022,654	4,317,513	28,074,036	9,655,211	25,250,353
Operating loss	-7,154,522	-4,304,347	-24,184,328	-9,587,637	-25,182,780
Financial income and expenses					
Other interest income	0	0	0	1	1
Other financial income	54,264	0	192,992	0	4,126
Other interest expenses	0	0	0	0	1,486
Other financial expenses	313,343	12,855	411,492	24,716	73,639
Net financial items	-259,079	-12,855	-218,500	-24,715	-70,998
Loss before tax	-7,413,601	-4,317,202	-24,402,738	-9,612,352	-25,253,778
Tax expense	0	0	0	0	0
Net loss	-7,413,601	-4,317,202	-24,402,738	-9,612,352	-25,253,778
Brought forward:					
Loss brought forward	7,413,601	4,317,202	24,402,738	9,612,352	25,253,778
Net loss brought forward	-7,413,601	-4,317,202	-24,402,738	-9,612,352	-25,253,778



Balance sheet

Amounts in Norwegian kroner	30.09.2022	30.09.2021	31.12.2021
ASSETS			
Fixed assets			
Intangible assets			
Patents, licences, trademarks and similar rights	6,584,860	7,016,654	6,908,706
Total intangible assets	6,584,860	7,016,654	6,908,706
Plant and equipment	21,635,621	0	2,964,720
Total plant and equipment	21,635,621	0	2,964,720
Financial fixed assets			
Investments in subsidiaries	1	1	1
Investments in other companies	9,000	0	0
Loan to group companies	52,543	50,458	44,143
Total financial fixed assets	61,544	50,459	44,144
Total fixed assets	28,282,025	7,067,113	9,917,569
Current assets			
Debtors			
Accounts receivables	2,180,041	0	0
Other short-term receivables	3,039,722	393,217	2,034,746
Total receivables	5,219,763	393,217	2,034,746
Cash and bank deposits	54,745,870	28,039,974	84,944,575
Total current assets	59,965,633	28,433,191	86,979,322
Total assets	88,247,658	35,500,304	96,896,891

Amounts in Norwegian kroner	30.09.2022	30.09.2021	31.12.2021
EQUITY AND LIABILITIES			
Equity			
Paid-up equity			
Share capital	53,533,395	35,651,739	50,582,776
Share premium reserve	81,072,850	25,838,176	75,064,800
Other paid in capital	12,123,432	0	4,425,610
Total paid-up equity	146,729,677	61,489,915	130,073,186
Retained earnings			
Uncovered loss	-67,470,113	-27,425,949	-43,067,375
Total retained earnings	-67,470,113	-27,425,949	-43,067,375
Total equity	79,259,564	34,063,966	87,005,811
Liabilities			
Current debt			
Trade creditors	4,097,356	290,916	5,323,105
Public duties payable	348,973	30,814	729,277
Liabilities to group companies	99,900	99,900	99,900
Other current debt	4,441,865	1,014,708	3,738,798
Total current debt	8,988,094	1,436,338	9,891,080
Total liabilities	8,988,094	1,436,338	9,891,080
Total equity and liabilities	88,247,658	35,500,304	96,896,891

Cash flow

Amounts in Norwegian Kroner	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax	-7,413,601	-4,317,202	-24,402,738	-9,612,352	-25,253,778
Ordinary depreciation	107,948	107,949	323,846	323,846	431,794
Change in accounts receivable	-2,180,041	0	-2,180,041	49,050	49,050
Change in accounts payable	259,573	-87,923	-1,225,749	-3,680,486	1,351,703
Share based compensation scheme without cash impact	2,314,056	0	7,697,822	0	4,425,610
Change in other accrual items	1,705,188	-318,271	-699,614	2,166,325	3,953,663
Net cash from operating activities	-5,206,877	-4,615,447	-20,486,474	-10,753,617	-15,041,958
CASH FLOWS FROM INVESTMENT ACTIVITIES					
Investments in plant and equipment	-9,422,291	0	-18,670,901	0	-2,964,720
Net cash from investment activities	-9,422,291	0	-18,670,901	0	-2,964,720
CASH FLOWS FROM FINANCINGOPERATING ACTIVITIES					
Net proceeds from share issue	8,958,669	0	8,958,669	38,260,878	102,418,540
Net cash from financing activities	8,958,669	0	8,958,669	38,260,878	102,418,540
Net change in cash and cash equivalents	-5,670,499	-4,615,447	-30,198,705	27,507,261	84,411,862
Cash and cash equivalents at the start of the period	60,416,369	32,655,421	84,944,575	532,713	532,713
Cash and cash equivalents at the end of the period	54,745,870	28,039,974	54,745,870	28,039,974	84,944,575



Notes

Note 1 Accounting Principles

The interim financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. All amounts are stated in Norwegian Kroner (NOK).

For full information of applied accounting principles we refer to note 1 to the audited annual report for 2021.

Note 2 Equity capital

	Share capital	Share premium	Other paid in capital	Net loss	Total equity
Equity at 30.06.2022	50,582,776	75,064,800	9,809,376	-60,056,512	75,400,440
Result Q3 2022				-7,413,601	-7,413,601
Share issue 24.08	2,950,619	6,579,880			9,530,499
Transaction cost		-571,830			-571,830
Share based compensation			2,314,056		2,314,056
Equity at 30.09.2022	53,533,395	81,072,850	12,123,432	-67,470,113	79,256,564

Note 2 Potential dilution

Shares, subscription rights, warrants, options	Total	Issued	Exercise price	Proceeds if exercised
Issued shares as of 30 September 2022	53,533,395	53,533,395		
Share-based compensation *	5,000,000	4,645,000	11,11	51,605,950
Total as of 30 September 2022	58,533,395	58,178,395		51,605,950

Issued shares as of 30 September 2022 amounted to 53,533,395 shares. With additional shares potentially subscribed for under Subscription rights scheme 1 and shares potentially exercised under the Share based compensation arrangement, the total number of shares potentially issued would 58,533,395 shares.

*) On 30 September 2022, 4,645,000 options out of the 5,000,000 shares-based compensation program have been granted to board and employees. 355,000 options have not yet been allocated.

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