

Accelerating the world's transition to a carbon negative future

CO2 CAPSOL – FIRST HALF YEAR RESULTS 2022



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CO2 Capsol in brief

Ready to scale carbon capture technology

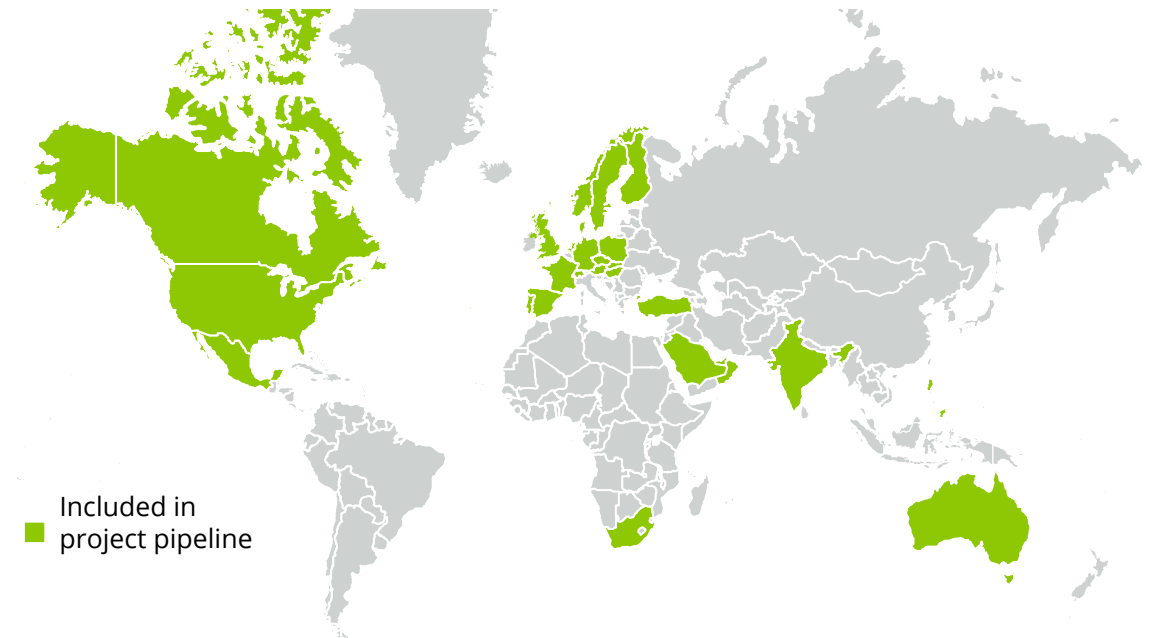
- CO2 Capsol has developed a cost-effective carbon capture technology which could be a major contributor in combatting climate change
- CO2 Capsol licenses out its End of Pipe (EoP) technology and the solution is implemented by partners
- The technology is applicable to all CO2 intensive industries and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

Founded
2014

Euronext
CAPSL

Market cap
NOK 600m

...with global commercial traction



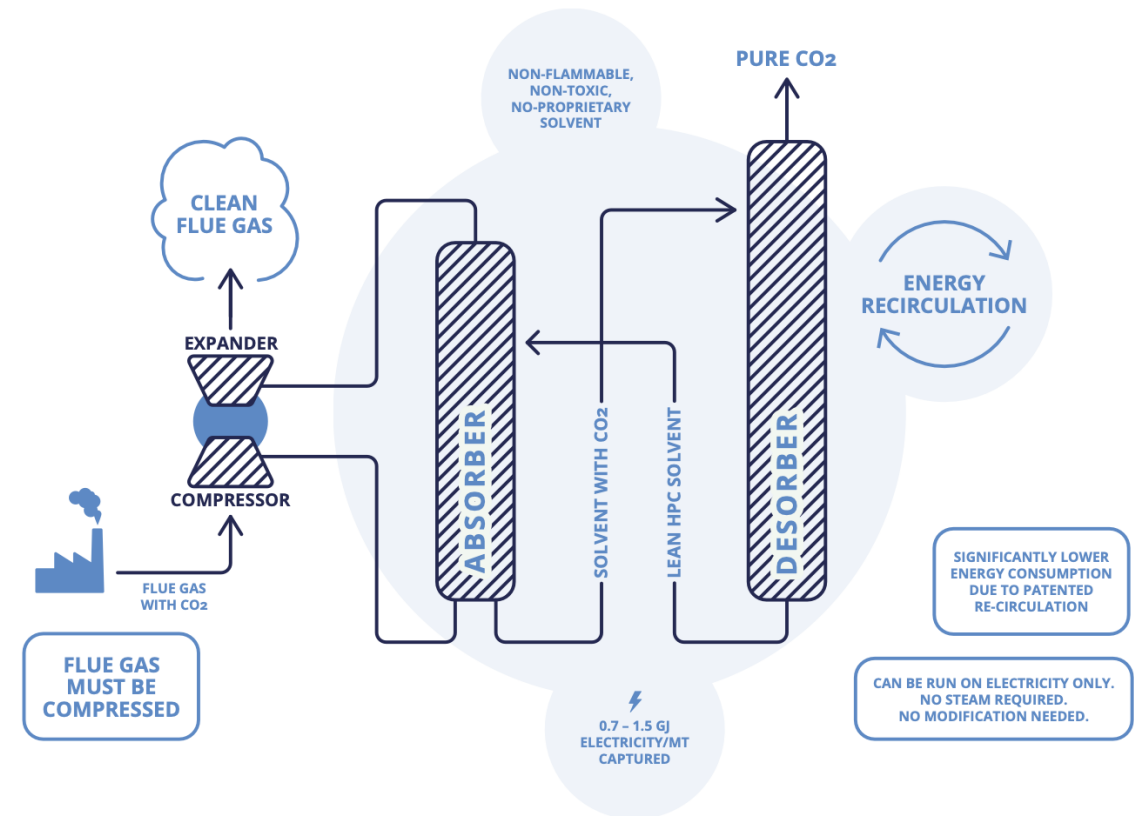
Global interest
20+ countries

50+ active leads
Totalling 300mt/year

Inbound leads
~5-10/week

CO2 Capsol's technology

- **Environmentally friendly**, non-carcinogenic, non-flammable, energy-efficient, and affordable.
- **Safe**, non-proprietary HPC (Hot Potassium Carbonate) solvent for capturing of CO2.
- **Flexible**. Can be run on electricity-only or utilize excess heat from the host plant.
- **Stand-alone**. No costly investments in external steam production or reconstruction of the existing plant.
- **Optimisation** - either for minimum electricity consumption or for maximized internal heat generation, for example for district heating.
- **Proven**. Chosen by Stockholm Exergi for their 1.200.000 tons of CO2 per year biomass powered Combined Heat and Power (CHP) plant Värtaverket in Stockholm.



Letter from CEO



The International Energy Agency (IEA) has consistently highlighted the important role of CCUS (Carbon Capture Utilisation and Storage) in achieving net zero emissions, given that without CCUS we would have limited or no solutions for tackling emissions from hard-to-abate sectors.

Although recent progress in carbon capture and storage projects are promising, its deployment and the planned pipeline of projects are well below the levels required in the Net Zero Emissions by 2050 scenario.

To reach the United Nation's climate goals, carbon capture must increase by hundred times in 30 years (to 2050) – translating to 5.6 billion tons of CO₂, which is almost equivalent to today's global oil production. This will require several trillion euros in investments in capture plants, and transportation and storage infrastructure. This is an enormous challenge but a great opportunity for CO2 Capsol.

Applying CCUS in industry and fuel transformation is one of the most cost-effective ways to reduce emissions, particularly from processes that produce concentrated CO₂ streams, like Waste-to-Energy (also called Energy-from-Waste), power plants, cement production and heavy industries. We experience that all industries now have a component of CCUS.

CCUS projects are now operating or under development in many countries around the world, with the United States and Europe accounting for three-quarters of the projects in development. However, progress is seen across Asia, Australia, and the Middle East.

Despite the war in Ukraine and the resulting energy crisis, CO2 Capsol has experienced an increased influx of requests for our environmentally friendly HPC (Hot Potassium Carbonate) post-combustion carbon capture technology, Capsol EoP (End of Pipe), and our demonstration unit CapsolGo™, which offers clients an affordable opportunity to test CO2 Capsol's technology with their specific flue gas profile, helping clients accelerate the decision processes towards a full-scale carbon capture plant.

We continue to build the organization and strengthen our team, and are pleased to welcome among others, Anders Grinrød (Head of Innovation) and Cato Christensen (Chief Technical Officer) to our team of excellent employees. They will both be essential in our continued growth and success.

CO2 Capsol's goal is to help capture as much CO₂ as possible with our safe, energy-efficient and cost competitive carbon capture technology, a goal we are all proud of contributing to realise.



Jan Kielland
CEO

Business update

2022 started off very positive, proving that our strategy and diligent work pays off. We have had several projects come to fruition and a key milestone was reached.

A final investment decision for the construction of the first CO2 Capsol's mobile carbon capture demonstration unit, CapsolGo™, was made in January, followed by the first signed contract for a demonstration campaign with CapsolGo™ at Öresundskraft AB at their EfW (Energy-from-Waste) plant Filbornaverket in Helsingborg, with operational start in September 2022.

CapsolGo™ is an easy and affordable way for industrial emitters to test CO2 Capsol's HPC (Hot Potassium Carbonate) technology. Running a demonstration campaign on the customers own flue gas and operation is for many the first step towards a full-scale carbon capture plant.

In February we announced a collaboration (MoU) with the Swiss Japanese cleantech company Hitachi Zosen Inova, a global leader in Energy from Waste (EfW) and renewable gas, to develop joint offering of solutions to accelerate the implementation CO2 Capsol's EoP (End of Pipe) technology in EfW plants.

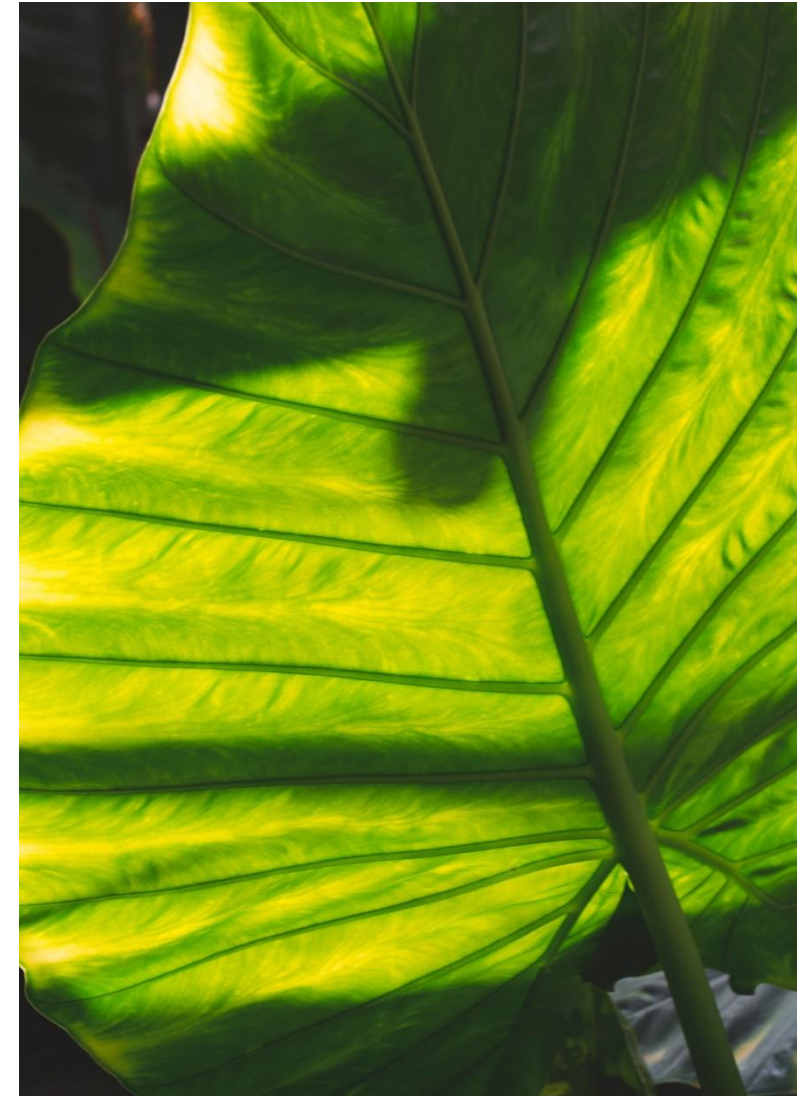
In April we strengthened our board of directors with Wayne Thomson, a former Chairman of the Canadian carbon capture technology company Svante Inc., as part of our positioning for international growth.

Due to strong demand for our HPC technology and the CapsolGo™ demonstration unit, we placed an order for a second CapsolGo™ unit in June. This will allow us to offer additional demonstration capacities to the market in the fourth quarter of 2022.

SUBSEQUENT EVENTS

A key milestone was reached when CO2 Capsol and Stockholm Exergi signed a Patent License Agreement for the use of CO2 Capsol's HPC technology at Stockholm Exergi's biomass powered Combined Heat and Power (CHP) plant Värtaverket in July.

As energy from biomass is considered carbon neutral, capturing, and storing the carbon makes Stockholm Exergi Europe's first large-scale negative emissions plant. The Stockholm Exergi carbon capture plant, which has the capacity of capturing 1,200,000 tons of CO2 per year, will make Stockholm the first carbon neutral capital of the world. The carbon capture plant is scheduled to be operational from the end of 2025.



Business update cont.



CO2 Capsol is looking forward to contributing to this important project – a project which has the potential of being a catalyst to accelerate the development of the whole carbon capture and storage value chain across Northern Europe.

PARTNERSHIPS AND ALLIANCES

Establishing strong partnerships and alliances are part of our long-term strategy for collaboration and joint marketing of CO2 Capsol's technology to the growing global market, and in line with our vision to accelerate the world's transition to a carbon negative future. We therefore continuously work to establish and strengthen our relationship with large industrial players, to help us reach our goal of capturing as much CO2 as possible.

Sustainability

CO2 Capsol's ("Capsol") has developed and offers technology for capturing of CO₂, that would otherwise be emitted to the atmosphere, from large-scale emission sources. By capturing the carbon before being released to the atmosphere, heavy industries, energy production and hard-to-abate sectors can be decarbonized and become nearly CO₂-neutral, and in some cases CO₂-negative (biomass plants).

As a provider of technologies that substantially reduce CO₂ emissions for our clients, sustainability is an integrated part of Capsol's strategy. Capsol has, during the first half of 2022, taken steps to reduce the Company's own environmental footprint, using the UN Sustainability Development Goals (SDGs) as our guiding principles.

As the Company's employees are Capsol's most important resource, respecting fundamental human and labour rights, both in our own operations and throughout the value chain is of highest priority.

We aim to contribute to the sustainable development of society through responsible commercial operations, acting according to our Code of Business Conduct and Ethics and our company values; Innovative, Ambitious, Enthusiastic, Honest, Respectful, in everything we do.



Half year financial performance

CO2 Capsol AS unconsolidated financial statements as of and for the period 01.01.2022 to 30.06.2022 (H1 2022) have been prepared in accordance with NGAAP "Other companies" (Norwegian; "Øvrige foretak") and the Accounting Act.

The Company is in an early phase of its commercial development and has therefore limited recognized revenue. Furthermore, the company is in rapid organisational growth. Hence, 2022 statements are not easily comparable to earlier annual statements.

Unless otherwise specified, financial information is provided in Norwegian Kroner (NOK). In the reporting period the company recognised 21,666 NOK in revenue. Total operating expense was 17,051,034 NOK with 11,282,549 NOK in salary cost, of which 3,367,819 NOK relates to cost recognition for future expenses related to the company's employee share option program. The remaining operating cost is related to depreciation of immaterial assets and cost for technical and commercial services. The financial accounts for the period shows a loss of 16,988,790 NOK.

Total assets 30.06.2022 was 81,890,266 NOK, of which 60,416,369 NOK in cash, 6,692,809 NOK in intangible assets related to intellectual property, and 12,213,330 NOK in property, plant and equipment relating to investments in CapsolGo™ demonstration units. The company does not have any long-term debts.

Cash flows from operating activities ended at negative 15,279,596 NOK, being lower than the operating loss of 17,029,368 NOK, mainly due to cost recognition of the employee share option program and asset depreciation. Cash flows from investing activities were negative by 9,248,610 NOK, mainly reflecting capitalized development costs related to CapsolGo™ units.

Key figures

Revenue

21,666
NOK

Net profit (loss)

(16,988,790)
NOK

Total Assets

81,890,266
NOK

Cash

60,416,369
NOK

Net change in cash and cash equivalents

-24,528,206
NOK

Key sustainability highlights

ENVIRONMENT AND CLIMATE

- Identified and evaluated our largest negative impacts on climate and environment.
- Initiated climate awareness campaign for all employees.
- Defined our goal of being a leading provider of carbon capture technologies and the partner of choice for decarbonising of industrial processes and production of carbon neutral and carbon negative energy and products.
- Our HPC technology is now recognized as a competitive technology with high ESG profile, being safe and environmentally friendly.

PEOPLE AND SOCIETY

- Our goal is to be an attractive employer for the best and brightest. Our goal is for everyone to enjoy going to work and feel their contribution is of importance to the Company's continued success. Being a global leader in capturing carbon and accelerating the world's transition to a carbon negative future speaks to a lot of talented people who want to be part of the journey to net zero and make a difference in the world.
- We recognise that a balance between work and personal needs is important to maintain healthy, motivated, and productive employees.

HUMAN AND LABOR RIGHTS

- Our Code of Business Conduct and Ethics (the Code), endorsed by the Board of Directors, constitutes the framework for managing compliance and integrity risks. It describes the Company's commitments and requirements regarding business practice, personal conduct, and expectations towards our colleagues, customers, business, and alliance partners.
- The Code outlines clear principles and rules in key compliance and integrity areas, including human rights and labour rights, health, safety and security, anti-harassment, and diversity topics. The Code was revised in September 2022.

GOVERNANCE

- Performed the first materiality assessment survey with our stakeholders to identify the material topics most important to our stakeholders.
- The Company will publish its first Sustainability / ESG report as part of the 2022 Annual Report.
- Revised our Code of Business Conduct and Ethics.

Risks and mitigating actions

CO2 Capsol operates in a global market which is influenced by government subsidies, CO2 taxes, customer preferences, and willingness to adapt to new technology and solutions; the introduction and commercialization, and timing, of new technologies, products, and services by others; changes in regulation; and other market conditions, in addition to internal factors such as financial and operational risks.

CO2 Capsol is continuously monitoring, managing, and mitigating potential risks and negative impacts for the Company. Examples of mitigating factors are described below.

The Company has hired an innovation manager and a Chief Technology Officer during the first half of 2022, both with extensive and exceptional experience within CCUS, innovation and intellectual property rights (IPR), to ensure continued innovation and technological development of CO2 Capsol's proprietary technology, to keep its position at the forefront of carbon capture technologies.

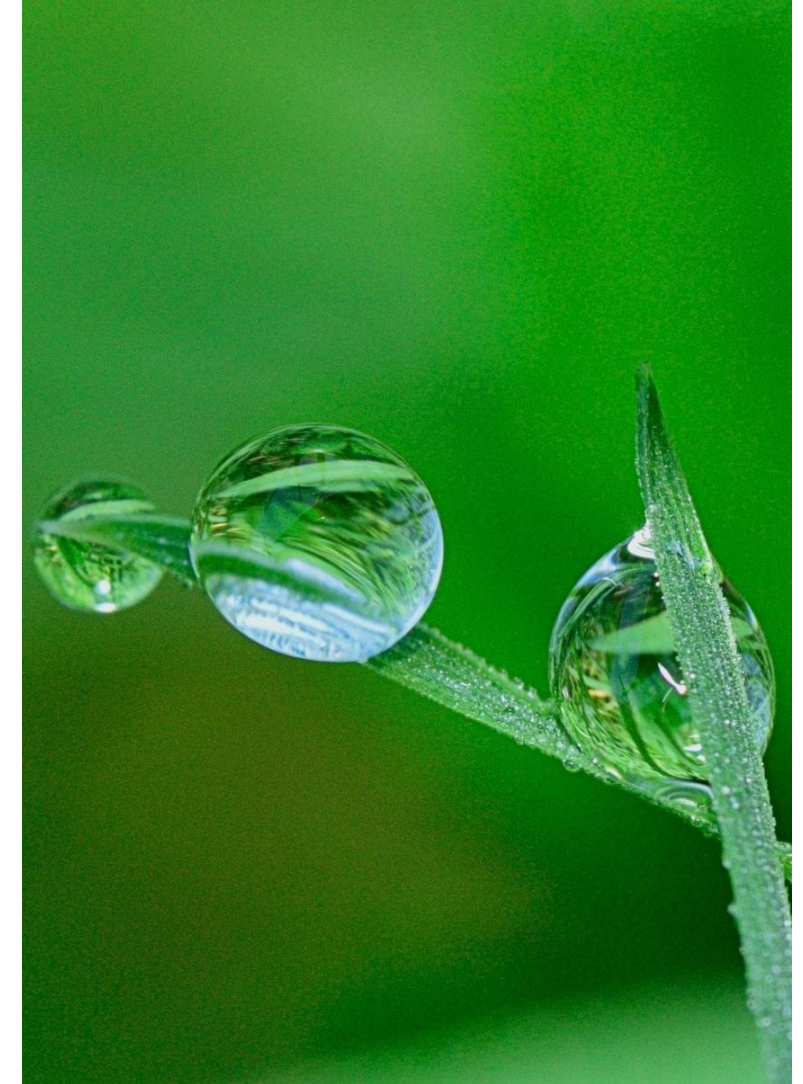
In addition, the first campaign with CO2 Capsol's demonstration unit CapsolGo™ will be up and running at Öresundskraft in Helsingborg during September 2022, with a second unit under construction during the second half of 2022, bringing valuable data and

input to the continued improvements of CO2 Capsol's HPC technology.

More specifically, with regards to IPR, the Company is actively monitoring registered intellectual property (IP) and public domain information to detect potential infringements of CO2 Capsol's patents and/or IP. Routines for documentation of new inventions have been established.

The Company relies on skilled key employees and consultants. An inability to retain and attract skilled employees could have a negative adverse impact on the Company's operations, earnings, and financial position. A lack of sufficient recruitment, or losing existing key employees, may cause delays and significantly increased costs in relation to the commercialisation and development of the Company's products.

CO2 Capsol's goal is to be an attractive employer for the best and brightest. Maintaining a good work-life balance is important to maintain healthy, motivated, and productive employees. Steps are taken to make sure everyone enjoys their work and are recognised for their contribution the company's continued success.



Declaration by the Board of Directors and CEO

The Board of Directors and the CEO have today considered and approved the consolidated condensed financial statements for the six months ended 30 June 2022, for CO2 Capsol.

The Board has based this declaration on reports and statements from CO2 Capsol's CEO, the results of CO2 Capsol's activities, and other information that is essential to assess CO2 Capsol's position.

To the best of our knowledge:

- The consolidated condensed financial statements for the six months ended 30 June 2022, have been prepared in accordance with IAS 34 - Interim Financial Reporting and additional disclosure requirements under the Norwegian Securities Trading Act.
- The information provided in the financial statements gives a true and fair portrayal of CO2 Capsol's assets, liabilities, profit, and overall financial position as of 30 June 2022.
- The information provided in the report for the first half 2022 provides a true and fair overview of the development, performance, financial position,

important events and significant related party transactions in the accounting period as well as the most significant risks and uncertainties facing CO2 Capsol.

Oslo, 15 September 2022



Endre Ording Sund
Chairman



Einar Christen Lange
Member of the board



Jan Kielland
CEO



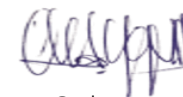
Monika Inde Zsak
Member of the board



John Arne Ulvan
Member of the board



Wayne Gordon Thomson
Member of the board



Claes Oskar Nygren
Member of the board

Income statement

Amounts in Norwegian Kroner	H1 2022	H1 2021	2021
Operating income and expenses			
Revenue	-	37,950	37,950
Other operating income	21,666	16,458	29,624
Total operating income	21,666	54,408	67,574
Personnel expenses	11,282,549	2,261,504	13,186,306
Depreciation of intangible assets	215,897	215,897	431,794
Other operating expenses	5,552,588	2,860,296	11,632,253
Total operating expenses	17,051,034	5,337,697	25,250,353
Operating loss	- 17,029,368	- 5,283,289	- 25,182,780
Financial income and expenses			
Other interest income	-	1	1
Other financial income	138,728	-	4,126
Other interest expenses	-	1,486	1,486
Other financial expenses	98,150	10,375	73,639
Net financial items	40,578	- 11,860	- 70,998
Loss before tax	- 16,988,790	- 5,295,149	- 25,253,778
Tax expense	-	-	-
Net loss	- 16,988,790	- 5,295,149	- 25,253,778
Brought forward:			
Loss brought forward	16,988,790	5,295,149	25,253,778
Net loss brought forward	- 16,988,790	- 5,295,149	- 25,253,778



Balance sheet

Amounts in Norwegian kroner	30.06.2022	30.06.2021	31.12.2021
ASSETS			
Fixed assets			
Intangible assets			
Patents, licences, trademarks and similar rights	6,692,809	7,124,603	6,908,706
Total intangible assets	6,692,809	7,124,603	6,908,706
Plant and equipment	12,213,330	-	2,964,720
Total plant and equipment	12,213,330	-	2,964,720
Financial fixed assets			
Investments in subsidiaries	1	1	1
Loan to group companies	52,543	44,143	44,143
Total financial fixed assets	52,544	44,144	44,144
Total fixed assets	18,958,682	7,168,747	9,917,569
Current assets			
Debtors			
Accounts receivables	-	-	-
Other short-term receivables	2,515,215	285,385	2,034,746
Total receivables	2,515,215	285,385	2,034,746
Cash and bank deposits	60,416,369	32,655,421	84,944,575
Total current assets	62,931,584	32,940,806	86,979,322
Total assets	81,890,266	40,109,553	96,896,891

Amounts in Norwegian kroner	30.06.2022	30.06.2021	31.12.2021
EQUITY AND LIABILITIES			
Equity			
Paid-up equity			
Share capital	50,582,776	35,651,739	50,582,776
Share premium reserve	75,064,800	25,838,177	75,064,800
Other paid in capital	9,809,376	-	4,425,610
Total paid-up equity	135,456,952	61,489,916	130,073,186
Retained earnings			
Uncovered loss	- 60,056,165	- 23,108,748	- 43,067,375
Total retained earnings	- 60,056,165	- 23,108,748	- 43,067,375
Total equity	75,400,787	38,381,168	87,005,811
Liabilities			
Current debt			
Trade creditors	3,837,783	378,839	5,323,105
Public duties payable	292,792	345,152	729,277
Liabilities to group companies	99,900	99,900	99,900
Other current debt	2,259,004	904,494	3,738,798
Total current debt	6,489,479	1,728,385	9,891,080
Total liabilities	6,489,479	1,728,385	9,891,080
Total equity and liabilities	81,890,266	40,109,553	96,896,891

Cash flow

Amounts in Norwegian Kroner	H1 2022	H1 2021	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax	- 16,988,790	- 5,295,150	-25,253,778
Ordinary depreciation	215,897	215,897	431,794
Change in accounts receivable	-	49,050	49,050
Change in accounts payable	- 1,485,322	- 3,592,563	1,351,703
Share based compensation scheme without cash impact	5,383,766	-	4,425,610
Change in other accrual items	- 2,405,147	2,484,596	3,953,663
Net cash from operating activities	- 15,279,596	- 6,138,171	-15,041,958
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Investments in plant and equipment	- 9,248,610	-	-2,964,720
Net cash from investment activities	- 9,248,610	-	-2,964,720
CASH FLOWS FROM FINANCING OPERATING ACTIVITIES			
Net proceeds from share issue	-	38,260,879	102,418,540
Net cash from financing activities	-	38,260,879	102,418,540
Net change in cash and cash equivalents	- 24,528,206	32,122,709	84,411,862
Cash and cash equivalents at the start of the period	84,944,575	532,713	532,713
Cash and cash equivalents at the end of the period	60,416,369	32,655,422	84,944,575



Notes

Note 1 Accounting Principles

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

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

Note 2 Equity capital

	Share capital	Share premium	Other paid in capital	Net loss	Total equity
Equity at 31.12.2021	50,582,776	75,064,800	4,425,610	- 43,067,376	87,005,810
Result H1 2022	-	-		- 16,988,790	- 16,988,790
Shared based compensation			5,383,766		5,383,766
Equity at 30.06.2022	50,582,776	75,064,800	9,809,376	- 60,056,166	75,400,786

Note 2 Potential dilution

Shares, subscription rights, warrants, options	Total	Issued	Exercise price	Proceeds if exercised
Issued shares as of 30 June 2022	50,582,776	50,582,776		
Subscription rights scheme *	2,950,619	2,950,619	3.23	9,530,499
Share-based compensation **	5,000,000	4,045,000	11.07	44,778,150
Total as of 30 June 2022	58,533,395	57,578,395		54,308,649

Issued shares as of 30 June 2022 amounted to 50,582,776 shares. With additional shares potentially subscribed for under Subscription rights scheme 1 and shares potentially exercised under the Share based compensation arrangement, the total number of shares potentially issued would 58,533,395 shares.

*) On 11 August 2022, the company announced the subscription of the remaining 2,950,619 shares from Subscriptions rights scheme 1 with an exercise price of NOK 3.23.

***) On 30 June 2022, 4,045,000 options out of the 5,000,000 shares-based compensation program have been granted to board and employees. 955,000 options have not yet been allocated.

CO2 CAPSOL AS

Organisation number: 914 620 457

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