

# Q4 2022 presentation

17 February 2023



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# Building a leading global carbon capture tech provider



Safe and energy-efficient carbon capture technologies developed and commercialised since 2003



Our technologies are licensed out, either directly to customers or through global distribution partners



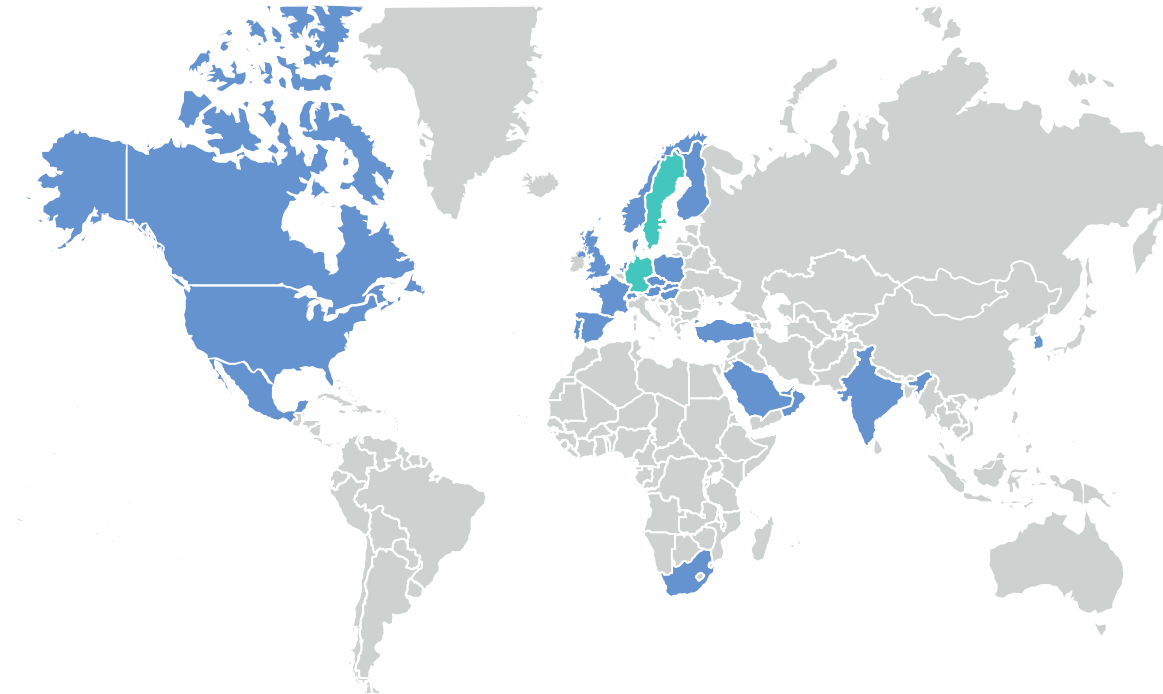
The core process is based on a potassium carbonate solvent and applicable to all CO<sub>2</sub>-intensive industries



Key target segments are cement, biomass, energy-from-waste, power generation and industrial plants



Listed on Euronext Growth Oslo, market cap of NOK ~700 million



■ Current customers ■ Project leads



# Experienced leadership team dedicated to create value



**Jan Kielland, Chief Executive Officer**

>40 years' experience with management and board positions in the energy sector internationally. MSc in Petroleum Engineering from NTNU.

Shares held: 5,172,677      Options: 850,000



**Ingar Bergh, Chief Financial Officer**

>15 years' experience as advisor and executive in the energy and shipping sectors. Engineering degree, MSc in Supply Chain Management, MBA Finance, Authorized Financial Analyst (CEFA).

Options: 750,000



**Johan Jungholm, Chief Commercial Officer**

10 years' in Business Development, Complex Sales and Marketing and 15 years in energy sector. BA in Geology and Environmental Science, University of Pennsylvania.

Options: 230,000



**Cato Christiansen, Chief Technology Officer**

Former Shell, SPT Group and the Norwegian Ministry of Petroleum and Energy (Carbon Capture and Storage). PhD in Mechanical Engineering from NTNU.

Options: 500,000



**Tone Bekkestad, Chief Marketing Officer**

>20 years' experience in communications & media. Moderator and lecturer on the topic of solutions to climate change. MSc in Meteorology.

Shares held: 717,118      Options: 590,000



**Philipp Staggat, Chief Product Officer**

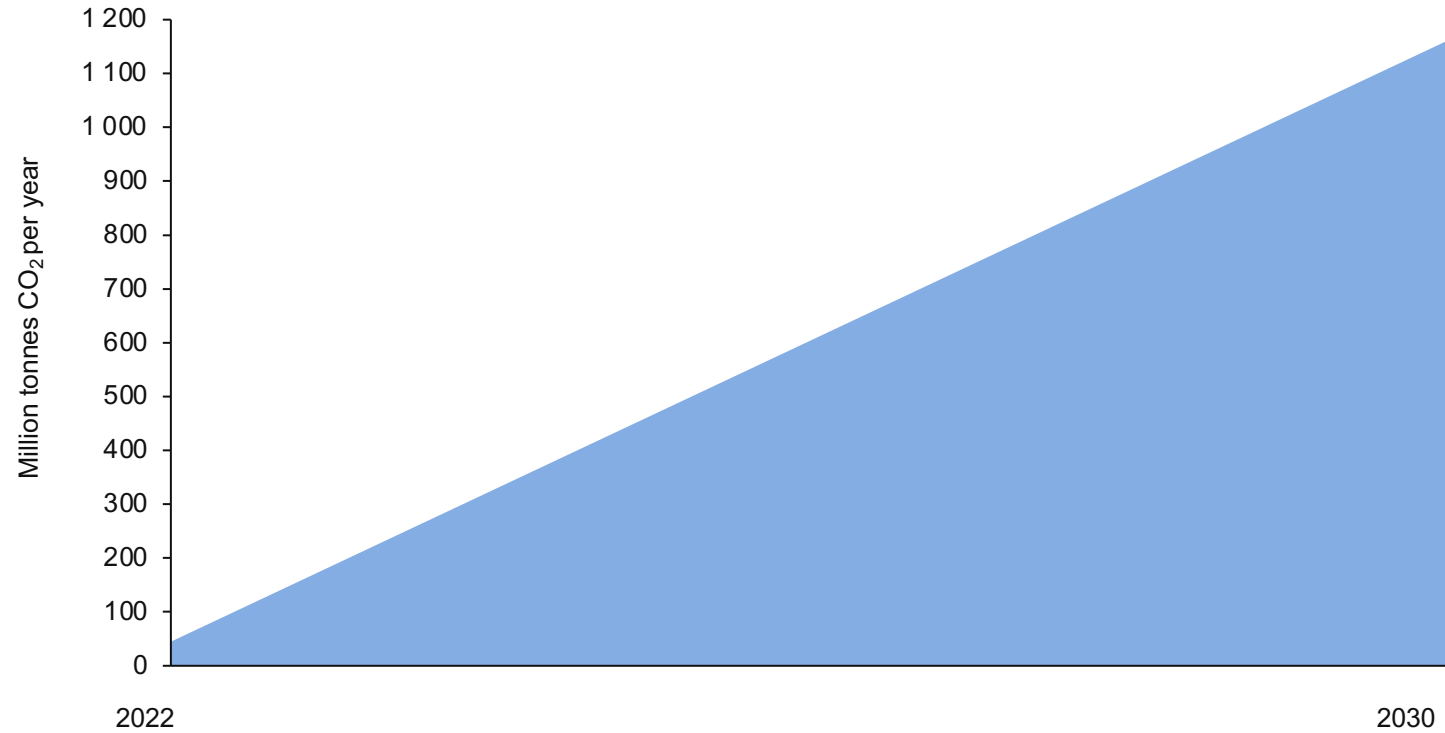
>10 years at Siemens, including lead commissioning engineer and project manager, before joining CO2 Capsol. BSc Engineering Berlin University of Applied Sciences and MBA London Business School

Options: 190,000

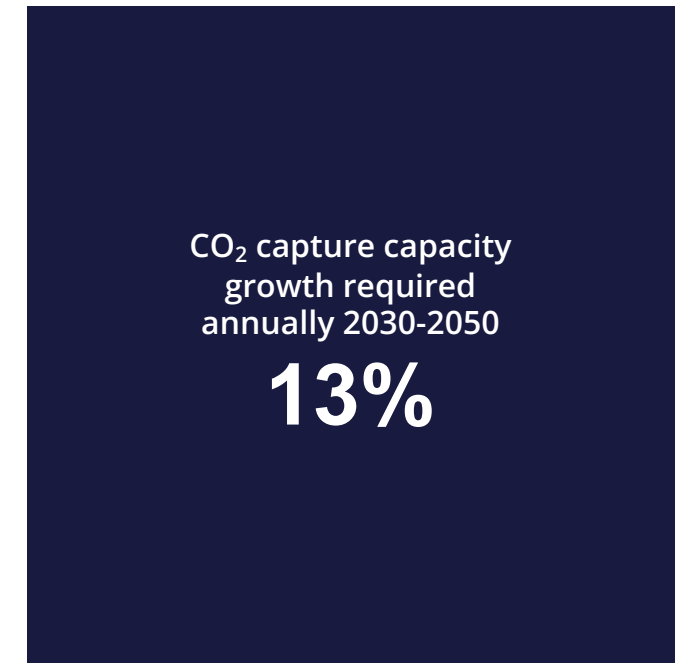


# 50% annual growth in CO<sub>2</sub> capture required by 2030

CO<sub>2</sub> capture capacity in IEA's net zero emissions scenario



Required 2030-2050



# New incentives boost CCS demand in *both* the US and Europe

- Call on carbon capture is increasing
- CCS (carbon capture and storage) in North America and Europe fuelled by new incentives
- The Inflation Reduction Act in the US increases tax refund from 50 to 85 USD per tonnes for carbon capture
- EU's Green Deal Industrial Plan will propose simple tax-break models and targeted aid for production facilities in strategic clean-tech value chains, including CCS



*«The next decade will see the greatest industrial transformation of our times»*

Ursula von der Leyen, President of the European Commission, Special Address at Davos 2023

*«Better put CO<sub>2</sub> into the ground than into the atmosphere»*

Robert Habeck, German Federal Minister for Economic Affairs and Climate Protection, during visit to Norway in January 2023



*«[The next big thing in ESG investing] has to be sequestration and decarbonisation»*

Larry Fink, Blackrock's CEO, in the NBIM podcast 'In Good Company' January 2023

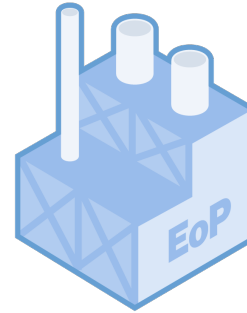
# Carbon capture technologies to support all industries



## CapsolGo® demonstration units

**700 tonnes CO<sub>2</sub>/year**

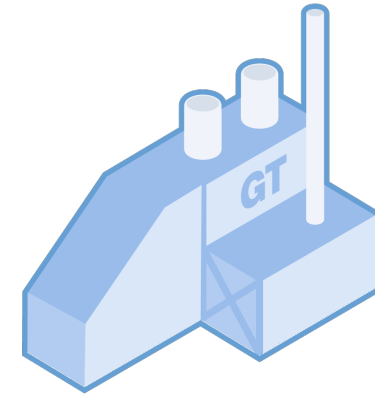
Mobile carbon capture demonstration unit with an all-inclusive package. First unit in operation in Sweden, second unit on two 6-month campaigns in Germany from Q1 2023.



## Capsol EoP™ (End-of-Pipe)

**100,000+ tonnes CO<sub>2</sub>/year**

A full capture system for large-scale CO<sub>2</sub> emitting industries. First large-scale project won for BECCS (bio-energy carbon capture and storage) project in Sweden.



## CapsolGT® for gas turbines

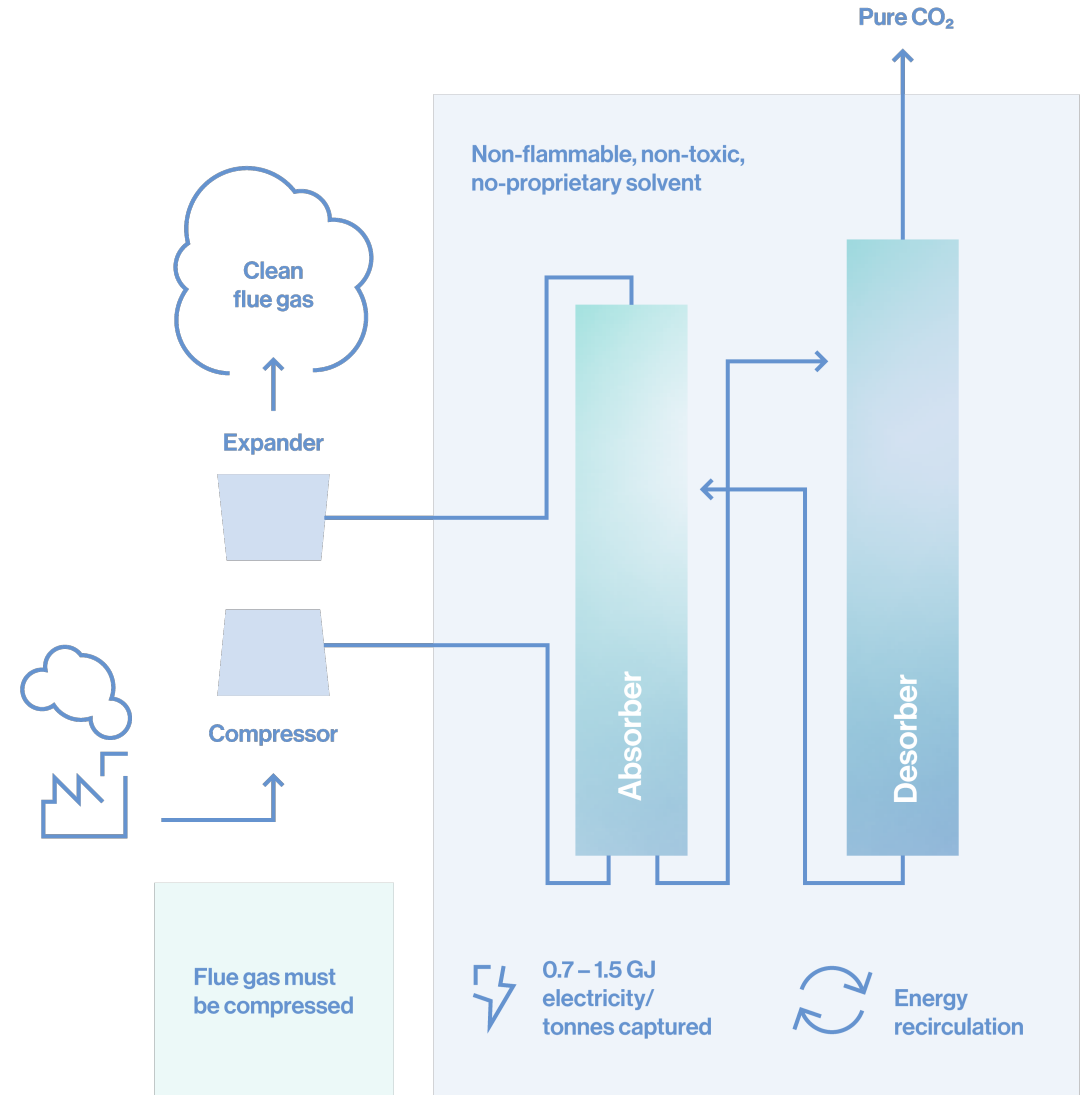
**12,000 to 400,000+ tonnes CO<sub>2</sub>/year**

A carbon capture solution for open-cycle gas turbines, enabling additional electricity generation. Also applicable when turbines are used for other industrial applications.



# Efficient capture process based on reusing energy

- Patented heat recuperation process minimising the main cost driver for carbon capture: Energy consumption
- Superior health and safety performance
- Extracts high-purity CO<sub>2</sub> for utilisation or storage
- Tested through successful projects and campaigns, including three pilots completed with 90-95% CO<sub>2</sub> capture efficiency<sup>1</sup>
- Successful demonstration campaign with CapsolGo® at Öresundskraft's Energy-from-Waste plant in Helsingborg



# Competitive solutions in an attractive business model

## Reduced energy consumption and capture cost

- ~40% lower capture cost vs comparable solutions<sup>1</sup> due to patented energy recuperation reducing energy consumption
- Potassium carbonate is a cheaper solvent compared to amines

## Low installation risk and safe operations

- Potassium carbonate as CO<sub>2</sub> solvent used in 750+ industrial plants globally<sup>2</sup>
- Safe and environmentally friendly. No need for shut-downs during installation

## Capital light business model with expected greater returns over time

- Technology licensed out globally through leading partners
- Highly scalable, limited capex element and ability to adjust opex vs commercial development

# Q4 2022 highlights

## **Successful CapsolGo<sup>®</sup> demonstration campaign for Öresundskraft in Sweden**

The project achieved a capture rate of >90%, proving that the technology is well-suited for Energy-from-Waste (EfW)

## **Entering the German market with two CapsolGo<sup>®</sup> projects and opening of Berlin office during Q1 2023**

Two 6-month CapsolGo<sup>®</sup> demonstration campaigns won with large German energy company

## **Increased engineering capacity through partnership with US-based Eickmeyer (CATACARB<sup>®</sup>)**

Eickmeyer has +35 million hours of experience from over 150 plants in 33 countries

## **Developing standardised EfW CO<sub>2</sub> capture plants in partnership with Sumitomo**

Part of Sumitomo Heavy Industries Group having more than 24,000 employees worldwide

## **Fully funded to deliver on current business plan**

“Green loan” debt financing secured from DNB for the first two CapsolGo<sup>®</sup> units





# Operational review

# Sumitomo partnership extending market reach

- Cooperation with Sumitomo Foster Wheeler, part of the Japanese Sumitomo Heavy Industries Group with more than 24,000 employees, an important step towards our long-term goal of a 5% market share
- Developing full-scale standardised solution aiming to reduce cost and lead time in the delivery of carbon capture capacity
- First step is to build a 10-20,000 tonnes CO<sub>2</sub> capture plant, next phases will focus on larger standardised plants
- Sumitomo preferred partner for installed capacity in its portfolio, totaling more than 500 projects





# Stockholm Exergi – progressing well

- Patent license agreement for use of CO2 Capsol's End-of-Pipe (EoP) technology at Stockholm Exergi's biomass powered Combined Heat and Power (CHP) plant at Värtaverket in Stockholm signed in July 2022
- Värtaverket will be Europe's first large-scale negative emissions plant with a full-scale deployment of 800,000 tonnes CO<sub>2</sub> per year
- Stockholm Exergi is currently in dialogue with potential offtakers for negative emissions certificates
- Project progress is good. Final investment decision (FID) will be taken following approval of environmental permit application. Expected early 2024.



*«We will do everything we can to get the product to market as quickly as possible»*

Erik Rylander, Head of Carbon Dioxide Removal at Stockholm Exergi, to Swedish business daily Dagens Industri in February 2023



# Successful demonstration for Öresundskraft in Sweden

- The CapsolGo<sup>®</sup> unit has successfully run for 5-months with stable capture rates >90%, proving that the technology is well-suited for Energy-from-Waste (EfW)
- Strong interest from potential customers and other key stakeholders; 40+ visits and 10+ media articles in the period
- Full-scale deployment of 210,000 tonnes CO<sub>2</sub> per year. Öresundskraft is expecting a final investment decision (FID) for CCS at Filbornaverket in 2025. Technology yet to be selected
- CO<sub>2</sub> Capsol to upgrade the CapsolGo<sup>®</sup> unit during Q2, expanding capabilities with increased energy efficiency



«The CapsolGo<sup>®</sup> campaign has provided us with valuable insights into performance and viability of the HPC capture technology at our waste incineration flue gases. There has been a large interest into the trials, with many visitors, business peers, local politicians, and media coming to our Filborna EfW plant. We are impressed with CO<sub>2</sub> Capsol's fast delivery and smooth execution of the campaign»

Ann-Sofie Lindqvist, Project Manager CCS, Öresundskraft AB

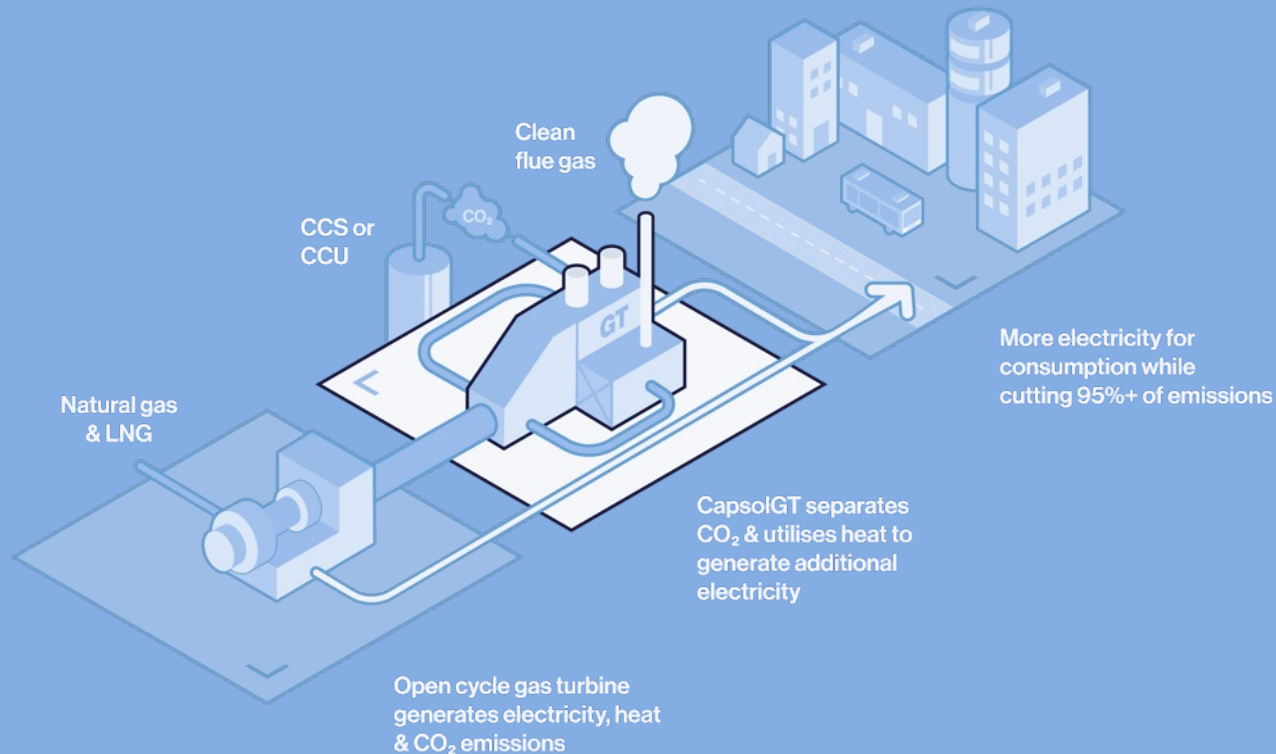
# Entering Germany – largest CCS potential in the EU

- CO2 Capsol to open an office in Berlin during Q1, the first location outside Norway
- 12-month contract for the delivery of two CapsolGo® campaigns at an Energy-from-Waste (EfW) and a biomass-fired Combined Heat and Power (CHP) plant, both for a major German energy company
- German energy producers emitted 247 million tonnes CO<sub>2</sub> in 2021, while the industry emitted 181 million tonnes CO<sub>2</sub>, totalling 428 million tonnes CO<sub>2</sub>
- This represents minimum EUR 1.7 billion in market opportunity for carbon capture technology licencing only





# Expanding technology platform with CapsolGT<sup>®</sup> for open-cycle gas turbines



## Capturing CO<sub>2</sub> while generating additional electricity

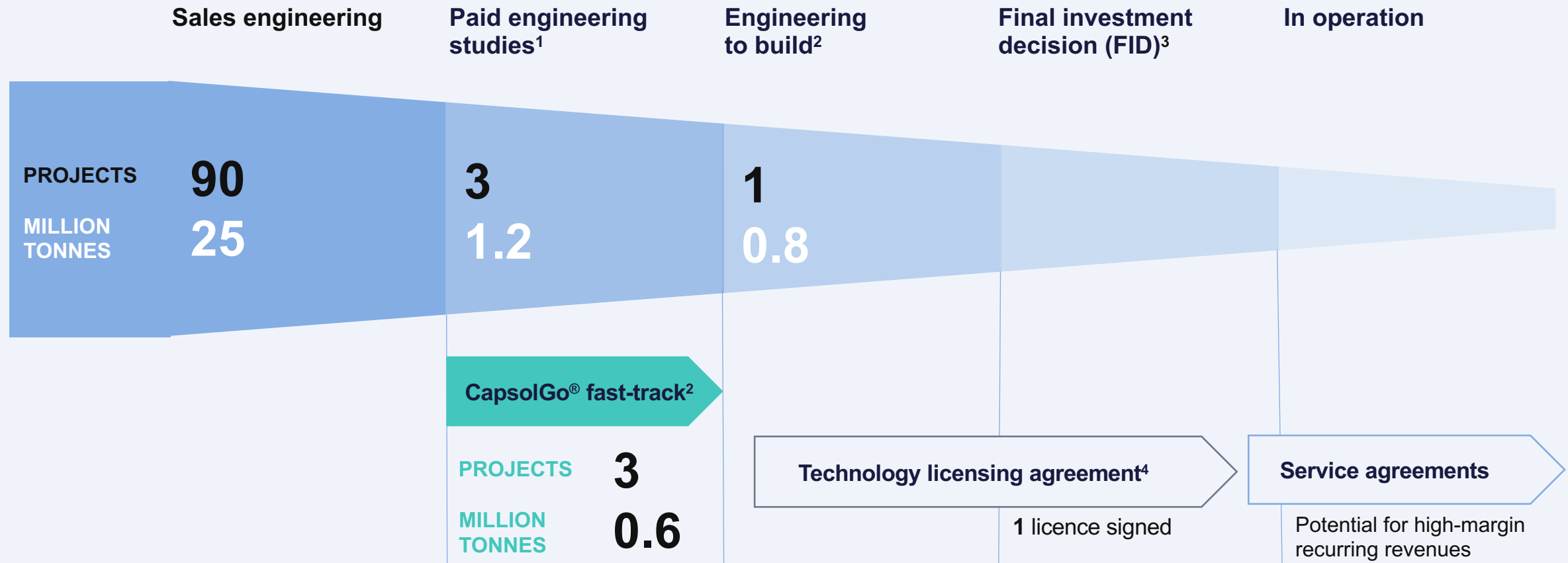
CapsolGT<sup>®</sup> is a carbon capture solution for open-cycle gas turbines, capturing 95%+ of the carbon dioxide while enabling additional electricity generation

## Gas as a mainstay for power and heat and feedstock for industry

Natural gas accounts for about a quarter of global electricity generation according to IEA<sup>1</sup>, and alone the US has 2,200 gas power plants while there are 800 across Europe

## Developing partnerships to commercialise CapsolGT<sup>®</sup>

# Pipeline: ~100 active leads totaling more than 25 million tonnes of CO<sub>2</sub>



1) Concept, Feasibility and pre-FEED (front end engineering design) studies with paid engineering work.  
 2) CapsolGo® offers an alternative and accelerated path to investment decision.  
 3) Stockholm Exergi FID expected early 2024 (signed licenced agreement) Öresundskrafts FID expected in 2025 (technology provider not selected)  
 4) Expected 7-12 EUR/installed tonnes of capacity and/or revenue per tonnes captured  
 FID = Final investment decision



# Financial review



# Continuing to build revenue, pipeline and partnerships

## Q4 2022 financial highlights

Revenue

NOK 6.9 million

+78% vs Q3'22

Pre-tax profit

NOK -9.3 million

NOK -7.2 million in Q3'22

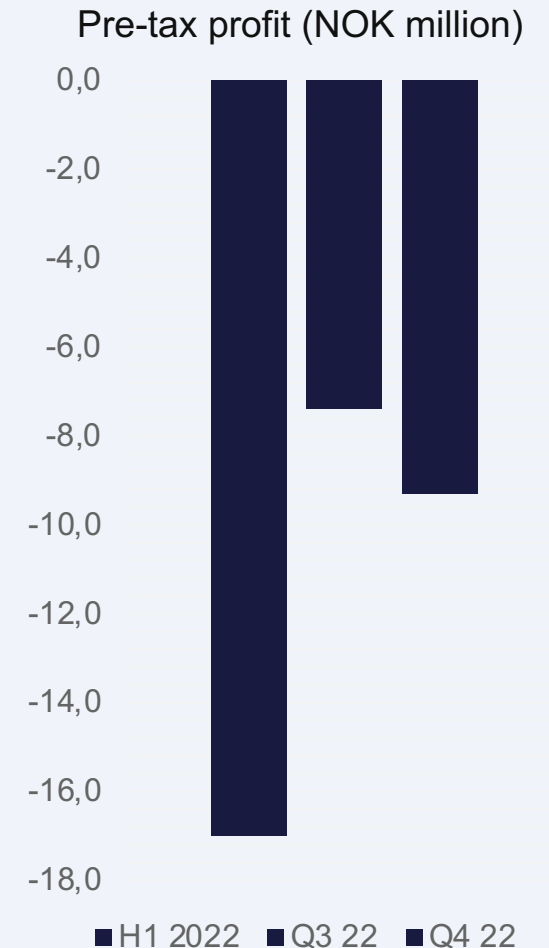
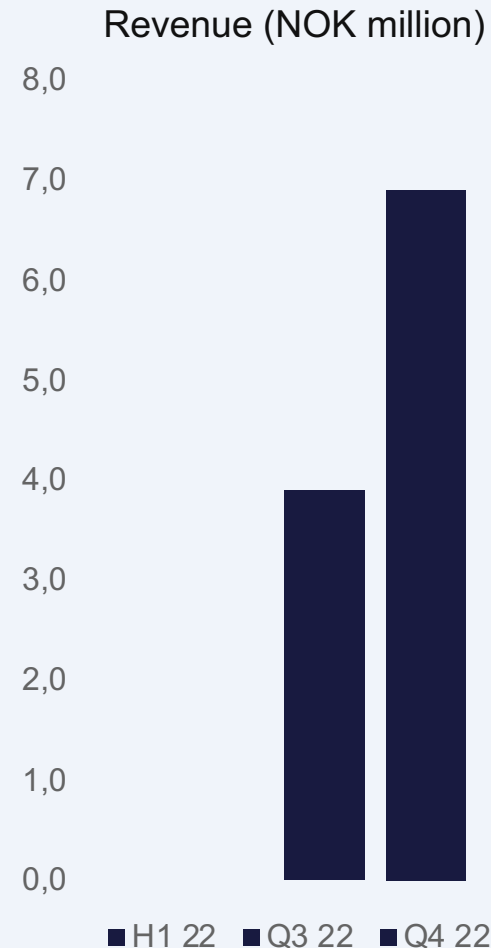
Growing project  
pipeline

“Green loan”  
debt financing

- Revenues increased in Q4 2022
- The pipeline continued to grow, ~100 projects now in initial sales phase
- 7 projects moved from sales phase, of which 2 have a confirmed timeline to final investment decision (FID) – in early 2024 and 2025, respectively
- Carbon capture demand accelerated by political incentives improving economics for emitters, and increased awareness for Capsol’s HPC-based solution
- Continuing to build reach with Sumitomo and other partnerships
- “Green loan” from DNB secured for CapsolGo® units, fully funded on current business plan

# Maturing pipeline drives growth

- Revenue of NOK 6.9 million, up 78%, driven by first CapsolGo<sup>®</sup> demonstration campaign
- Pre-tax profit of NOK -9.3 million as higher revenue was more than offset by increased investments in growth
- Careful capacity ramp-up driving personnel expenses and technical and commercial services
- Revenue growth expected from Q2 2023 as second CapsolGo<sup>®</sup> unit is deployed and more projects mature

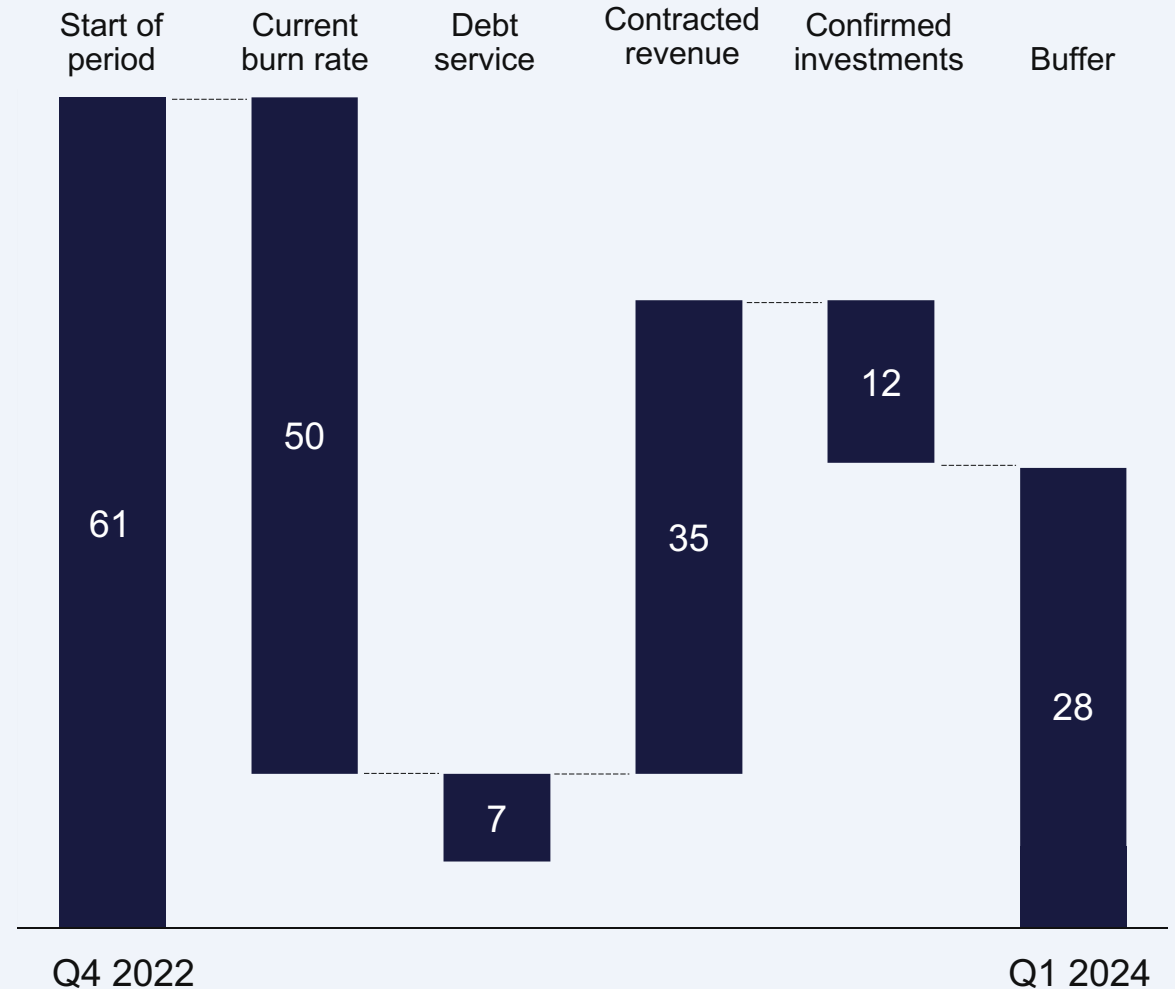


# Comfortable financial position

## Careful ramp-up with flexible cost base

- NOK 61 million in cash by end of 2022
- Committed spend and committed revenue leaves a capital buffer of NOK about 30 million for end Q1 2024
- Employees and technical services are key cost drivers; adjustable with commercial activity
- Expect increase in both spend and revenue throughout the period
- Break-even on licensing business expected in 2024

Cash position and committed spend (NOK million)





# Concluding remarks

# Roadmap for establishing a leading market position

## Winning initial projects

2022

- 2 CapsolGo® demonstration units in operation
- Patent license agreement with Stockholm Exergi for Europe's first large-scale negative emissions plant
- Secured key industrial and global commercial partners

## Establishing leading position

2023-2025

- Additional CapsolGo® demonstration units
- Secure 8 small projects or more
- Secure 4 or more large-scale projects
- Potential for additional business scopes with complementary revenue

## Scaling revenue

2026-2030

- Reach 5% market share
- Consider extending scope per project and explore delivery of tailor-made key equipment
- Consider full value chain service together with partners
- Consider financing entity with partners

Build organisation, key partnerships and proof of application

Grow order book and revenue

Grow margin and explore new business models



# Investment highlights

**50% annual CO<sub>2</sub> capture capacity growth required by 2030**

**A competitive solution and an attractive business model**

**Building a leading global carbon capture tech provider**

**Investing to establish leading position early**

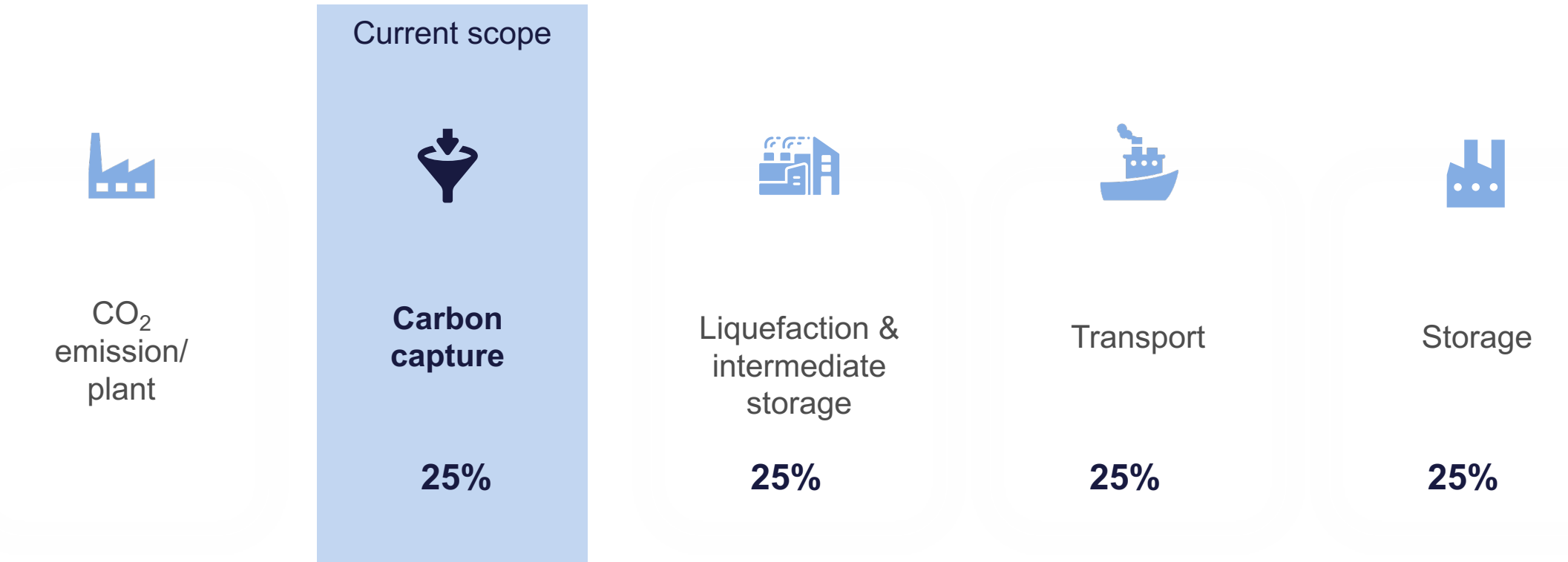
**Experienced management team dedicated to create value**

- Path to net zero calls for minimum EUR ~21 billion of carbon capture technology capex to be sanctioned next eight years
- Key segments: cement, biomass, Energy-from-Waste, power generation and industrial plants
- Solutions relevant to all kinds of emitters: Proven, safe and ~40% lower capture cost<sup>1</sup>
- Capital-light and highly scalable technology licensing model
- Targeting 5% market share, EUR 7-12/tonnes revenue<sup>2</sup> and 40-60% pre-tax margin
- Based on commercial terms currently being negotiated, Capsol's current business plan could deliver pre-tax profit of NOK 1 billion+ in 2030
- Investing in test units, team, distribution and developing partnerships to capture market share
- Test units deployed for proof of application
- Management team with 10-40 years energy and industry experience
- Dedicated professionals highly incentivized to create shareholder value



# Appendix

# Simplified carbon capture and storage value chain



# Building a leading global carbon capture tech provider

## Long-term targets

5% technology licensing market share

EUR 7-12/tonnes per capacity installed

40-60% pre-tax profit margin

## Illustrative

Addressable market 2030 - in tonnes of CO<sub>2</sub> capture capacity

**1,160 million**

Technology licensing opportunity 2023-30

**EUR 21 billion**

Order book potential at 5% market share in the period

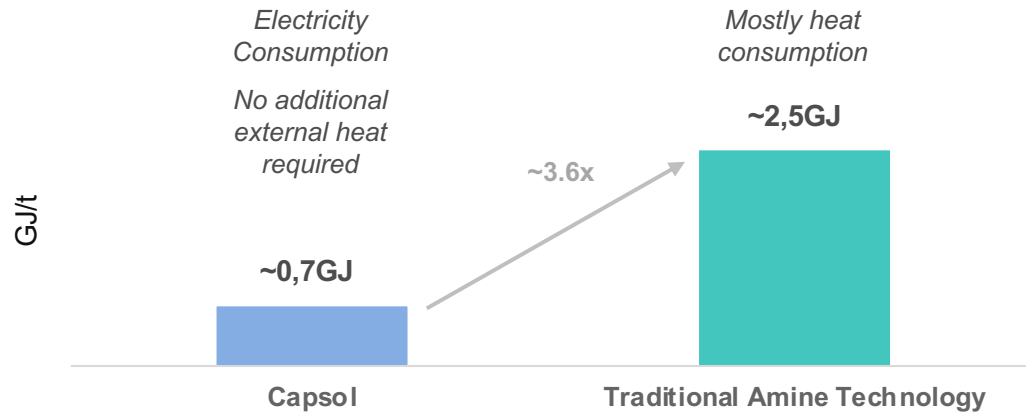
**EUR 1.1 billion**

Pre-tax profit potential in order book at 50% margin

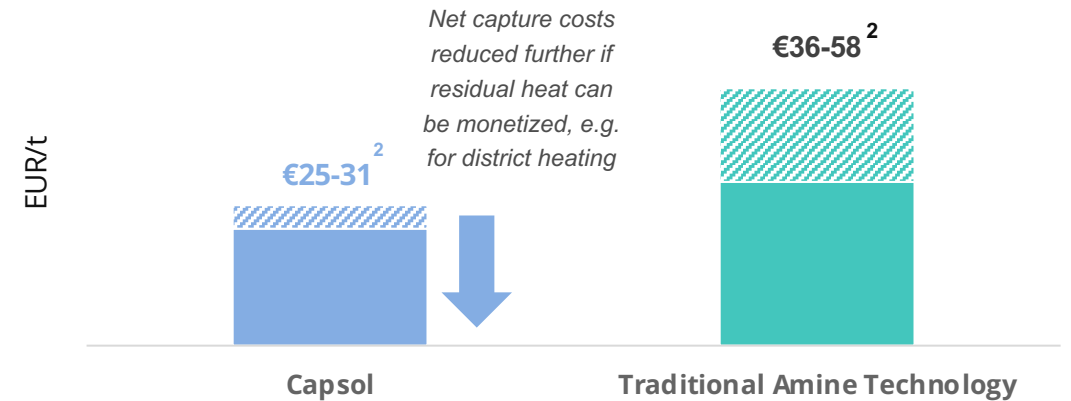
**EUR 0.5 billion**

# Leading on energy consumption and capture cost

## Lower energy consumption<sup>1</sup> and...



## ...~40% lower capture cost than traditional amine technology





# First large-scale project won with Stockholm Exergi

## Europe's first large-scale negative emissions plant

- Stockholm Exergi provides power, district heating and cooling. Owned 50% by the City of Stockholm and 50% by long-term investors led by APG
- The plant will make Stockholm the first carbon neutral capital and is supported with EUR 180 million from the EU Innovation Fund

## CO2 Capsol's technology selected as the preferred solution

- Highly competitive economics and ease of CO2 Capsol's End-of-Pipe (EoP) installation
- Proven technology and safety of HPC compared to amines
- Opportunity to recover carbon capture process heat for district heating



**800,000**  
tonnes of CO<sub>2</sub> per  
year (full-scale  
deployment)

**2026**  
operations planned to  
start

**EUR 180  
million**  
support from the EU  
Innovation Fund

# CapsolGo® demonstration for Öresundskraft

## CapsolGo® demonstration campaign at Öresundskraft's Energy-from-Waste plant in Helsingborg, Sweden

- The independent test operator was Captimise
- The demonstration project has received funding from the Swedish Energy Agency

## Valuable data on effectivity, flexibility and safety

- The campaign was delivered as a service with a flexible testing and validation program, helping to accelerate the decision processes towards a full-scale carbon capture plant
- In addition, the CapsolGo® demonstration unit served as a showcase to stakeholders, helping them to win public approval



**210,000**

tonnes of CO<sub>2</sub> per year (full-scale deployment)

**2025**

expected final investment decision

**SEK 3.5 million**

in support from the Swedish Energy Agency

# Continuously expanding patent portfolio



**Patent family 1:**  
Low emission  
thermal powerplant

**Patent family 2:**  
Combined storage  
solution for natural  
gas and CO<sub>2</sub>

**Patent family 3:**  
Method and plant for  
transport of rich gas

**Patent family 4:**  
Thermal power plant  
with CO<sub>2</sub>  
sequestration

**Patent family 5:**  
Purification of flue  
gas from marine  
diesel engines

**Patent family 6:** Oil  
sand production  
without CO<sub>2</sub> emission

**Patent family 7:**  
Heat integration in  
CO<sub>2</sub> capture

**Patent family 8:**  
Method and plant for  
CO<sub>2</sub> capture

**Patent family 9:**  
Heat recovery for  
CO<sub>2</sub> capture  
(pending)

**Patent family 10:**  
Method and plant for  
CO<sub>2</sub> capture from a  
district heating plant  
(pending)

**Patent family 11:**  
Energy integration of  
CO<sub>2</sub>-capture with a  
powerplant (pending)

# An active approach to identifying and mitigating risks

## Key risk factors

**Small player**

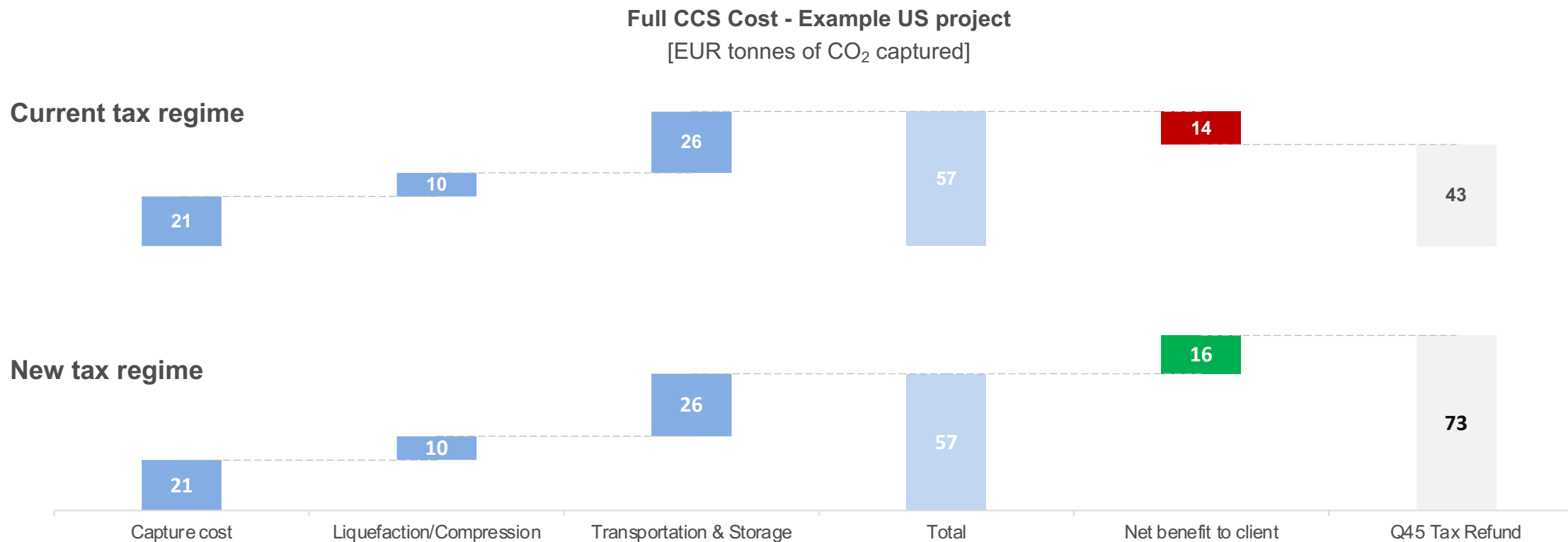
**Competitors developing better technologies**

## Mitigating actions

- Licensing model highly scalable with limited resources
  - Partnering with big global players to greatly extend reach, capacity and capabilities
  - A clear strategic roadmap for organic growth and opportunistic approach to inorganic growth
  - Highly capable and incentivised team
- 
- Prove cost competitiveness and continue to implement learnings from executed projects
  - Sound strategy and routines for patent protection implemented, continue to invest in R&D
  - Consider to establish projects with long cash flows
  - Opportunistic approach to acquiring promising new technologies

**Annual review to identify risk factors and implementing mitigating actions overseen by the board of directors**




# New US tax regime is turning capture into profit



**Current €14/ton all-in net capture cost can be changed to € 16/ton economic benefit under new US Tax Regime**



# Partnerships with industry-leading companies to scale internationally

				
<b>Role</b>	Engineering	Standardised plants	Standardised plants	EPC (Engineering, procurement, and construction)
<b>About</b>	<p>Developed by Eickemeyer &amp; Associates, CATACARB® is a potassium carbonate process</p> <p>CATACARB® has more than 35 million hours of operational experience from over 150 plants in 33 countries</p>	<p>Sumotomo SHI FW is a global provider of solutions and services that drive the decarbonization of energy</p> <p>1,800 employees across 20 locations</p>	<p>Finnish supplier of best-in-class waste-to-value products, projects and services</p> <p>Working on more than 100 Waste-to-Energy (WtE) power projects</p>	<p>An engineering and project delivery partner to support opportunities across the UK, Europe and globally</p> <p>8,200 employees across 30 offices, experience from 200 major EPC projects</p>
<b>Partnership scope</b>	Eickmeyer to function as CO2 Capsol's preferred supplier of design services for the HPC process	Development of standardised carbon capture plants for WtE and biomass-fuelled combined heat and power (CHP) facilities	Provide modular carbon capture solutions to Woima's WtE power plants	Petrofac to function as preferred engineering services partner



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Our vision is to accelerate the worlds  
transition to a carbon negative future