BERGEN CARBON SOLUTIONS

2022 ANNUAL REPORT

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Annual report 2022

Letter from CEO

Letter from CEO

Dear Shareholders,

Following my start as CEO in Bergen Carbon Solutions January 16th of this year, the activity level of the Company has been high. I am excited to have joined a young, fast-paced, and enthusiastic organization that is committed to its core business ideas and determined to make BCS a success.

BCS' overall equity story is fundamentally very attractive, as we utilise a CCU concept to produce valuable carbon products through the removal of CO_2. Today we consume 2 kg of CO_2 to produce 1 kg of clean carbon, compared to the 5 kg of CO_2 emitted by the commonly used fossil-based technology for similar type products.

The global accelerated push for speeding up the energy transition, as well as the dynamics in the geopolitical landscape makes our business concept even more unique.

Consequently, we will shift our attention towards electrification, with focus towards the battery production industry. Our sustainable production of Graphite and nano carbons can play an essential role in increasing many of the key qualities of batteries. To further strengthen our competitiveness and prepare for a production scale-up, we have introduced several cost-reducing initiatives in our process technology.

These optimization initiatives will enable BCS to enter 2023 on an even stronger value proposition than before.

I very much look forward to the year ahead. Thank you for your continued support and trust in BCS.

Sincerely,

Odd Strømsnes
CEO

Board of directors' report

Board of directors' report

Nature of the enterprise

Bergen Carbon Solutions AS (BCS), located in Bergen, Norway, has since its inception developed and industrialized technologies that utilize renewable power 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

BCS announced in July 2022 change of factory location from Mosjøen to Høyanger as the Board considered Høyanger as the best alternative for the Company in terms of risk profile, capital efficiency and flexibility. In Høyanger, BCS will utilize an existing production hall.

In November 2022, the Company announced an extension of the timeline for the construction of a production facility in Høyanger, Norway. The background for this decision was the identification of new opportunities that should reduce risk and improve the overall business case.

During 2022, BCS identified that the technology was able to deliver additional product opportunities which would expand the portfolio to include CNF, MWCNT and graphite.

In 2023, the Company will continue to develop and optimize the technology as well as increase the market understanding and targets to expand the product portfolio further.

The Board emphasizes that the forward-looking statements in this report are based on various assumptions and forecasts that, by their nature, involve risk and uncertainty. Accordingly, actual development may deviate from what is stated here.

Financial statements

The annual financial statements for 2022 have for the first time been prepared in accordance with the rules in the Norwegian Accounting Act § 3-9 and Simplified IFRS.

Prior years the financial statements have been prepared in conformity with the Accounting Act and NRS 8 - Good accounting practice for small companies.

<u>Financial statement parent</u>

The financial statements show a loss of MNOK 54.1 in 2022 compared to a loss of MNOK 30.1 in 2021. The 2022 financial result is according to plan and a direct result of the continued growth and scale-up of the business.

Total assets at the end of 2022 amount to MNOK 336 compared to MNOK 146 at the end of 2021. Total equity was MNOK 309 at the end of 2022 vs. MNOK 119 the year before, resulting in an equity ratio of more than 90%.

The Company's liquidity and cash flow have been improved through the issue of new shares as well as grants received. In addition to current operating costs, investments related to technology development and pre-engineering of a potential factory design have been the key contributors to the operational cost increase.

The operating profit in 2022 shows a loss of MNOK 54.1, while net negative cash flow from operating activities amounts to MNOK 47.3.

<u>Financial statement group</u>

The group's financial statements show a loss of MNOK 54 and a positive equity of MNOK 308.7.

Cash and cash equivalents for the group amounts to MNOK 293 as of 31.12.2022.

Total assets for the group at the end of the year was MNOK 337.

Financial risk

In 2023, BCS will focus on the continued development and optimization of the technology to ensure that potential new market opportunities can be captured. Further the Company wants to verify the technology in a pilot to be able to implement a new enhanced and optimized 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.

The invasion of Ukraine and the sanctions imposed on Russia has caused high volatility in global markets. During 2022, the Company still experienced delays in some shipments due to covid-19 and closed ports in addition to increased price of raw materials. However, towards the end of 2022, the Company experienced some reduction in prices.

Travel restrictions also limited the ability to meet potential customers and partners. Still, the Company has been very active with potential customers and strategic partners.

BCS has successfully completed testing and proven its ability to produce carbon directly from fluegas from a waste incineration facility in Bergen, Norway. The results should create added opportunities within the field of CCU value chain.

The Company has also received approval from Innovation Norway for funding of MNOK 6 for a joint research project with a Chinese partner on Sodium Ion Batteries.

Liquidity and credit risk

The company has budgeted for minimal revenues in 2023, as the focus will be on optimizing 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, competitive, market, legislative, regulatory and other factors, many of which are beyond the company's control. That said, in February 2022 BCS raised MNOK 250 in new equity through a private placement which gives the Company 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 operating cash flow, 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, no particular measures have been taken.

Mid-April 2022 the Company had a ventilation fault in the production hall. The fault was a result of incorrect connections in the ventilation system and resulting in dust flowing from the mechanical workshop to the production hall via the ventilation system.

The fault was handled by ventilation expertise and independent third parties and adjusted to work properly.

The ventilation fault did not result in any injuries on personnel, but the Company chose to register the fault as an incident to the Norwegian Labor Inspection Authorities. Based on the amounts of dust, the company had full sanitary cleaning of the production hall and sent all personnel to complete health check.

Total sick leave for the company for 2022 is 5.4%. Mainly due to high percentage of Covid-19 at the first four months of 2022.

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 the year the company had 32 employees, 7 females and 25 males. The company's Board of Directors consists of 5 people, 3 males and 2 females. There was a change in board members in January and June 2022.

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, but also our large-scale production. Our climate strategy is closely linked to our business strategy.

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 2022 BCS has had several research and development activities, including design of filtration optimalisation and cost optimization of raw products. This work will continue through 2023. BCS successfully finalized the development of the pilot to test flue gas at BIR as direct input into the production unit. This work supported by Enova.

In 2022, two development projects continued with grant from SkatteFUNN: "Development of a process for purification of CNF from solid salt", and "Development of a production unit for production of CNF with pure CO_2 as input factor". These were both finalized in December 2022.

The subsidiary, Carbon Development Solutions AS, applied for and got approved from Regional Research Fund Nordland a project regarding development of composite alloy with CNF in aluminum. The project is approved for six months.

Board of directors' report

Board of directors' insurance

BCS has taken Board of Directors liability insurance which also cover CEO liability.

Disposal of profit and loss

This year's loss of MNOK 54.1 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 2022 have been created accordingly.

Outlook statement

There is a global growing demand for graphite, MWCNT and CNF. Especially as an additive in the battery sector. The World and Europe in particular is experiencing scarcity of raw materials.

To meet this market BCS will use 2023 to optimize our technology and further develop our market insight. BCS is confident that the technology is fundamentally more energy efficient and climate positive compared with the current dominating CVD method.

The Company is working with potential business partners and will continue this work in 2023.
By extending the factory timeline the possibility of applying for soft funding through various initiatives and organizations opens up, such as EU, EksFin, Innovation Norway, RFF and Enova.
The work done in 2023 will ensure an optimal version of our technology, reduced risk and improved cost position when establishing the first factory.

In February 2023 Innovation Norway approved BCS's funding application for MNOK 6 for a joint research project with a Chinese partner on Sodium Ion Batteries.

2023 will be an important year for the Company and it is the Board's assessment that Bergen Carbon Solutions is well positioned and prepared to realize the current plans and its market potential.

Bergen 28.03.2023

Board of Directors – Bergen Carbon Solutions AS

Jon Andre Løkke Chairman of the board	**Bodil Holst** Board member	**Terje Christian Fatnes** Board member
Wenche Teigland Board member	**Dag Vikar Skansen** Board member	**Odd Strømsnes** CEO

Admincontrol

List of Signatures

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Board of Directors report.pdf

Name	Method	Signed at
Løkke, Jon Andre	BANKID_MOBILE	2023-03-28 17:14 GMT+02
Skansen, Dag Vikar	BANKID_MOBILE	2023-03-28 17:10 GMT+02
Teigland, Wenche	BANKID	2023-03-28 16:50 GMT+02
Strømsnes, Odd	BANKID_MOBILE	2023-03-28 16:47 GMT+02
Fatnes, Terje Christian	BANKID_MOBILE	2023-03-28 16:39 GMT+02
Holst, Bodil	BANKID_MOBILE	2023-03-28 17:21 GMT+02

Key Figures

Amounts in NOK thousands

Key figures	Group 2022	Group 2021
Total revenue and other income	1,486	874
Total operating expenses	57,441	30,711
Operating profit (loss)	(55,955)	(29,837)
Net profit (loss) for the period	(54,001)	(30,107)
Net change in cash and cash equivalents	185,694	66,798
Cash and cash equivalents, end of period	292,989	107,295
Outstanding shares, end of period	41,970,140	37,340,511
Cash and cash equivalents/total asset	87 %	74 %
Equity ratio	92 %	81 %
Equity	308,730	118,632
Total assets	336,670	145,609

Financial statements

Directors' responsibility statement

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2022 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.

28.03.2023

Jon Andre Løkke Chairman of the board	**Bodil Holst** Board member	**Terje Christian Fatnes** Board member
Wenche Teigland Board member	**Dag Vikar Skansen** Board member	**Odd Strømsnes** CEO

List of Signatures

Financial statements 2022.pdf

Name	Method	Signed at
Løkke, Jon Andre	BANKID_MOBILE	2023-03-28 17:13 GMT+02
Skansen, Dag Vikar	BANKID_MOBILE	2023-03-28 17:11 GMT+02
Teigland, Wenche	BANKID	2023-03-28 16:50 GMT+02
Strømsnes, Odd	BANKID_MOBILE	2023-03-28 16:47 GMT+02
Fatnes, Terje Christian	BANKID_MOBILE	2023-03-28 16:39 GMT+02
Holst, Bodil	BANKID_MOBILE	2023-03-28 17:20 GMT+02

Statement of Profit or Loss

Amounts in NOK thousands	Note	Group		Parent company	
		2022	2021	2022	2021
Revenue	1.2	811	206	811	206
Other operating income	1.2	675	668	-	668
Total operating income		**1,486**	**874**	**811**	**874**
Raw materials and consumables used		3,938	1,612	3,938	1,612
Own work capitalized	3.4	(1,291)	(1,727)	(1,291)	(1,727)
Personnel expenses	5,6,7	32,887	17,023	32,680	17,023
Depreciation tangible and intangible assets	3,4,8	3,734	2,066	3,696	2,066
Impairment loss	3.4	627	-	627	-
Other operating expenses	9	17,546	11,737	17,280	11,737
Operating profit (loss)		**(55,955)**	**(29,837)**	**(56,119)**	**(29,837)**
Other financial income	10	3,009	129	3,009	129
Other financial expenses	10	1,032	399	1,029	399
Profit/(loss) before tax		**(53,978)**	**(30,107)**	**(54,139)**	**(30,107)**
Income tax expense	11	23	-	-	-
Net Profit/(loss) for the period	**12**	**(54,001)**	**(30,107)**	**(54,139)**	**(30,107)**
Attributable to:					
Shareholders of the parent company		**(54,028)**	**(30,107)**		
Non-controlling interests		**27**	**-**		
Basic earnings per share (NOK)	13	**(1.31)**	**(0.92)**		
Diluted earnings per share (NOK)	13	**(1.31)**	**(0.92)**		

Statement of Comprehensive Income

Amounts in NOK thousands	Note	Group		Parent company	
		2022	2021	2022	2021
Net Profit/(loss) for the period	**12**	**(54,001)**	**(30,107)**	**(54,139)**	**(30,107)**
Other comprehensive income		-	-	-	-
Total comprehensive income		**(54,001)**	**(30,107)**	**(54,139)**	**(30,107)**
Attributable to:					
Shareholders of the parent company		(54,028)	(30,107)		
Non-controlling interests		27	-		

Balance sheet

Amounts in NOK thousands	Note	Group		Parent company	
		2022	2021	2022	2021
Assets					
Development	3	-	10,555	-	10,555
Licenses and patents	3	75	356	75	356
Total intangible assets		**75**	**10,911**	**75**	**10,911**
Right of use asset	8	18,486	21,105	18,260	21,105
Plant and machinery	4	20,972	2,551	20,972	2,551
Equipment and other movables	4	651	749	651	749
Total tangible assets		**40,109**	**24,405**	**39,883**	**24,405**
Investments in subsidiaries	14	-	-	110	90
Total non current assets		**40,184**	**35,316**	**40,068**	**35,406**
Inventory	15	973	372	973	372
Trade receivables		511	52	11	52
Other current receivables	16.17	2,013	2,574	2,044	2,574
Cash and cash equivalents	18	292,989	107,295	292,849	107,205
Total current assets		**296,486**	**110,293**	**295,877**	**110,203**
Total assets		**336,670**	**145,609**	**335,945**	**145,609**

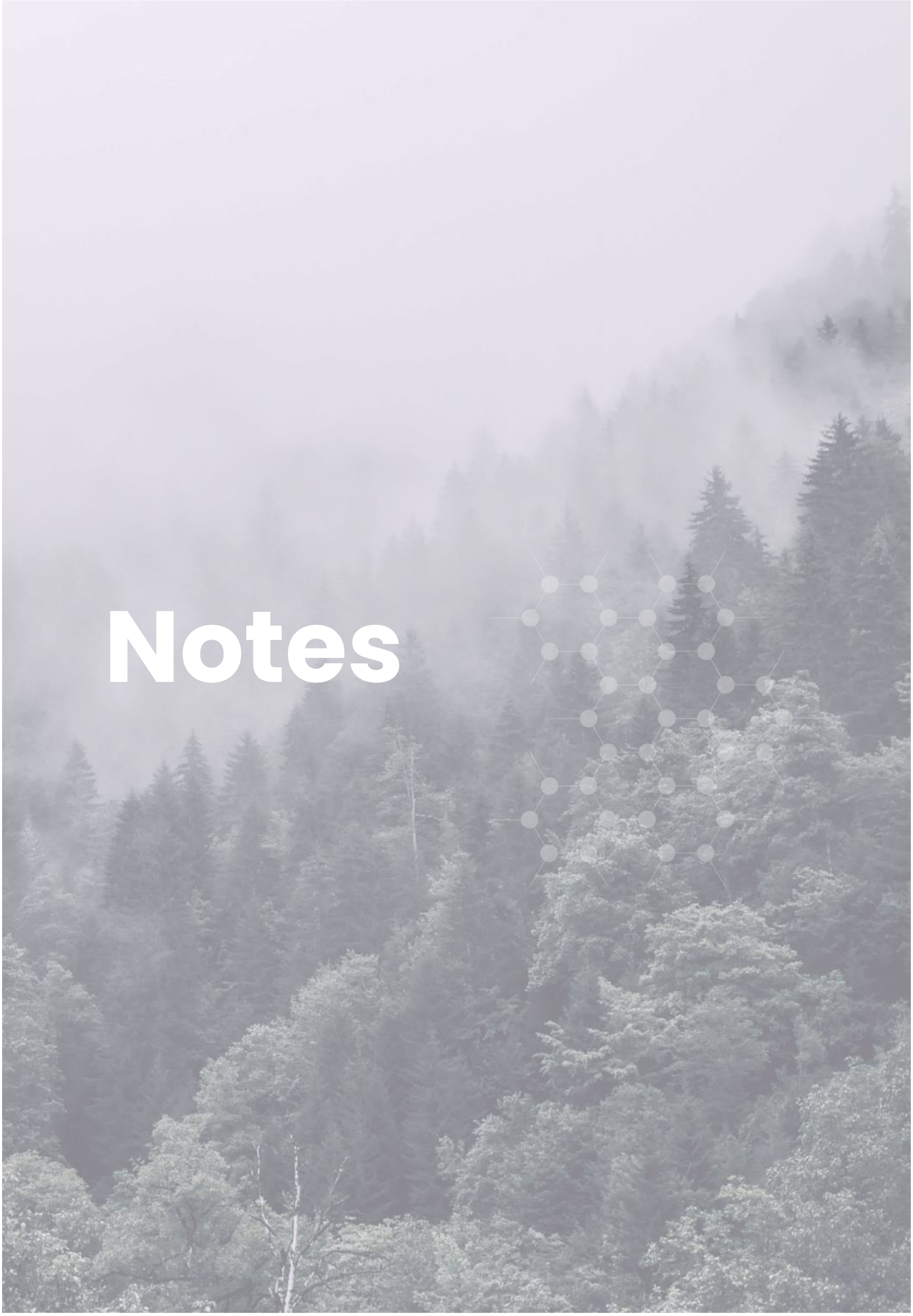
Amounts in NOK thousands	Note	Group		Parent company	
		2022	2021	2022	2021
Equity and liabilities					
Share capital	12	126	112	126	112
Share premium	12	308,456	118,520	308,456	118,520
Other equity	12	78	-	-	-
Non-controlling interests	12	70	-	-	-
Total equity	**19**	**308,730**	**118,632**	**308,582**	**118,632**
Lease liability	8	16,633	18,952	16,556	18,952
Total non-current liabilities		**16,633**	**18,952**	**16,556**	**18,952**
Accounts payable		2,933	2,422	2,890	2,422
Tax payables	11	23	-	-	-
Public duties payable		1,952	1,217	1,923	1,217
Other current liabilities	21	3,735	2,031	3,480	2,031
Lease liability short term	8	2,664	2,355	2,514	2,355
Total current liabilities		**11,307**	**8,025**	**10,807**	**8,025**
Total liabilities		**27,940**	**26,977**	**27,363**	**26,977**
Total equity and liabilities		**336,670**	**145,609**	**335,945**	**145,609**

Statement of cash flow

Amounts in NOK thousands	Note	Group		Parent company	
		2022	2021	2022	2021
Cash flow from operating activities					
Profit (loss) for the period		(54,001)	(30,107)	(54,139)	(30,107)
Adjustments for:					
Depreciation, amortization and impairment	3	4,361	2,066	4,323	2,066
Loss/gain on the sale of fixed asets	3.4	-	7	-	7
Net interest income and interest expenses	10	(1,977)	270	(1,980)	270
Share based payment expenses	7	1,933	-	1,933	-
Changes in working capital;					
Change in inventory		(601)	(298)	(601)	(298)
Change in trade receivables		(459)	(52)	41	(52)
Change in trade payables		511	(90)	468	(90)
Change in other accrual items		3,030	153	2,683	153
Cash generated from operating activities		**(47,203)**	**(28,051)**	**(47,272)**	**(28,051)**
Interest received		2,946	81	2,946	81
Income taxes paid	11	-	-	-	-
Net cash flow from operating activities		**(44,257)**	**(27,970)**	**(44,326)**	**(27,970)**

Amounts in NOK thousands	Note	Group		Parent company	
		2022	**2021**	**2022**	**2021**
Cash flow from investing activities					
Sale of fixed assets		-	124	-	124
Capital expenditures tangible assets	3.4	(4,995)	(8,893)	(4,995)	(8,893)
Capital expenditures manufactured intangible assets	3.4	(3,971)	(1,727)	(3,971)	(1,727)
Proceeds from investment grants	3.4	1	2,615	1	2,615
Capital contribution and/or incorporation of subsidiaries		-	-	(20)	(90)
Net cash used in investing activities		**(8,965)**	**(7,881)**	**(8,985)**	**(7,971)**
Cash flow from financing activities					
Repayment of non-current liabilities		-	(1,500)	-	(1,500)
Capital increase	12	242,159	105,249	242,159	105,249
Repayment of lease liabillities		(2,275)	(884)	(2,237)	(884)
Payment of lease interest		(968)	(216)	(967)	(216)
Net cash flow from financing activities		**238,916**	**102,649**	**238,955**	**102,649**
Net change in cash and cash equivalents		185,694	66,798	185,644	66,708
Cash and cash equivalents at the beginning of the period		107,295	40,497	107,205	40,497
Cash and cash equivalents at the end of the period		**292,989**	**107,295**	**292,849**	**107,205**

Notes



Note 1 –
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 utilizing 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 have 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 adopted 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 19 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 % 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 recognized 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 realized or sold, or to be used in the Group's normal operating cycle or falls due or is expected to be realized 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 capitalized 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 capitalized 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. Otherwise, such costs are expensed on an ongoing basis. Capitalized development is depreciated on a straight-line basis over its economic life. Own development of intangible assets is presented on a separate line in the income statement. Received grants associated with the project is booked as a reduction of costs that is capitalized.

Grants

Government grants are recognized 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 recognized 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 recognized 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 recognized 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% 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 capitalized, see also separate note.

Currency

The company's functional currency is Norwegian kroner (NOK). Transactions in foreign currencies are recognized 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 recognized 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 3 and 4
- Share based option plan, note 7
- IFRS 16 leases, note 8
- Non-recognition of deferred tax assets, note 11

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 31 December 2022, and 2021, 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 capitalized. The Group assesses whether a legally enforceable contract is or contains a lease at the inception date of the contract.

The Group recognizes 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 amortized 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 amortized 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 amortization in the accompanying statements of other comprehensive income.

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

Note 2 – Revenue and other income

Amounts in NOK thousands	Group		Parent company	
Business Area	**2022**	**2021**	**2022**	**2021**
Revenue	811	206	811	206
Other income		43		43
Grants	675	625	-	668
Total	**1,486**	**874**	**811**	**874**

Geographical distribution	2022	2021	2022	2021
Norway	1,486	874	811	874
Total	**1,486**	**874**	**811**	**874**

The Group is currently in a development phase

Grants:
Subsidiary, Carbon Development Solutions received MNOK 0.675 in grants in 2022.
MNOK 0.5 in establishment grant and MNOK 0.175 in R&D grant from Regional Research Fund (RFF).

In 2021 BCS received grants of MNOK 0.625. MNOK 0.06 was an award from Industrial Green Tech, MNOK 0.49 was final grant from RFF Vestland
MNOK 0.075 was grant from The Research Council of Norway

Note 3 – Intangible assets

In the period 2019 until 2022, the company has worked on a development project related to the development of an upscale production unit, which will produce carbon based on CO_2 as an input factor. Carbon has superior mechanical and electrical properties that can be transferred to the main material at relatively low admixture as a composite. This can be both of a structural and electrical nature.

The majority of the expenses relating to the project are capitalized own development expenses, on intangible asset in the balance sheet. As of 31.12.2022, capitalized development expenses related to the project are MNOK 23.4. In addition, MNOK 0.646 is expensed in 2022.
The project is supported by ENOVA and was finalized in December 2022. The company has been paid a total of MNOK 10.3 since its inception in 2019. The company receives 45% of reported project costs until they have reached 80% of the granted amount, which was achieved in November 2021. The company received a final payment equal to the last 20% of MNOK 2 in February 2023.

The project's impact for the company's future earnings are expected to exceeds the net total capitalized cost.

As of 31.12.22 the project is reclassified to tangible assets as the project is finalized. This item will be depreciated over its useful life assumed to be 5 years starting as of 31.12.22.

Parent Company

Amounts in NOK thousands	Development	Licences and patens	Total intangible assets
Cost 1 January 2022	10,555	437	10,992
Additions external purchases	3,438	-	3,438
Additions own development	533	-	533
Government grant Enova	(1)	-	(1)
Reclassification to Plant and Machinery	(14,525)		(14,525)
Cost 31 December 2022	**-**	**437**	**437**
Accumulated depreciation 1 January 2022	-	80	80
Write-down for the period		206	206
Depreciation for the period	-	75	75
Net book value 31 December 2022	**-**	**75**	**75**
Expected useful life	Under development	5 years	

Group

Amounts in NOK thousands	Development	Licences and patens	Total intangible assets
Cost 1 January 2022	10,555	437	10,992
Additions external purchases	3,391	-	3,391
Additions own development	580	-	580
Government grant Enova	(1)	-	(1)
Reclassification to Plant and Machinery	(14,525)		(14,525)
Cost 31 December 2022	**-**	**437**	**437**
Accumulated depreciation 1 January 2022	-	80	80
Write-down for the period		206	206
Depreciation for the period	-	75	75
Net book value 31 December 2022	**-**	**75**	**75**
Expected useful life	Under development	5 years	

On both Group level and in the Parent company there has been performed impairment-test in 2021 on the intangible assets as required by IFRS. As of 31 December 2022, the material intangible assets have been reclassified to tangible assets.

Note 4 – 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 31 December 2022 consisted mainly of capitalized 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 optimize 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.

Write-down for the period consists of purchased assets no longer utilized in the production and/or office.

Additions own development has been capitalized as of 31 December 2022 as these costs are deemed to be part of the ongoing assets under construction and qualify for capitalization in accordance with IAS 16. Capitalization of interest has been deemed immaterial as of 31 December 2022 .

In both 2021 and 2022 the company did an assessment of impairment indicators, that shows no indication of a need for write-downs.

Right of use asset is described in further details in Note 8.

Parent company

Amounts in NOK thousands	Right of Use Asset	Under construction	Plant and Machinery	Equipment and other movables	Total
Cost 1 January 2022	22,056	-	3,787	1129	26,972
Additions external purchases		3,012	1,049	176	4,237
Additions own development		758			758
Departure					-
Reclassification from Development (intangible assets)			14,525		14,525
Other reclassifications			(126)	126	
Cost 31 December 2022	**22,056**	**3,770**	**19,235**	**1,431**	**46,492**
Accumulated depreciation 1 January 2022	951	-	1,236	380	2,567
Write-down for the period		-	292	128	420
Depreciation for the period	2,846	-	505	272	3,623
Net book value 31 December 2022	**18,259**	**3,770**	**17,202**	**651**	**39,882**
Expected useful life	8 years		5-10 years	3-10 years	

"Under Construction" and "Plant and Machinery" is classified as "Plant and Machinery" in the balance sheet, total MNOK 20.972

Group

Amounts in NOK thousands	Right of Use Asset	Under construction	Plant and Machinery	Equipment and other movables	Total
Cost 1 January 2022	22,056	-	3,787	1129	26,972
Additions external purchases	265	3,012	1,049	176	4,502
Additions own development		758			758
Departure					-
Reclassification from Development (intangible assets)			14,525		14,525
Other reclassifications			(126)	126	
Cost 31 December 2022	**22,321**	**3,770**	**19,235**	**1,431**	**46,757**
Accumulated depreciation 1 January 2022	951	-	1,236	380	2,567
Write-down for the period		-	292	128	420
Depreciation for the period	2,884	-	505	272	3,661
Net book value 31 December 2022	**18,486**	**3,770**	**17,202**	**651**	**40,109**
Expected useful life	2-8 years		5-10 years	3-10 years	

"Under Construction" and "Plant and Machinery" is classified as "Plant and Machinery" in the balance sheet, total MNOK 20.972

Note 5 – Salary costs and benefits, remuneration to the chief executive and board

Amounts in NOK thousands	Group		Parent company	
	2022	**2021**	**2022**	**2021**
Salaries	25,421	14,702	25,225	14,702
Social security cost	3,759	2,031	3,749	2,031
Pension costs	1,406	524	1,406	524
Other benefits	830	321	829	321
Share based renumeration (salary)	1,934	-	1,934	-
Share based renumeration (social security cost)	-	-	-	-
Cost reduction due to SkatteFunn	(463)	(556)	(463)	(556)
Total	**32,887**	**17,022**	**32,680**	**17,022**

The company employed an average of 26 employees in 2022

Number of employees employed in the Group as of 31.12.2022	**2022**	**2021**	**2020**
	32	26	8

Benefits for senior executives (NOK thousands)	**CEO***	**CEO****	**Board remuneration**
Salary	970	1,255	902
Other benefits	5	12	
Pension costs	49	63	
Total	**1,024**	**1,330**	**902**

*CEO in 2022 was until 3rd of May Jan Børge Sagmo. Amounts include severance pay. **(1.1.22-03.05.22)**
CEO in 2022 was from 3rd of May Finn Blydt-Svendsen. Full year amounts. **(03.05.22-31.12.22)

No loans / collateral have been granted to the chairman of the board or related parties in 2022."
There is no bonus agreement or agreement on severance pay in connection with any termination of the position with the CEO.

The Chairman of the Board and Board member Dag Skansen both have an employment agreement on consultative assignment.

Option agreements key management and employees:
Please see Note 7 for a description of the Share based Option Program for management and key employees.
Options held by CEO and members of the Board are listed in Note 20 (Shareholders).
CEO holds an option agreement of 60.000 options
Options granted in January 2023 are described in Note 23 (Events after the reporting date).

Note 6 – Pensions

The company is liable to maintain an occupational pension scheme under the Mandatory Occupational Pensions Act. The company's pension schemes satisfy the requirements of this Act.

In addition to the defined contribution scheme, the company is part of the AFP scheme (Contractual pension) which gives employees the right to benefits if they retire after the age of 62.

The pension obligation has not been capitalized in the accounts as of 31.12.22. The AFP scheme, which came into force on 1. January 2011 is considered to be a defined benefit multi-company scheme that is to be recognized as a defined benefit plan when reliable measurement is available. If it is not possible to make a reliable measurement, the scheme is recognized as a defined contribution pension. The Ministry of Finance has concluded that the current AFP scheme should not be capitalized. This also applies after the transition in principle from NGAAP to simplified IFRS in 2022.

As of 31.12.22 there was 32 employees covered in the company's pension scheme.

Note 7 – Share based option plan

Bergen Carbon Solutions AS has granted share options to selected employees in February and April 2022. The options give the holder the right to acquire shares from the company at an exercise price defined in the individual option agreements. As of 31.12.2022, 15 employees held share options.

Options are granted under the plan for no consideration and carry no dividend or voting rights before exercise of the options.

The value of the options is determined at the grant dates. The expected number of options exercised is estimated using an expected turnover on a yearly basis. The estimated cost is expensed over the vesting period. MNOK 1.9 have been expensed in 2022.

Movements during the year	2022	2022	2021	2021
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
As at 1 January	-	-	-	-
Granted in February 2022	17.50	444,000	-	-
Granted April 2022	47.20	486,000		
Exercised during the year	-	-	-	-
Forfeited during the year	37.40	276,000	-	-
Expired during the year	-	-	-	-
As at 31 December	**31.10**	**654,000**	**-**	**-**

The share options granted in February 2022 can be executed in March-April 2025, and the options granted in April 2022 can be executed in March-April 2026.

Applied assumptions and inputs in the valuation of the options

The value of the options is determined at the grant dates by applying the Black-Scholes option pricing model. The Black-Scholes model considers the share price at the grant date, time until execution, exercise price, risk free interest rate, volatility and dividends. In addition, the value is adjusted with respect to expected turnover, as share options which belongs to employees who resigns will be terminated.

Grant date	10.02.2022	19.04.2022
Dividend yield, 2023-2027 (%)	0.0%	0.0%
Volatility (%)	76.8%	76.0%
Risk free interest rate (%)	1.9%	2.7%
Share price (NOK)	56.3	48.7
Date of exercise	Latest possible	Latest possible
Benefit cap per opsjon	100	100
Estimated fair value per option at grant date	24.3	12.4
Expected turnover ratio (%)	**20%**	**20%**

Dividend yield
The company is assumed to not pay any dividends in the period until the exercise of the options.

Volatility:
The volatility is estimated by annualizing the monthly standard deviation for the stock, from IPO to the grant date of each individual option.

Risk free interest rate:
The risk-free interest rate is set equal to the interest rate on government bonds at with corresponding duration at the grant date.

Date of exercise:
All options are assumed to be exercised at the latest possible date, as this maximizes the expected value.

Share price:
Latest available share price at the grant date.

Personell expenses - Share based renumeration **Amounts in NOK thousands**	**2022**	**2021**
Share based renumeration (salary)	1,934	-
Share based renumeration (social security tax)	-	-

As of 31.12.22 none of the options are in the money. Due to this there has not been an accrual for social security tax in 2022.

Note 8 – Capitalized lease-agreements

Capitalized lease-agreements
The company's assets under capitalized 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 recognized 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 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 index regulation, 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

Assets - Capitalized lease-agreements:	**Group**	**Parent Company**
Amounts in NOK thousands	**Property - lease**	**Property - lease**
Acquisition cost 01.01.22	**22,056**	**22,056**
Additions capitalized lease-agreements	265	
Acquisition cost 31.12.22	**22,321**	**22,056**
Accumulated depreciations 01.01.22	**951**	**951**
Depreciations	2,884	2,846
Impairment losses	-	-
Accumulated depreciations 31.12.22	**3,835**	**3,797**
Booked value 31.12.22	**18,486**	**18,259**
Duration of the lease	2-8 years	8 years
Interest used	5.0 %	5.0 %

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

	Group	Parent Company
Amounts in NOK thousands	**Property - lease**	**Property - lease**
Within 1 year	3,426	3,268
1 to 5 years	13,818	13,739
After 5 years	5,142	5,142
Remaining estimated rent payments	22,386	22,149

	Group	Parent Company
Amounts in NOK thousands	**Property - lease**	**Property - lease**
Whereas:		
- Short term debt	2,664	2,514
- Long term debt	16,633	16,556
Total lease obligation	19,297	19,070

Note 9 – Fees auditor

Amounts in NOK thousands	Group		Parent company	
	2022	2021	2022	2021
Fees audit	636	324	636	324
Technical assistance accounting and equation	-	52	-	52
Attestation services	77	103	70	103
Tax related services	65	-	65	-
Other services	216	414	216	414
Total auditor expense	**994**	**893**	**987**	**893**

Amounts are excl. VAT

Note 10 – Financial income and financial expenses

Amounts in NOK thousands	Group		Parent company	
Financial income	**2022**	**2021**	**2022**	**2021**
Other interest income	2,932	117	2,932	117
Currency gain	77	12	77	12
Total financial income	**3,009**	**129**	**3,009**	**129**

Financial cost	2022	2021	2022	2021
Other interest cost – leasing interest	969	351	966	351
Other interest cost – other	39	34	39	34
Currency losses	24	14	24	14
Total financial costs	**1,032**	**399**	**1,029**	**399**

Note 11 - Tax

	Group		Parent company	
This years' tax expense	**2022**	**2021**	**2022**	**2021**
Tax on profit/loss:				
Payable tax	23	-	-	-
Too much/little allocated previous years	-	-	-	-
Changes in deferred tax assets	-	-	-	-
Tax expense on ordinary profit/loss	**23**	**-**	**-**	**-**

This years' tax expense	**2022**	**2021**	**2022**	**2021**
Taxable income:				
Ordinary result before tax	(53,978)	(30,107)	(54,139)	(30,107)
Permanent differences	1,640	(5,215)	1,637	(5,215)
Changes in temporary differences	1,016	291	1,016	291
Taxable income	**(51,322)**	**(35,031)**	**(51,486)**	**(35,031)**

This years' tax expense	**2022**	**2021**	**2022**	**2021**
Payable tax in the balance:				
Payable tax on this year's result	23	-	-	-
Total payable tax in the balance	**23**	**-**	**-**	**-**

SkatteFunn*	**2022**	**2021**	**2022**	**2021**
Tax receivable in the balance:				
SkatteFunn (Other current receivables)	463	556	463	556
Total tax receivable in the balance	**463**	**556**	**463**	**556**

**Note 17*

The tax effect of temporary differences and loss to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences

Parent company

	2022	2021	Change
Tangible assets	(549)	50	599
Inventory	-	(191)	(191)
Lease IFRS 16 (net)	(810)	(202)	608
Total	**(1,359)**	**(343)**	**1,016**
Accumulated loss to be brought forward	(103,262)	(51,777)	51,486
Not included in the deferred tax calculation	104,621	52,119	(52,501)
Basis for deferred tax assets	**-**	**-**	**-**

Deferred tax assets (22 %)
Deffered tax asset is not included in the balance sheet due to uncertainty when taxable income is to be generated.

Group

	2022	2021	Change
Tangible assets	(549)	50	599
Inventory	-	(191)	(191)
Lease IFRS 16 (net)	(810)	(202)	608
Total	**(1,359)**	**(343)**	**1,016**
Accumulated loss to be brought forward	(103,304)	(51,777)	51,527
Not included in the deferred tax calculation	104,662	52,119	(52,543)
Basis for deferred tax assets	**-**	**-**	**-**

Note 12 - Equity

Parent company

Amounts in NOK thousands	Share capital	Share premium	Non registered capital increase	Other Equity	Non-controlling interests	Total equity
Balance at 1 January 2021	**55**	**5,518**	**37,918**	**-**		**43,491**
Profit/loss for the period		(30,107)				(30,107)
Capital increase	57	143,109	(37,918)			105,248
Balance at 31 December 2021	**112**	**118,520**	**-**	**-**	**-**	**118,632**
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)				(54,139)
Correction of Tax payable previous years		(3)				(3)
Balance at 31 December 2022	**126**	**308,456**	**-**	**-**	**-**	**308,582**

*Expenses directly related to the share issue is booked directly against Share premium.

Group

Amounts in NOK thousands	Share capital	Share premium	Non registered capital increase	Other Equity	Non-controlling interest	Total equity
Balance at 1 January 2021	**55**	**5,518**	**37,918**	**-**		**43,491**
Profit/loss for the period		(30,107)				(30,107)
Capital increase	57	143,109	(37,918)			105,248
Balance at 31 December 2021	**112**	**118,520**	**-**	**-**	**-**	**118,632**
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**

*Expenses directly related to the share issue is booked directly against Share premium.

The general meeting has granted the Board authorization to increase the company's share capital by issuing shares in accordance with 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 25 815.63.
The share capital increase may be affected through one or more directed share issues. The authorization 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 the Company´s share capital with a maximum amount of NOK 6 295.521 through option agreement for employees, through one or more issues of new shares.

Note 13 - EPS

Amounts in NOK thousands	Group 2022	2021
Loss attributable to the shareholders of the parent	(54,028)	(30,107)
Loss for calculation of diluted earnings per share	**(54,028)**	**(30,107)**
Weighted average number of shares outstanding	41,198,535	32,734,550
Dilutive options		
Average number of shares and options used in calculation for diluted EPS	**41,198,535**	**32,734,550**
Basic earnings per share (NOK)	**(1.31)**	**(0.92)**
Diluted earnings per share (NOK)	**(1.31)**	**(0.92)**

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.

Weighted 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).

2021: The Company issued 6 808 511 new shares in a capital raise in March 2021 and 4 978 000 new shares in a capital raise July 2021. As such, the weighted average number of shares outstanding in 2021 has been calculated by applying a weight of 3/12 of the number of shares before the capital raise in March (25 554 000), 4/12 of the number of shares after the capital raise in July (32 362 511), and 5/12 of the number of shares after both capital raises (37 340 511).

Note 14 – Structure of the Group and Investment in subsidiaries

Group

The group consist of:	Ownership	Voting rights	Municipally	Country
Bergen Carbon Solutions AS			Bergen	Norway
Bergen Carbon Solutions Opportunities AS*	100 %	100 %	Bergen	Norway
Bergen Carbon Solutions Productions AS*	100 %	100 %	Vefsn	Norway
Bergen Carbon Solutions Properties AS*	100 %	100 %	Bergen	Norway
BCS Høyanger AS*	100 %	100 %	Vefsn	Norway
Carbon Development Solutions AS	67 %	67 %	Vefsn	Norway

Parent company

Investments in subsidiaries	Ownership	Acquisition cost	Booked value	Country
Bergen Carbon Solutions Opportunities AS*	100 %	30	30	Norway
Bergen Carbon Solutions Productions AS*	100 %	30	30	Norway
Bergen Carbon Solutions Properties AS*	100 %	30	30	Norway
Carbon Development Solutions AS	67 %	20	20	Norway
Total		**110**	**110**	

*Company has currently no activity and is established for potential future activities.

Note 15 – Inventory

Stocks	Group 2022	Group 2021	Parent company 2022	Parent company 2021
Stocks of raw materials and purchased semi-finished goods	938	263	938	263
Stocks of self-produced finished goods	35	109	35	109
Total stocks	**973**	**372**	**973**	**372**

Inventory (cost price)	973	563	973	563
Inventory valued at net realisable value (NRV)	973	372	973	372
Write down for obsolescence	-	191	-	191

Note 16 – Other current receivables

Other current receivables consist of:	Group		Parent company	
Description	**2022**	**2021**	**2022**	**2021**
Grant (SkatteFunn)	463	553	463	553
Prepaid expenses	455	537	455	537
VAT receivable	1,087	1,205	1,087	1,205
Other items	8	279	39	279
Total	**2,013**	**2,574**	**2,044**	**2,574**

Note 17 – Government grants

Public subsidy/Tax receivables (SkatteFUNN)

In 2021, two development projects have been applied for and approved through SkatteFUNN: "Development of a process for purification of CNF from solid salt", and "Development of a production unit for production of CNF with pure CO_2 as input factor". Both projects are approved for two years. The grants from SkatteFUNN are recognized as reduction of personnel expenses in the P&L.

Total costs in 2021 is NOK 2 928 853, and a total amount of NOK 556 482 (19 %) has been booked as a reduction in personnel expenses and as short-term receivables in the balance sheet, since the company has no tax payable in 2021.

Total costs in 2022 is NOK 2 437 028, and a total amount of NOK 463 035 (19 %) has been booked as a reduction in personnel expenses and as short-term receivables in the balance sheet, since the company has no tax payable in 2022.

ENOVA

The company has worked on a development project supported by ENOVA. The company has been paid a total of MNOK 10.3 since its inception in 2019. The project is described in Note 3.

Accounting for government grants from ENOVA	**Group**		**Parent company**	
Amounts in NOK thousands	**2022**	**2021**	**2022**	**2021**
Reduction of amount recognized in balance sheet	1	2,615	1	2,615
Reduction of costs	-	656	-	656
	1	**3,271**	**1**	**3,271**

Note 18 – Restricted funds

	Group		Parent company	
	2022	2021	2022	2021
Restricted funds – withholding tax	1,331	781	1,308	781

Bank deposits includes an account for restricted withholding tax

Note 19 – First time implementation of simplified IFRS

The annual financial statements for 2022 have 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 adopted 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.

IAS 10 no. 12 and 13 and IFRS 9.5.7.1.A are intended deviated, due to dividends and group contributions are recognised in accordance with the provisions of the Norwegian Accountings Act. This has not been relevant as of 31.12.22.

Prior years the financial statements have been prepared in conformity with the Accounting Act and NRS 8 - Good accounting practice for small companies. More comprehensive note information has been provided than is required for small enterprises.

Bergen Carbon Solutions AS and the Group is only considered to have one item with significant impact for adjustment in accordance with IFRS in the 2021 figures. Last year's column in the balance sheet and profit and loss account is consequently changed from 2021 in regard to the Company and the Group's rental agreement for office space in Fleslandsveien 70, Bergen, given the new choice of principles. This applies to leases that are treated in accordance with IFRS16.

There are no other differences in the accounting principles that has a significant effect on measurement and/or recognition in the financial statement between previous GAAP and Simplified IFRS.

The effects on equity illustrated below:

Parent company

Amounts in NOK thousands	**Share capital**	**Share premium**	**Non registered capital increase**	**Other Equity**	**Total equity**
Balance at 1 January 2021 (prior GAAP)	55	5,518	37,918	-	43,491
Adjustments IFRS 16	-	-	-	-	-
Balance at 1 January 2021 (Simplified IFRS)	**55**	**5,518**	**37,918**	**-**	**43,491**
Balance at 31 December 2021 (prior GAAP)	**112**	**118,723**	**-**	**-**	**118,835**
Adjusted balance as of 1.1.21	-	-	-	-	-
Adjustments IFRS 16 - 2021	-	(203)	-	-	(203)
Balance at 31 December 2021 (Simplified IFRS)	**112**	**118,520**	**-**	**-**	**18,632**

Group

Amounts in NOK thousands	Share capital	Share premium	Non registered capital increase	Other Equity	Non-controlling interests	Total equity
Balance at 1 January 2021 (prior GAAP)	55	5,518	37,918	-		43,491
Adjustments IFRS 16	-	-	-	-		-
Balance at 1 January 2021 (Simplified IFRS)	**55**	**5,518**	**37,918**	**-**		**43,491**
Balance at 31 December 2021 (prior GAAP)	**112**	**118,723**	**-**	**-**		**118,835**
Adjusted balance as of 1.1.21	-	-	-	-		-
Adjustments IFRS 16 - 2021	-	(203)	-	-		(203)
Balance at 31 December 2021 (Simplified IFRS)	**112**	**118,520**	**-**	**-**		**18,632**

Note 20 – Shareholders

The share capital in Bergen Carbon Solutions AS as of 31.12 consists of:

Ordinary shares	Total	Face value	Entered
	41,970,140	0.003	125,910
Total	**41,970,140**		**125,910**

Top 20 Shareholders as of 31.12:

	Ordinary shares	Owner interest
AWILCO AS	4,754,119	11.3 %
FINN BLYDT-SVENDSEN	3,306,000	7.9 %
JAN BØRGE SAGMO	2,283,500	5.4 %
BIR AS	1,827,000	4.4 %
NORDNET LIVSFORSIKRING AS	1,688,228	4.0 %
Citibank Europe plc	1,650,000	3.9 %
VERDIPAPIRFONDET NORDEA AVKASTNING	950,492	2.3 %
SANDE HOLDING AS	850,000	2.0 %
CLEARSTREAM BANKING S.A.	615,851	1.5 %
SULEFJELL AS	505,000	1.2 %
ALTITUDE CAPITAL AS	502,263	1.2 %
REDINHA AS	500,000	1.2 %
CARIOCA AS	476,884	1.1 %
OLE MARTIN LARSEN	410,000	1.0 %
Tonor Holding As	409,565	1.0 %
Nordnet Bank AB	362,105	0.9 %
SERAC AS	350,000	0.8 %
SKANSEN HOLDING BERGEN AS	316,111	0.8 %
NORDNES HOLDING AS	300,000	0.7 %
SKOG INVEST AS	291,000	0.7 %
Total number owned by top 20	22,348,118	53 %
Total owned by others	19,622,022	47 %
Total number of shares	**41,970,140**	**100 %**

Shares and options owned by members of the Board and CEO (including indirect ownership through holding companies):

Name	Position	Ordinary shares	Options
Finn Blydt-Svendsen (interim-CEO until January 2023)	COO	3,406,000	60,000
Jon André Løkke	Chairman of the Board	50,000	
Dag Skansen	Board member	316,111	
Terje Christian Fatnes	Board member	68,111	
Total number of shares and options		**3,840,222**	**60,000**

*Option agreements related to current CEO and Chairman of the Board was granted January 2023.
See Note "Events after reporting date" for additional information

Note 21 – Other current liabilities

	Group		Parent company	
Description	**2022**	**2021**	**2022**	**2021**
Accrued vacation pay	2,058	1,428	2,037	1,428
Other accrued cost	1,677	603	1,443	603
Total	**3,735**	**2,031**	**3,480**	**2,031**

Note 22 – Intercompany items between companies in the same group

There are no significant intercompany items or related party transactions between the companies in the Group.

A grant is given from Bergen Carbon Solutions AS to Carbon Development Solutions AS of MNOK 0.1 in 2022.

A total of MNOK 0.029 is booked as intercompany receivable/liability in the company accounts.

Note 23 – Events after the reporting date

Odd Strømsnes (CEO) officially started in his position January 2023.

Option agreements

In January 2023 Odd Strømsnes (CEO) and Jon Andre Løkke (Chairman of the Board) was granted in total 700.000 options, of which 400.000 was granted to the CEO and 300.000 for the Chairman of the Board. The exercise price is NOK 11,8 per option. The exercise price for the options will have a premium of 5 per cent annually until the options are vested.

For Odd Strømsnes the exercise period is 15th of February to 15th of March 2025 for up to 1/3 of the options granted, and 15th of February to 15th of March 2027 for remaining options.

For Jon Andre Løkke the exercise period is 22nd of November 2024 to 15th of March 2025 for up to 1/3 of the options granted, and 22nd of November 2025 to 15th of March 2026 for remaining options.

The options granted to CEO and Chairman of the Board has not been recognized in the cost for the share-based option plan described in Note 7 as the event is assessed to be an event after the reporting date.

ENOVA-project - Finalization

In February 2023, the ENOVA-project as described in note 3 and 17 was finalized and approved, and final grant received. This amounts to MNOK 2,1.

This amount is not recognized as of 31 December 2022 as it is deemed to be an event with effect on the approval date in 2023.

Auditors' Report

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To the General Meeting of Bergen Carbon Solutions AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Bergen Carbon Solutions AS, which comprise:

- the financial statements of the parent company Bergen Carbon Solutions AS (the Company), which comprise the balance sheet as at 31 December 2022, the statements of profit or loss, comprehensive income and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and

- the consolidated financial statements of Bergen Carbon Solutions AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, the statements of profit or loss, comprehensive income and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,

- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and

- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Bergen, 28 March 2023
KPMG AS

Elisabet Ekberg
State Authorised Public Accountant
(This document is signed electronically)

Elisabet Helena Ekberg
Statsautorisert revisor
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ANNUAL REPORT 2022

BERGEN CARBON SOLUTIONS