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Q3

Report for
the third
quarter 2024

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STRENGTHENING PARTNERSHIPS AND ADVANCING TECHNOLOGY



As we look back at the third quarter of 2024, I am pleased to share the key developments and achievements at Bergen Carbon Solutions (BCS). This has been another quarter of continued technology development focus in terms of equipment readiness and process optimisation. We have also been expanding our partnerships. Our focus on reshaping the organisation and driving forward our strategy is also paying off as we are making progress in several key areas.

TECHNOLOGY DEVELOPMENT

During the third quarter, we have concentrated our efforts on verifying our technology and improving our process and products. This has involved ongoing activities in refining and testing our technology to ensure we are delivering the best results towards market expectations.

One of the recent highlights has been the improvements and extensions made to our technology development facility. These

upgrades are helping us speed up and improve the quality of our overall progress. By making our processes more efficient, we are moving closer to our goal of providing local, high-quality, sustainable and cost-effective carbon materials for the battery industry.

COMMERCIAL PROGRESS

In terms of market activity, this has been an active quarter. We have signed several important intentional agreements that

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will support our long-term growth and help us build strong partnerships in the battery value chain. The importance of a local and sustainable battery value chain is certainly obtaining more and more traction.

In August, we signed a letter of intent (LOI) with Morrow Batteries, marking the beginning of what we believe will be a fruitful collaboration. This was followed by a similar LOI in September with Beyonder, which adds another strategic partner to our network. Both of these partnerships address the criticality of a local and sustainable value chain with an aim to further strengthen the Norwegian battery industry, and we are excited to be a part of this effort.

Additionally, we extended our memorandum of understanding (MOU) with TKG Huchems in September. This extension will enable us to continue exploring joint opportunities and further improve our position in the battery materials market in Asia. We are also in ongoing discussions with other potential partners, and I am confident that these talks will lead to more positive developments in the near future.

The recently released report by Mario Draghi on the future of European competitiveness highlights the urgent need for a coordinated strategy for critical raw materials in the EU. As a company working with essential materials for the battery industry, BCS is well positioned to benefit from these developments, particularly as Europe seeks to increase production and innovation in critical materials. We are closely following these initiatives, which could provide new opportunities for collaboration and market access.

ORGANISATION

As part of our continued efforts to align the company with our strategy, we have been reshaping the organisation to ensure we have the right skills and technology leadership in place. This quarter, we have welcomed new competence onboard, bringing in the specialised expertise needed to push our technology development forward.

One significant change this quarter has been the appointment of board member Rita Glenne as acting CTO. With her leadership, we are well-positioned to drive the next phase of our product development and process innovation.

FINANCIAL PERFORMANCE

On the financial side, I am pleased to report that we have been successfully reducing our cost burn rate. By optimising the operating spend and implementing strong cost-control strategies, we have managed to stay on track financially while continuing to maintain high standards for product development. This discipline in managing our finances is crucial as we move forward with our technology and market expansion plans. We also remain well-financed, with sufficient resources to continue our development work and pursue new opportunities.

LOOKING AHEAD

As we head into the final quarter of 2024, I am confident that Bergen Carbon Solutions is on the right path. We are making strong progress in our technological development, expanding our partnerships, and positioning ourselves as a local and sustainable CCU player in the European battery value chain. Our focus remains on improving our processes, managing costs, and securing more strategic agreements that will help us grow and succeed in the long term.



Odd Strømsnes,
 CEO of Bergen Carbon Solutions

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This is Bergen Carbon Solutions

Headquartered in Bergen, Norway, Bergen Carbon Solutions (BCS) is a technology company in the field of carbon utilisation. Since our establishment in 2016 and subsequent IPO in 2021, we have been dedicated to pioneering sustainable solutions that make a real-world impact.

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

At BCS, we prioritise innovation that's rooted in practicality. Our team of experts collaborates to drive advancements in carbon utilisation. Our approach focuses on turning innovative ideas into tangible solutions.

While our operations are based in Bergen, our vision extends globally. Through partnerships and collaborations, we aim to amplify the impact of our solutions on a larger scale and contributing to a more sustainable future.

Sustainability isn't just a tagline for us; it's the essence of our work. Our processes can produce products with a significantly reduced CO₂ footprint. By utilising advanced technology, we're making steps toward a greener tomorrow. Through practical innovation and a commitment to sustainability, we're actively shaping industries and pioneering change.

For more information and updates, visit our website: bergencarbonsolutions.com



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HIGHLIGHTS AND KEY FIGURES

HIGHLIGHTS FOR THE THIRD QUARTER

- Activities for **verifying our technology** and product development are key focus.
- **Improvements and extensions** of our equipment facility, speeding up our technology development.
- Extensive **market activity** in the quarter, with several partnership agreements signed.
- **Reshaping organisation** to fit with the strategy and status of the company. New competence onboarded.
- **Board member Rita Glenne acting as CTO**, adding industrial experience to drive forward with our product development and process innovation.

KEY FIGURES*

<i>Amounts in NOK thousand</i>	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Total revenue and other income	72	116	116	296
Total operating expenses	18 570	20 256	61 263	57 158
Operating profit (loss)	(18 498)	(20 140)	(61 147)	(56 862)
Net profit (loss) for the period	(16 394)	(20 341)	(54 238)	(57 579)
Net change in cash and cash equivalents	(17 933)	(20 458)	(59 508)	(53 929)
Cash and cash equivalents, end of period	173 536	239 060	173 536	239 060
Outstanding shares, end of period	41 970 140	41 970 140	41 970 140	41 970 140
Cash and cash equivalents/total assets	80%	86%	80%	86%
Equity ratio	90%	90%	90%	90%
Equity	195 760	251 385	195 760	251 385
Total assets	217 672	279 339	217 672	279 339

* Unaudited consolidated group figures, simplified IFRS.

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BOARD OF DIRECTORS' REPORT

NATURE OF THE ENTERPRISE

Bergen Carbon Solutions AS (BCS), located in Bergen, Norway, is developing technology converting CO₂ into nano and macro carbon products such as Multi Walled Carbon Nano Tubes (MWCNT), and graphite. The company has the ambition to pioneer a new material-technology industry, creating local sustainable carbon products for the battery industry, that

is both ground-breaking and environmentally friendly. The geopolitical context of producing strategic and sustainable battery components within Europe, will have an increasingly importance going forward. The BCS strategy is meeting all these requirements.

FINANCIAL REVIEW

The third quarter was highly active in terms of technology activities; focusing on improving and verifying the process technology. Our primary objective was to develop a stable and predictable platform to enhance product specifications and performance.

Improved in-house equipment and facilities provide efficient and flexible testing, from fundamental studies in micro cell, electrolysis development in lab cell to proof of concept in larger electrolysis cells.

The battery lab enables testing in real-life applications and testing of BCS' products in different battery chemistries. In the third quarter, BCS has successfully fabricated the first reference test cells, and now has continuous performance testing.

The separation unit has been extended through 2024, enabling the company to recycle larger volumes. This novel separation technique enables BCS to recycle more than 95 per cent of the electrolyte extracted from the electrochemical process. This has led to a significant cost reduction, with the positive impact already reflected in the third-quarter figures.

The company has reshaped the organisation; new competence in both electrolysis and nano technology have been recruited. Director, Rita Glenne, has been appointed as acting CTO, strengthening the company with experienced leadership to drive forward BCS' product development and process innovation.

The Korean chemical company, TKG Huchems, extended the existing MOU (memorandum of understanding) with one year with the intention to develop CNT utilising technology from BCS targeting battery cell manufacturers in the Asian region. This is the second extension of the MOU.

In September, BCS signed an LOI (Letter of intent) with the Norwegian battery technology company, Beyonder AS, with the intention to develop a local value chain of green carbon for Beyonder's BePowered product- and development work for next generation battery chemistries.

The Norwegian battery technology and production company, Morrow Batteries, signed a LOI in August with BCS. The goal is also here to establish a collaboration to build a stronger local sustainable value chain of critical carbon materials to support the ramp-up of Morrow's sustainable battery cell production.

The company has a strong cost-control strategy, resulting in a reduced burn rate.

BCS is well financed to continue technological development and move forward with the market expansion plans for the short and medium term.

FINANCIAL STATEMENTS

The third quarter 2024 has a net loss of NOK 16.4 million compared to NOK 20.3 million in the third quarter 2023.

Adjusted net loss for the quarter was NOK 12.0 million due to NOK 4.4 million in one-offs, where 4.0 million is non-cash cost.

After impairment testing of assets, NOK 2.3 million has been written down.

The financial result is better than forecasted and is a direct result of strict cost-control along with focus on the company's core business.

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Cash and cash equivalents at the end of the period were NOK 173.5 million, compared to NOK 239.0 million in the third quarter 2023.

BCS has a reduced cash burn compared to previous quarters due to organisational changes and disciplined cost control and amounts to NOK 17.9 million in the third quarter.

Interest income of NOK 2.3 million is accrued, non-disposable for the third quarter 2024.

Total investments in the third quarter 2024 were NOK 1.2 million, related to new battery lab.

Per end of the third quarter 2024, total assets amounted to NOK 217.7 million, compared to NOK 279.3 million at the same time last year. Total equity was NOK 195.7 million vs. NOK 251.4 million in the third quarter 2023.

OUTLOOK STATEMENT

With several signed partnerships BCS is positioning themselves as an interesting player in the European battery value chain offering a novel and sustainable process technique. Being part of the CCU value chain for the Norwegian battery industry is a key factor for the geopolitical goals of the EU's Critical Raw Materials Act.

The company is actively strengthening industrial relations and pursuing strategic partnerships. This past quarter saw several productive meetings with potential partners, and BCS will continue to engage in further discussions moving forward.

The cooperation with the Chinese partner on Sodium batteries, Horizontal Na Energy Technology Co Ltd, partly funded by

Innovation Norway and Skattefunn continues with good progress. BCS also continuous its activity with FME Battery research center with target on next generation of batteries and on improved circular sustainable battery technology value chain.

Our primary focus moving forward will remain on developing and optimising our technology and products.

Cost control has always been important for the company, and a central aspect of our technology development is to ensure the creation of cost-efficient products while maintaining strict financial discipline. Additionally, securing external funding remains a priority for BCS to strengthen the company's financial position.

Bergen, 30 October 2024

The board of directors and CEO, Bergen Carbon Solutions AS

Jon André Løkke
Chair

Gunnvor Dyrdi Remøy
Director

Rita Glenne
Director

Dag Vikar Skansen
Director

Terje Christian Fatnes
Director

Finn Blydt-Svendsen
Director

Odd Strømnes
CEO

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FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS

<i>Amounts in NOK thousand</i>	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Revenue	-	90	-	90
Other operating income	72	26	116	206
Total operating income	72	116	116	296
Raw materials and consumables used	347	957	1 877	2 164
Own work capitalised	-	-	-	-
Personnel expenses	8 280	7 455	28 439	25 452
Depreciation tangible and intangible assets	2 334	1 637	6 193	4 891
Impairment loss	2 336	627	4 418	627
Other operating expenses	5 273	9 580	20 336	24 024
Operating profit/(loss)	(18 498)	(20 140)	(61 147)	(56 862)
Other financial income	2 313	53	7 565	70
Other financial expenses	209	254	656	787
Profit/(loss) before tax	(16 394)	(20 341)	(54 238)	(57 579)
Income tax expense	-	-	-	-
Net Profit/(loss) for the period	(16 394)	(20 341)	(54 238)	(57 579)

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STATEMENT OF FINANCIAL POSITION

<i>Amounts in NOK thousand</i>	30.09.2024	30.09.2023
ASSETS		
Licenses and patents	1 184	1 082
Total intangible assets	1 184	1 082
Non-current assets		
Right of use asset	13 884	17 164
Plant and machinery	17 458	17 005
Equipment and other movables	633	709
Total tangible assets	31 975	34 878
Total non-current assets	33 159	35 960
Current assets		
Inventory	668	1 289
Other current receivables	10 309	3 030
Cash and cash equivalents	173 536	239 060
Total current assets	184 513	243 379
Total assets	217 672	279 339
EQUITY AND LIABILITIES		
Share capital	126	126
Share premium	195 526	252 073
Other equity	291	(771)
Non-controlling interests	(183)	(43)
Total equity	195 760	251 385
Non-current liabilities		
Lease liability	12 045	15 418
Total non-current liabilities	12 045	15 418
Current liabilities		
Accounts payable	837	2 144
Public duties payable	1 874	1 487
Other current liabilities	4 152	6 006
Lease liability short term	3 004	2 899
Total current liabilities	9 867	12 536
Total liabilities	21 912	27 954
Total equity and liabilities	217 672	279 339

Bergen, 30 October 2024

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Odd Strømnes
CEO

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STATEMENT OF CASH FLOWS

<i>Amounts in NOK thousand</i>	YTD 2024	YTD 2023
Cash flow from operating activities		
Profit (loss) for the period	(54 238)	(57 579)
<i>Adjustments for:</i>		
Depreciation, amortisation and impairment	10 611	5 517
Loss/gain on the sale of fixed assets	-	26
Net interest income and interest expenses	(6 909)	711
Share based payment expenses	2 735	2 547
Changes in working capital;		
Change in inventory	1 617	(316)
Change in trade receivables	-	511
Change in trade payable	(2 301)	(789)
Change in other accrual items	(1 338)	(1 828)
Cash generated from operating activities	(49 823)	(51 199)
Interest recieved	-	-
Income taxes paid	-	205
Net cash flow from operating activities	(49 823)	(50 994)
Cash flow from investing activities		
Sale of fixed assets	-	200
Capital expenditures tangible assets	(6 997)	(2 522)
Capital expenditures manufactured intangible assets	-	-
Proceeds from investment grants	-	2 090
Capital contribution and/or incorporation of subsidiaries	-	-
Net cash used in investing activities	(6 997)	(232)
Cash flow from financing activities		
Capital increase	-	-
Repayment of lease liabilities	(2 118)	(2 016)
Payment of lease interest	(570)	(687)
Net cash flow from financing activities	(2 688)	(2 703)
Net change in cash and cash equivalents	(59 508)	(53 929)
Cash and cash equivalents at the beginning of the period	233 044	292 989
Cash and cash equivalents at the end of the period	173 536	239 060

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