

Interim report Q1 2024





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Accelerating the transition to a net zero future

About Capsol Technologies

Capsol Technologies ASA is a carbon capture technology provider with a goal of accelerating the transition to a net zero future. The company offers a carbon capture and heat recovery system in one for superior efficiency with a proven and safe solvent, which is licensed either directly to customers or through industrial partners globally. Key segments include cement, biomass, energy-from-waste and gas turbines. Capsol Technologies is listed on Euronext Growth Oslo (ticker: CAPSL).



■ Current customers ■ Qualified project leads

A portfolio of technologies to meet large emitters’ needs



CapsolGo®

Description

Mobile demonstration unit with all-inclusive service package

Rationale

Accelerate investment decision for full-scale carbon capture plant

Capacity

Up to 700 tons CO₂/year

Project specific capture rate typically

According to demonstration test matrix, up to 95%+

Target segments

Demonstration projects for cement, biomass, energy-from-waste (EfW), power generation and large industrial facilities

Contracts won

Two units currently in operation in Germany, one in construction to be deployed Q2 2024 in the Nordics



CapsolEoP®

A full capture solution for CO₂-emitting industries

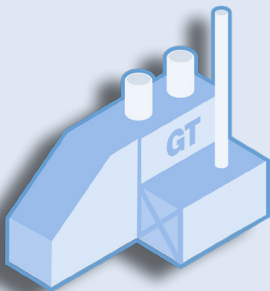
Offer an attractive solution for large-scale industrial CO₂-emitters

100,000+ tons CO₂/year

90-95%+

Cement, biomass, energy-from- waste (EfW), power generation and large industry facilities

Technology license agreement with Stockholm Exergi for a Bioenergy Carbon Capture and Storage (BECCS) project. Final Investment Decision (FID) targeted end of 2024. Frame license agreement with large European utility with several waste-to-energy (WtE) and biomass plants (BECCS)



CapsolGT®

Carbon capture solution for gas turbines in open cycle application 4-100+ MWe

Offer an affordable solution for open-cycle gas turbine facilities with low CO₂ concentration

12,000 - 400,000+ tons CO₂/year

90-95%+

Gas power plants (used for electricity production or other industrial purposes). Brought to market together with leading gas turbine suppliers, for example GE Vernova

Awarded Pre-FEED study by a leading gas turbine provider

GO BACK

Highlights in period

Accelerating revenues and pipeline growth

- Mature stage of sales pipeline totalling 13 million tons of CO₂, up 400% year-over-year, with a record number of engineering studies awarded within energy-from-waste and cement
- Revenues of NOK 19.5 million, compared to NOK 0.9 million in Q1 2023, driven by engineering studies and CapsolGo® carbon capture demonstration campaigns
- Current business plan fully funded with committed engineering work and demonstration campaigns; and NOK 97.3 million cash balance

Maturing projects towards technology licensing revenue

- Scalable business model with CapsolEoP® technology licensing agreements providing EUR 1.5-15 million per project at ~100% gross margin
- Stockholm Exergi, Capsol's most mature project, received an environmental permit, de-risking the FID – which is expected in 2024
- Preliminary license agreement signed for Switzerland's first large-scale carbon capture plant following a successful feasibility study

- Recent license agreements confirm Capsol's target revenue range of EUR 7-12 per ton installed CO₂ capture capacity; FIDs expected by 2026/2027

Expanding geographical footprint, capacity and product offering

- Successfully raised NOK 88 million private placement directed towards existing and new shareholders, supporting accelerated growth and value creation
- Currently establishing an operation in North America, the world's largest carbon capture market with the first personnel hired during the quarter
- Expanding the CapsolGo® demonstration program, expect delivery of a third unit with liquefaction testing capabilities in Q2 2024 with a fourth unit being considered for the US increasing CapsolGo® campaigns, fast-tracking development of CapsolGT® and strengthening our partner network
- Commercializing CapsolGT®, a first-of-a-kind solution making carbon capture from gas turbines viable – executing engineering study for a global provider of gas turbines in Q2 2024

Comment from CEO Wendy Lam



“Over the past few months, we have negotiated the terms of our second and third agreements for licensing of our carbon capture and heat recovery system in one. While critical milestones remain, these agreements significantly de-risk Capsol’s outlook for long-term value creation. The terms are within our target range of EUR 7-12 per ton installed CO₂ capture capacity, supporting attractive margins over the long haul.

All licensing agreements thus far are within biomass and energy-from-waste, where the energy-efficient CapsolEoP® technology has the potential to utilize waste heat for district heating with a safe process fit for residential areas. The potential for generating additional revenue from highly valued negative emissions credits both in the voluntary market and through government support schemes like the one Sweden is aiming to establish this year, also helps accelerate such projects.

A second wave of demand growth is emerging from the cement industry which is facing steep cost increases driven by the gradual implementation of the EU’s Carbon Border Adjustment Mechanism (CBAM) towards 2026. Capsol’s technology is a preferred solution for cement, offering lower costs including removing the need for excessive heat integration and additional steam generation. CCS more accessible for emitters.

A stylized, handwritten signature in dark blue ink, representing Wendy Lam.

Wendy Lam, CEO of Capsol Technologies ASA

Even though we are still in the very early stages of the carbon capture market development, Capsol has already a significant number of mature projects. We expect a third wave of demand from commercializing CapsolGT®, a solution that can turn CO₂ capture from gas power plants and other industrial gas turbine applications into a profit for plant owners.

What’s clear from the conversations I’ve had with customers and partners in my first months as CEO of Capsol Technologies is that we need to significantly expand our capacity to meet the demand that is awaiting in the coming years. The private placement of NOK 88 million in February 2024, welcoming new high-quality investors including industrial investor Munters with whom we also entered a partnership, was an important step in that direction.

Our long-term ambition is to be one of the preferred technology providers in key industries and capture a 5-10% carbon capture technology licensing market share globally. To realize our ambitions, our focus will be on strengthening our ties with customers, expanding our global partnerships and building a strong position in North America."

Key figures

	Q1 2024	Q1 2023	2023
Amounts in NOK			
Total operating revenue	19.5	0.9	34.2
Income/-loss before income tax	-7.9	-13.0	-43.4
Net cash flow from operating activities	-18.8	-5.3	-4.9
Net cash flow from investing activities	-2.6	-15.9	-51.3
Net cash flow from financing activities	75.5	-1.7	39.2
Cash and cash equivalents	97.3	38.6	41.6
Basic and deluted earnings per share	-0.14	-0.24	-0.81

Operational review

Projects

CapsolGo® campaign I in Germany for EfW and Bioenergy with Carbon Capture and Storage (BECCS):

A 12-month contract for two CapsolGo® demonstration campaigns started in Q1 2023. One of the campaigns is conducted at an energy-from-waste (EfW) plant and one at a biomass-powered Combined Heat and Power plant (CHP), both for a major German energy company. Capsol delivered a liquefaction unit to support the CapsolGo® campaign in Q3 2023.

CapsolGo® campaign II in Germany for EfW:

A five-month contract for a CapsolGo® campaign at EEW’s EfW plant in Hanover, Germany, started in Q3 2023. The full-scale potential for carbon capture, including a 50% share of biogenic CO₂, is 280,000 tons CO₂ per year.

License agreement for BECCS at Stockholm Exergi Värtaverket:

A license agreement for CapsolEoP® at the biomass-powered CHP plant Värtaverket in Stockholm, Sweden, was signed in July 2022. When operational, the carbon capture plant can make Stockholm carbon neutral. With a full-scale deployment of 800,000 tons of CO₂ per year, Värtaverket will be Europe’s first large-scale negative emissions plant. On July 26, 2023, Saipem and Stockholm Exergi signed a Letter of Intent for engineering, procurement and construction (EPC) activities for the carbon capture unit, the CO₂ storage, as well as the ship loading systems for CO₂ transportation. The project is awarded EUR 180 million by the EU. Stockholm Exergi expects operations to start in 2027. On 29, March 2024, Stockholm Exergi received environmental permits from Sweden’s Land and Environment Court.

On 15 April 2024, the Swedish government announced a cooperation with Norway, Denmark, Netherlands and Belgium for the transport and storage of CO₂ captured across borders, which removes some of the obstacles on the way to a well-functioning CO₂ market in the North Sea region. A further step was taken towards realising the Swedish government’s ambition of net zero in 2045, as it formally submitted a report to the EU Commission for assessment of its new support scheme for bio-CCS. The support mechanism is a reverse auction for Sweden to acquire carbon removal credits from projects like Stockholm Exergi. In total, SEK 36 billion is set aside for the support scheme 2026-2046 and Sweden’s stated ambition is for the first auction to be concluded in 2024. The Final Investment Decision (FID), which triggers license payment to Capsol, is expected in 2024.

Frame license agreement for EfW and BECCS:

On December 27, 2023, Capsol Technologies signed a Frame License Agreement for the use of CapsolEoP® in full-scale carbon capture projects with a European utility owning many EfW and biomass plants in Europe. The first projects expected to be executed under the agreement will have a combined planned capacity of around 550,000 tons of CO₂ per year. The agreed license fee is within the previously communicated range. FID, which triggers a license fee payment to Capsol, is expected by the end of Q1, 2026. Engineering packages will be provided on a paid basis.

New contracts

Feasibility study for cement plant in Latvia:

On January 11, 2024, Capsol Technologies was awarded a feasibility study for CapsolEoP® at SCHWENK’s Brocēni cement plant in Latvia. The study is for a plant aiming to capture 750,000 tons of CO₂ per annum.

Pre-FEED study by leading gas turbine supplier to customize CapsolGT®:

On February 12, 2024, a global provider of gas turbines awarded Capsol Technologies a pre-FEED (Front-End Engineering Design) study to develop a customized CapsolGT® carbon capture solution for several gas turbine types in open cycle application. The project aims to create a standardized plant design, outlining commercial details and technical performance for the deployment of CapsolGT® in North America and the Middle East.

Process design for energy-from-waste plant in Sweden:

On February 15, 2024, Capsol was awarded a carbon capture process design as part of an ongoing feasibility study for CapsolEoP® at Tekniska Verken’s energy-from-waste plant Gärstaverket in Linköping, Sweden. The full-scale potential for carbon capture is 250,000 tons of CO₂ per annum.

Preliminary license agreement for energy-from-waste plant in Switzerland:

On March 18, 2024, Capsol Technologies entered a preliminary license agreement for the use of CapsolEoP® at KVA Linth’s energy-from-waste plant in Switzerland. The plant will have a carbon capture potential of more than 120,000 tons of CO₂ per year, of which half of the CO₂ is biogenic, enabling additional revenue from negative emissions credits. Capsol has previously delivered a feasibility study for the plant.

Engineering study for cement plant in the UK:

On March 20, March, Capsol Technologies announced an engineering study for CapsolEoP® at a cement plant in Cauldon, in Stoke on Trent, by Aggregate Industries UK Ltd, owned by the Holcim Group, which is the world’s largest producer of cement. The full-scale potential for carbon capture from the plant is over 600,000 tons of CO₂ per annum.

Sales pipeline

At the end of Q1 2024, Capsol had a sales pipeline of 181 projects totalling more than 59 million tons of CO₂. This is up from 169 projects totalling 55 million tons of CO₂ at the end of Q4 2023. The total pipeline, projects that have matured into later phases (engineering studies, CapsolGo® campaigns, licensing) amount to about 13 million tons of annual CO₂ capture capacity if developed into full-scale capture plants.

Organization

Wendy Lam started as CEO effective on February 15, 2024. Lam brings over 20 years of global executive leadership experience from major international and listed industrial companies, including Baker Hughes, Rolls-Royce, and GE. Lam holds mechanical and industrial engineering degrees from the Universities of Waterloo and Toronto and an MBA from INSEAD/Wharton.

Capsol Technologies has recruited Robin Bodtmann for the company’s US office and has an ongoing recruitment process to strengthen its presence in the world’s largest carbon capture market where the IRA (Inflation Reduction Act) has been a major contributor to increased CCS project activity. Bodtmann brings over 30 years of experience from the offshore/onshore energy sector. Most recently, Bodtmann founded the first US transportation and installation company for offshore wind. Bodtmann holds an MBA from Rice University in Houston. Capsol has been awarded the first paid engineering studies in the US, partner dialogues are progressing and the company is experiencing robust demand for CapsolGo® demonstration units. Based on the predictable financial incentives provided under the IRA combined with the existing infrastructure in place, Capsol predicts a shorter lead time from sales engineering to licensing revenue than in Europe.

Partnerships

On February 14, 2024, Capsol Technologies announced a collaboration with Munters, a global leader in energy-efficient air treatment and climate control solutions. The partnership aims to further enhance the efficiency and effectiveness of Capsol’s proprietary process for capturing CO₂ from industrial emissions. Munters, known for its advanced solutions within packed towers, mist elimination, and dehumidifying technologies, brings valuable expertise to this collaboration. Together, the companies will focus on joint R&D efforts to engineer and test state-of-the-art packed towers, optimizing them for Capsol’s process to further enhance performance while reducing energy consumption and operational costs.

In March, 2024 Capsol signed a frame agreement with Carbon Circle, an EPC provider for carbon capture plants, with the aim of increasin the capacity to deliver projects. Carbon Circle will support Capsol’s technical experts in the implementation of the company’s licensed carbon capture technologies on selected projects.

Financial review

Summary of profit and loss

Amounts in NOK	Q1 2024	Q1 2023	2023
Revenue	19.5	0.9	34.2
Total operating revenue	19.5	0.9	34.2
Operating income/-loss	-5.7	-12.6	-41.5
Net financial income/-loss	-2.2	-0.4	-1.9
Income/-loss before income tax	-7.9	-13.0	-43.4
Net income/-loss	-7.9	-13.0	-43.4
Basic and diluted earnings per share	-0.14	-0.24	-0.81

Profit and loss Q1 2024

Capsol Technologies ASA's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS®). The statement has undergone a limited audit.

Total operating income amounted to NOK 19.5 million in Q1 2024, compared to NOK 0.9 million in Q1 2023. The development was mainly driven by increased revenues from CapsolGo®, where two units are operating at different German utility companies demonstrating the CapsolEoP® technology at energy-from-waste (EfW) and biomass plants. There have been some operational delays on both ongoing CapsolGo® demonstration campaigns, due to issues like delayed delivery of equipment and operations of the first liquefaction unit. Delays of this type are not related to the performance of the technology and do not impact the revenue from the ongoing campaigns. However, it will delay deployment to the next campaign. Measures are being taken to improve the margins on the existing campaigns above communicated numbers to make up for a shortfall in potential revenue. Revenues from paid engineering studies continue to materialize.

Total operating expenses were NOK 25.2 million in the quarter contributing to an operating loss of NOK 5.7 million.

Net financial items were by NOK -2.2 million in Q1 2024 compared to NOK -0.4 million in the corresponding quarter last year.

Pre-tax loss amounted to NOK 7.9 million for Q1 2024, an improvement from a loss of NOK 13.0 million in Q1 2023.

Financial review

Cash flow summary

Amounts in NOK	Q1 2024	Q1 2023	2023
Net cash flow from operating activities	-18.8	-5.3	-4.9
Net cash flow from investing activities	-2.6	-15.9	-51.3
Net cash flow from financing activities	75.5	-1.7	39.2
Net increase/(decrease) in cash and cash equivalents	54.8	-22.9	-17.0
Cash and cash equivalents as at January 1	41.6	61.6	61.6
Cash and cash equivalents as at March 31	97.3	38.6	41.6

Cash flow

Net cash flow from operating activities was NOK –18.8 million in Q1 2024, while the comparable figure for Q1 2023 was NOK –5.3 million. Cash flow impacted by draw down on pre-paid revenue of NOK –4.2 million and accounts and accruals related to CapsolGo® capex of NOK -11.8 million. The negative NOK 11.8 million includes a approximately 7.5 million payment to suppliers booked as investment in Q4 2024 and (about) NOK 4.3 million VAT payment on capex for the third CapsolGo® unit.

Net cash flow from investment activities was NOK –2.6 million in the period, compared to NOK –15.9 million in the same quarter last year. The investments in both periods relate to CapsolGo® units, of which a third was in the final development stage in the quarter.

Net cash flow from financing activities in Q1 2024 was NOK 75.5 million and net change in cash and cash equivalents was NOK 54.8 million.

On February 16, 2024, Capsol announced the completion of a successful private placement raising gross proceeds of approximately NOK 88.27 million. The share issue provides the company with a strong financial basis to execute its business plan. The net proceeds will go towards financing strategic initiatives within new markets, new solutions and new revenue streams, specifically; (i) establishing and running an operation in the United States, (ii) technical and commercial development of the CapsolGT® solution for carbon capture from gas turbines and (iii) expanding the CapsolGo® mobile demonstration program.

The company held NOK 97.3 million in cash and cash equivalents by the end of Q1 2024, compared to NOK 41.6 million at the end of Q4 2023.

Financial position

Total assets by end of Q1 2024 was NOK 202.6 million, of which NOK 7.2 million in patents, licenses, trademarks and similar rights, NOK 68.1 million in plant and equipment and NOK 97.3 million in cash and bank deposits.

Current assets amounted to NOK 10.6 million, and total current assets amounted to NOK 119.3 million.

Total equity was NOK 110.1 million, corresponding to an equity ratio of 54.3%. Long-term debt amounted to NOK 42.1 million related to the loan agreements with the Norwegian bank DNB for the financing of CapsolGo® units.

Total short-term debt amounted to NOK 44.2 million, of which NOK 8.2 million is pre-paid fees for future services to be performed and contract liabilities.

Share information

Per March 31, 2024, the company had 60,538,669 issued shares, divided between 771 shareholders.

The closing price for the company’s shares was NOK 13.05 per share as of March 31, 2024, which corresponds to a market capitalization of NOK 790 million.

20 largest shareholders March 31, 2024

Rederieraktieselskapet Skrim	9 546 474
Seteo AS	5 172 677
Aquila Holdings Investment AS	4 033 188
DNB Bank ASA	3 307 607
MP Pensjon PK	2 886 800
T.D. Veen AS	2 093 202
Redback AS	1 849 769
Oppkuven AS	1 844 136
Danske Bank A/S	1 802 617
Tigerstaden AS	1 500 000
Mathisen Øystein	1 410 578
F2 Funds AS	1 385 000
GM Capital AS	1 300 000
Danske invest Norge vekst	1 190 476
Engelviken Fryseri AS	1 143 891
Daimyo Invest AS	1 030 000
Apollo Asset Limited	1 000 000
F1 Funds AS	1 000 000
Q Capital AS	998 490
Tone Bekkestad AS	772 673
Total:	45 267 578

Sustainable value creation

Capsol Technologies’ ambition is to have a positive impact on the environment in the long term, maintain high governance standards throughout its operations and create value for all its stakeholders including society at large.

There is increasing recognition by governments of the CCS industry’s critical role in delivering on net zero ambitions. One of Capsol’s long-term goals is to make point-source carbon capture accessible and viable for more emitters. As such, the company’s largest potential impact is related to the amount of CO₂ emissions captured and permanently stored or utilized using the company’s technology.

The IEA Net Zero Emissions Scenario highlights the need for significant expansion of carbon capture capacity to achieve net zero emissions by 2050. By 2030, capacity must increase to 1 gigaton per annum of CO₂ per year, rising to 6 gigatons by 2050. While industry experts' CCS outlooks vary, the consensus is on strong growth for the decades to come. Through accelerating the deployment of energy-efficient and safe capture solutions, Capsol’s ambition is to achieve a 5-10% share of the CO₂ capture technology licensing market globally from 2030.

Further, Capsol takes a structured approach to minimizing negative impacts from its operations with a target of achieving net zero for scope 1 and scope 2 emissions by 2030. In 2022, the company performed its first materiality assessment and implemented ESG reporting following the Greenhouse Gas (GHG) Protocol. Select key priorities of Capsol’s sustainability efforts include:

- Developing a green procurement strategy for the company
- Implementing environmental selection criteria in the selection of suppliers
- Investing in research, development and innovation to improve the company’s CO₂ capture solutions

More information on the company’s sustainability work and governance framework can be found in the ESG Reporting chapter of the Annual Report 2023.

Market developments

Carbon capture is a technology that enables industrial facilities to re-move carbon dioxide (CO₂) from their production process flue gas-es, thus preventing the CO₂ from being emitted into the atmosphere. The captured CO₂ can either be utilized or stored permanently. The carbon capture market is still in its early days but is expected to grow rapidly driven by the world’s need to curb emissions of CO₂, to limit global warming, and avoid irreversible climate change.

According to the International Energy Agency’s (IEA) latest report, the world is falling further behind the track to reach net zero by 2050, which increases the call for rapid implementation of CCUS (carbon capture, utilization and storage) projects. In IEA’s net zero emissions scenario, carbon capture capacity needs to grow by 50% annually to 1.2 billion tons of CO₂ per year by 2030 to world to be on track.

Currently, over 500 carbon capture projects are in various stages, of which 75% of operating and planned capacity is in North America and Europe, according to IEA.

Key market drivers are rising costs of CO₂ emissions due to regulations like carbon taxes, along with government incentives making CO₂ capture more economical. In addition, increased market activity is expected to be supported by the development of operationally robust carbon capture technologies, a developing carbon capture value chain that can facilitate capacity growth, and industrial scaling that reduces cost through both standardization and economies of scale.

In North America and Europe, demand is fuelled by new incentives. The Inflation Reduction Act (IRA) in the US, approved in August 2022, increased the tax refund from 50 to USD 85 per ton CO₂ for carbon emissions captured and stored from industrial facilities and power plants. EU's Green Deal Industrial Plan proposes simple tax-break models and targeted aid for production facilities in strategic clean-tech value chains, including CCS. The European Union has continued supporting for CCUS through regional funding programs such as the Connecting Europe Facility (CEF) and the Innovation Fund while implementing cross-border regulations to include CO₂ storage. EU's Carbon Border Adjustment Mechanism (CBAM) entered into application in its transitional phase on October 1, 2023. Once fully phased in, EU importers of cement will have to pay allowances equivalent to the EU ETS expressed in EUR per ton, while at the same time, EU domestic producers will lose the "free" emission allowances. Cement producers in the EU and cement producers exporting to the EU will be fully exposed to the EU cost of CO₂ emission. With an ETS price of 100 EUR/ton CO₂ and emissions of 0.6 tons CO₂/ton cement produced, the cost of imported cement will increase by 60%.

On February 6, 2024, the European Commission launched its net zero industrial carbon management strategy with an emission reduction target of 90% by 2040 and "earlier deployment of carbon capture". The 90% reduction by 2040 target indicates that approximately 280 million tons of CO₂ will have to be captured by 2040 and around 450 million tons by 2050.

Demand for carbon capture accelerated in 2023, particularly in North America and Europe, and the drivers for demand growth remain intact as we enter 2024. We foresee significant opportunities emerging from this region.

Outlook

By 2050, McKinsey estimates that about USD 3.5 trillion needs to be invested in carbon capture, transport and storage.

Based on a highly competitive technology that is relevant for all kinds of emitters supported by an ecosystem of global partners, Capsol is targeting a long-term 5-10% market share in carbon capture technology licensing, EUR 7-12 in technology licensing revenue per tons of capacity installed and 40-60% pre-tax margin.

Key de-risking milestones include commercial success through direct sales and current partners, additional partnerships to expand reach, final investment decisions on projects where Capsol's technology has been selected and successful development of additional technologies to increase relevance across market segments.

The company follows a strategic roadmap where revenue is reinvested to build a leading market position in 2026 and beyond.

The company continues to have a sharp focus on increasing engineering capacity to deliver on-demand growth through hires, partnerships and streamlining delivery models.

The company follows a strategic roadmap where revenue is reinvested to build a leading market position in 2026 and beyond.

Capsol Technologies expects to reach break-even on technology licensing in 2024 and considers its current business plan to be fully funded.

Transactions with related parties

During the ordinary course of business, the company may engage in certain arm’s length transactions with related parties. There were no transactions with related parties during the period.

Risks and uncertainties

Capsol operates in a global market that 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.

Capsol is continuously monitoring, managing, and mitigating potential risks and negative impacts for the company. Examples of key risks and mitigating actions are described below.

One of the key risks is related to Capsol being a small company with large competitors in a global market. Mitigating actions include the company’s business model being based on technology licensing, which is highly scalable and less resource demanding than other delivery models. Additionally, the company’s go-to-market strategy is to combine direct sales with partnerships with large global companies to extend reach, capacity and capabilities. Further, Capsol has built a highly capable and incentivized team, and it follows a strategic roadmap for organic growth with an opportunistic approach to inorganic growth opportunities.

Another key risk factor is that competitors could develop better technologies. Firstly, the company has a clear strategy for proving cost competitiveness and implementing learnings from executed projects. A strategy for patent protection is implemented and the company continues to invest in R&D to maintain cost leadership. Additionally, the company has an opportunistic approach to acquiring promising new technologies.

Continued cost inflation and delayed permitting processes with relevant authorities triggering possible postponements and cancellation of projects are risk factors.



Capsol interim financial statements Q1 2024

Consolidated financial statements

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Consolidated statement of profit and loss

	Notes	Q1 2024	Q1 2023	2023
Amounts in NOK				
Operating income and expenses				
Revenue		19 507 840	876 108	34 160 224
Other operating income		-	-	-
Total operating revenue	4	19 507 840	876 108	34 160 224
Cost of contract fulfillment		6 415 395	-	7 776 112
Personnel expenses	7	10 062 296	9 662 105	37 426 643
Depreciation expenses	6	2 399 355	1 099 792	8 169 069
Other operating expenses		6 327 879	2 713 032	22 269 643
Total operating expenses		25 204 925	13 474 929	75 641 466
Operating income/-loss		-5 697 086	-12 598 822	-41 481 242
Financial income and expenses				
Other interest income		209 346	11 312	1 010 363
Other financial income		1 718 887	89 818	3 990 313
Other interest expenses		-1 463 345	- 380 239	-2 479 973
Other financial expenses		-2 702 153	- 146 863	-4 447 959
Net financial income/-loss	5	-2 237 265	- 425 972	-1 927 256
Income/-loss before income tax		-7 934 351	-13 024 793	-43 408 498
Income tax expense		-	-	-
Net income/-loss		-7 934 351	-13 024 793	-43 408 498
Basic and diluted earnings per share		-0.14	-0.24	-0.81

Consolidated statement of comprehensive income

	Notes	Q1 2024	Q1 2023	2023
Amounts in NOK				
Net income/-loss		-7 934 351	-13 024 793	-43 408 498
Other comprehensive income				
Items that may be reclassified to profit and loss in subsequent periods:				
Currency translation difference, net of tax		-	-	- 767
Other comprehensive income for the period, net of tax		-	-	- 767
Total comprehensive income/-loss for the period		-7 934 351	-13 024 793	-43 409 265

Consolidated statement of financial position

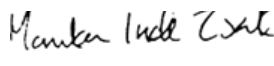
	Notes	31 Mar 2024	31 Mar 2023	31 Dec 2023
Amount in NOK				
ASSETS				
Non-current assets				
Intangible assets	6	7 229 563	6 368 963	7 337 512
Plant, property and equipment	6	68 043 355	39 857 070	67 267 596
Right of use assets		8 012 373	-	8 522 788
Total non-current assets		83 285 291	46 226 033	83 127 897
Current assets				
Accounts receivables		10 755 726	4 162 837	9 821 949
Contract assets		1 044 131	539 480	1 735 104
Other short-term receivables		10 249 843	11 128 717	9 426 653
Cash and cash equivalents		97 265 015	38 605 959	41 615 681
Total current assets		119 314 715	54 436 994	62 599 387
Total assets		202 600 007	100 663 028	145 727 285

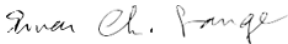
Consolidated statement of financial position

Oslo, April 22, 2024
The board of Capsol Technologies ASA

Notes	31 Mar 2024	31 Mar 2023	31 Dec 2023
Amount in NOK			
EQUITY AND LIABILITIES			
Equity			
Share capital	30 269 334	53 533 395	26 766 698
Share premium	159 708 745	81 072 850	81 072 850
Other paid in capital	22 071 143	16 305 333	20 107 188
Other equity	-101 956 633	-90 404 504	-94 022 283
Total equity	110 092 589	60 507 074	33 924 453
LIABILITIES			
Non-current liabilities			
Lease liability	6 128 515	-	6 621 710
Debt to financial institutions	42 142 331	12 506 008	45 212 693
Total non-current liabilities	48 270 845	12 506 008	51 834 403
Current liabilities			
Trade creditors	5 518 060	8 940 207	15 324 695
Lease liabilities	1 917 100	-	1 880 567
Contract liabilities	8 813 916	3 279 105	13 660 071
Current-portion of debt to financial institution	18 687 384	9 343 992	18 500 894
Public duties payable	2 291 010	1 029 439	3 070 631
Other current liabilities	7 009 101	5 057 204	7 531 571
Total current liabilities	44 236 572	27 649 947	59 968 429
Total liabilities	92 507 417	40 155 955	111 802 832
Total equity and liabilities	202 600 007	100 663 028	145 727 285


Endre Ording Sund
Chairman of the board


Monika Inde Zsak
Member of the board


Einar Christen Lange
Member of the board


John Arne Ulvan
Member of the board


Wayne Thomson
Member of the board


Ellen Merete Hanetho
Member of the board


Wendy Lam
Chief Executive Officer

Consolidated statement of cash flows

	Notes	Q1 2024	Q1 2023	2023
Amounts in NOK				
CASH FLOWS FROM OPERATING ACITVITES				
Profit/(loss) before income tax		-7 934 350	-13 024 792	-43 408 498
Adjustments to reconcile profit/loss before tax to net cash flow				
Depreciation and amortisation expenses	6	2 399 355	1 099 792	8 169 069
Finance income/(expense) net	5	2 237 265	425 972	1 927 256
Working capital changes				
Change in trade and other receivables		- 933 777	-2 167 362	-7 826 474
Change in trade and other payables		-9 806 635	7 567 561	13 945 616
Change in other current assets and liabilities		-2 125 280	-3 805 092	3 718 483
Change in contract balances		-4 155 180	2 739 625	11 924 967
Share based compensation scheme without cash impact		1 963 955	1 837 821	5 639 676
Interests received		209 346	11 312	1 008 606
Net cash flow from operating activities		-18 145 301	-5 315 163	-4 901 300
CASH FLOWS FROM INVESTMENT ACTIVITES				
Payment for property, plant and equipment		-2 556 750	-17 124 250	-51 218 785
Payment for intangible assets		-	-	-1 292 394
Government grants received on investment activities		-	1 211 545	1 211 545
Net cash flows from investing activities		-2 556 750	-15 912 705	-51 299 634

Consolidated statement of cash flow

	Notes	Q1 2024	Q1 2023	2023
CASH FLOW FROM FINANCING ACTIVITIES				
Net equity received		82 138 531	-	-
Proceeds from borrowings		-	-	48 996 532
Repayment of borrowings		-4 671 846	-1 150 000	-5 822 146
Repayment of lease liability		- 456 662	- 144 729	-1 526 346
Interests paid on borrowings		-1 302 333	- 379 953	-2 008 285
Interests paid on lease liability		- 161 012	- 286	- 471 688
Net cash flow from financing activities		75 546 679	-1 674 968	39 168 097
Net increase/(decrease) in cash and cash equivalents		54 844 627	-22 902 837	-17 032 838
Cash and cash equivalents as at start of reporting period		41 615 681	61 565 235	61 565 235
Effect of change in exchange rate		804 708	- 56 438	-2 916 715
Cash and cash equivalents as at the end of reporting period		97 265 016	38 605 960	41 615 681

Consolidated statement of changes in equity

	Notes	Share capital	Share premium	Other paid in capital	Currency trans adjustment	Other equity	Total equity
Q1 2024							
Balance at 1 January 2024		26 766 697	81 072 850	20 107 188	-451	-94 021 832	33 924 453
Profit for the year						-7 934 351	-7 934 351
Share capital issue		3 502 637	78 635 894	-	-		82 138 531
Share based compensation				1 963 955		-	1 963 955
Balance at 31 March 2024		30 269 334	159 708 744	22 071 143	-451	-101 956 183	110 092 589
Q1 2023							
Balance at 1 January 2023		53 533 395	81 072 850	14 467 512	317	-77 380 031	71 694 043
Profit for the year		-	-	-	-	-13 024 793	-13 024 793
Share based compensation		-	-	1 837 821	-		1 837 821
Balance at 31 March 2023		53 533 395	81 072 850	16 305 333	317	-90 404 824	60 507 074
2023							
Balance at 31 December 2022		53 533 395	81 072 850	14 467 512	317	-77 380 031	71 694 043
Profit for the year						-43 408 499	-43 408 499
Other comprehensive income		-	-	-	-767		-767
Share capital reduction		-26 766 698				26 766 698	
Share based compensation		-	-	5 639 676		-	5 639 676
Balance at 31 December 2023		26 766 697	81 072 850	20 107 188	-451	-94 021 832	33 924 453

Notes to the consolidated financial statements

Note 1 General information

The accompanying interim financial statements of Capsol Technologies ASA, for the period ending March 31, 2024 and the comparable financial statements for the period ending March 31, 2023, were authorized for issue on April 22, 2024 by resolution of the Board of Directors.

These interim financial statements are made for the group comprised of Capsol Technologies ASA and its subsidiaries (the 'Group' or 'Capsol'). The mother entity of the Group is Capsol Technologies ASA, which is a public limited liability company incorporated and domiciled in Oslo, Norway. The shares are currently traded on Euronext Growth Oslo, with the ticker CAPSL.

The Group is a carbon capture technology provider with a goal to accelerate the transition to a carbon negative future.

The financial statements for the year ended December 31, 2023 are available at the company's webpage: www.capsoltechnologies.com.

Note 2 Basis for preparation

These interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as adopted by the European Union (the "EU") and additional requirements in the Norwegian Securities Trading Act. This interim financial report does not include all the information and disclosures required by other standards within the International Financial Accounting Standards ("IFRS®") for a complete set of annual financial statements. Hence, this report should be read in conjunction with the annual report for the year ended December 31, 2023.

The interim financial statements are unaudited, but have undergone a limited audit by the company's auditor.

The accounting policies applied by the Group in these interim financial statements are the same as those applied by the Group in its financial statements for the year ended December 31, 2023. In the interim financial statements, the first quarter is defined as the reporting period from January 1 to March 31.

All amounts are presented in Norwegian kroner (NOK) unless otherwise stated. Because of rounding differences, numbers or percentages may not add up to the sum totals.

Significant assumptions and estimates

The preparation of financial statements requires Management and the Board of Directors to make assessments and assumptions that affect recognized assets, liabilities, income and expenses and other information provided. For further information concerning these, please refer to the Capsol Technologies 2023 annual report.

Note 3 Significant changes, events and transactions in the current reporting period

Capital raise

On February 16, 2024, Capsol announced the completion of a successful private placement, raising gross proceeds of approx. NOK 88, 27 million. The share issue provides the Company with a strong financial basis to execute its business plan. The net proceeds will go towards financing strategic initiatives within new markets, new solutions and new revenue streams, specifically; (i) establishing and running an operation in the United States, (ii) technical and commercial development of the CapsolGT® solution for carbon capture from gas turbines and (iii) expanding the CapsolGo® mobile demonstration program.

As a result of this the number of shares increased by 7, 005, 274, given a total number of shares of 60,538,669.

New CEO

On February 15, 2024 Wendy Lam was appointed as the new CEO of Capsol Technologies ASA. She was granted 850,000 options when she assumed her duties.

The financial position and the performance of the Group was not, other than mentioned above, particularly affected by any significant events or transactions during the first quarter of 2024.

Note 4 Operating revenue

The following breakdown presents the disaggregation of total operating income generated by the company:

Geographical distribution	Q1 2024	Q1 2023	2023
Amounts in NOK			
Europe	19 507 840	876 108	34 160 224
US			
Total operating revenue	19 507 840	876 108	34 160 224
Timing of recognition			
At point time	18 769 067	581 492	3 247 363
Overtime	738 773	294 616	30 912 860

None of the revenue mentioned on table was recognized in Norway.

Recorded revenues are from CapsolGo® demonstration services and from feasibility and engineering studies. Capsol Technologies has determined that the Group has only one operating segment, and thus only one reporting segment, which is Carbon Capture Solution technology. The determination of one operating and reporting segment is strongly based on the internal financial information monitored by the board of directors (chief operating decision maker), the management and Capsol Technologies’ current business model and operations, as well as the fact that all business and sale is managed centrally by the management group.

Note 5 Classification of net financial items

	Q1 2024	Q1 2023	2023
Amounts in NOK			
Other interest income	209 346	11 312	1 010 364
Currency gain	1 718 887	89 818	3 990 313
Other interest expense	-1 305 218	- 380 934	-2 199 364
Interest expense lease	- 161 012	-286	- 471 688
Currency loss	-2 699 268	- 145 882	-4 256 881
Total net financial items	-2 237 265	- 425 972	-1 927 256

Note 6 Intangible assets and property, plant and equipment

Intangible assets	31 Mar 2024	31 Mar 2023	31 Dec 2023
Amounts in NOK			
Accumulated cost at start of reporting period	8 632 894	7 340 500	7 340 500
Additions	-	-	1 292 394
Accumulated cost at end of reporting period	8 632 894	7 340 500	8 632 894
Accumulated depreciation and impairment start of reporting period	-1 295 382	-863 588	-863 588
Depreciation for the period	-107 948	-107 948	-431 794
Accumulated depreciation and impairment	-1 403 331	-971 536	-1 295 382
Net carrying amount at end of reporting period	7 229 563	6 368 964	7 337 512

Depreciation method	Straight line	Straight line	Straight line
Useful life	17	17	17

The digital platform is still under development and is not depreciated as of period end March, 2024.

Property, plant and equipment	31 Mar 2024	31 Mar 2023	31 Dec 2023
Amounts in NOK			
Accumulated cost at start of reporting period	76 308 855	23 878 525	25 090 070
Additions	2 556 750	17 124 250	51 218 785
Government grants	-2 511 228	-	-2 511 228
Accumulated cost at end of reporting period	76 354 377	41 002 775	73 797 627
Accumulated depreciation and impairment at start of reporting period	-6 530 031	-286 244	-286 244
Depreciation for the period	-1 780 990	-859 461	-6 243 787
Accumulated depreciation and impairment	-8 311 021	-1 145 705	-6 530 031
Net carrying amount at end of reporting period	68 043 355	39 857 070	67 267 596

Depreciation method	Straight line	Straight line	Straight line
Useful life	5	5	5

Impairment assessment
There have not been identified any indications of impairment in the period.

Note 7 Share based payment

Shares, subscription rights, warrants, options	Total	Issued	Average exercise price	Proceeds if exercised
Issued shares as of March 31, 2024	60 538 669	60 538 669		
Share-based compensation	5 635 500	5 635 500	11.37	64 075 635
Total potential issued shares as of March 31, 2024	66 174 169	66 174 169		64 075 635
		Q1 2024	Q1 2023	2023
Cost recognized related to share based compensation		1 963 955	1 837 821	5 639 676

Issued shares as of March 31, 2024 amounted to 60,538,669 shares. With additional shares potentially subscribed for the Share based compensation program, the total number of shares potentially issued would be 66,174,169 shares. Note that the total number of options issued supersedes the earlier frame of 5,000,000. This is due to option package to the new CEO that will be included in the next general shareholders meeting.

The option package for the new CEO consists of 850,000 options under the same terms as approved on the Annual General Meeting on 30 June 2021. In short, the terms are one option equals one share, vesting over a period of three years with 25% vested year 1, 25% vested year 2 and 50% vested year 3. Strike price equals share price at the time of issuing the option, for the new CEO package this was NOK 12.50.

Note 8 Transactions with related parties

No related party transaction during the reporting period.

In July 2021, the company entered into a consultancy agreement with Melberg Partners AS (“MP”). Subsequently the agreement was extended to 2022. Endre O. Sund, the chairperson of the Board of Directors is also a shareholder and the chairperson of the board of directors of MP. MP has provided management consulting services based on an hourly rate and hours incurred. The agreement with MP expired in 2022.

The cost of the transactions with Melberg Partners AS was NOK 2,105,925 in 2022 and NOK 864,802 in 2021.

Note 9 Events after the reporting period

The Board of Directors is not aware of any other events that occurred after the balance sheet date, or any new information regarding existing matters, that can have a material effect on the 2024 first quarter of the consolidated financial report for the company.

Report on Review of Interim Financial Information



To the Shareholders of Capsol Technologies ASA

RSM Norge AS

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Org.nr: 982 316 588 MVA

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Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying consolidated balance sheet of Capsol Technologies ASA as at 31 March 2024, and the related consolidated income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation of this interim financial information in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISAs), and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

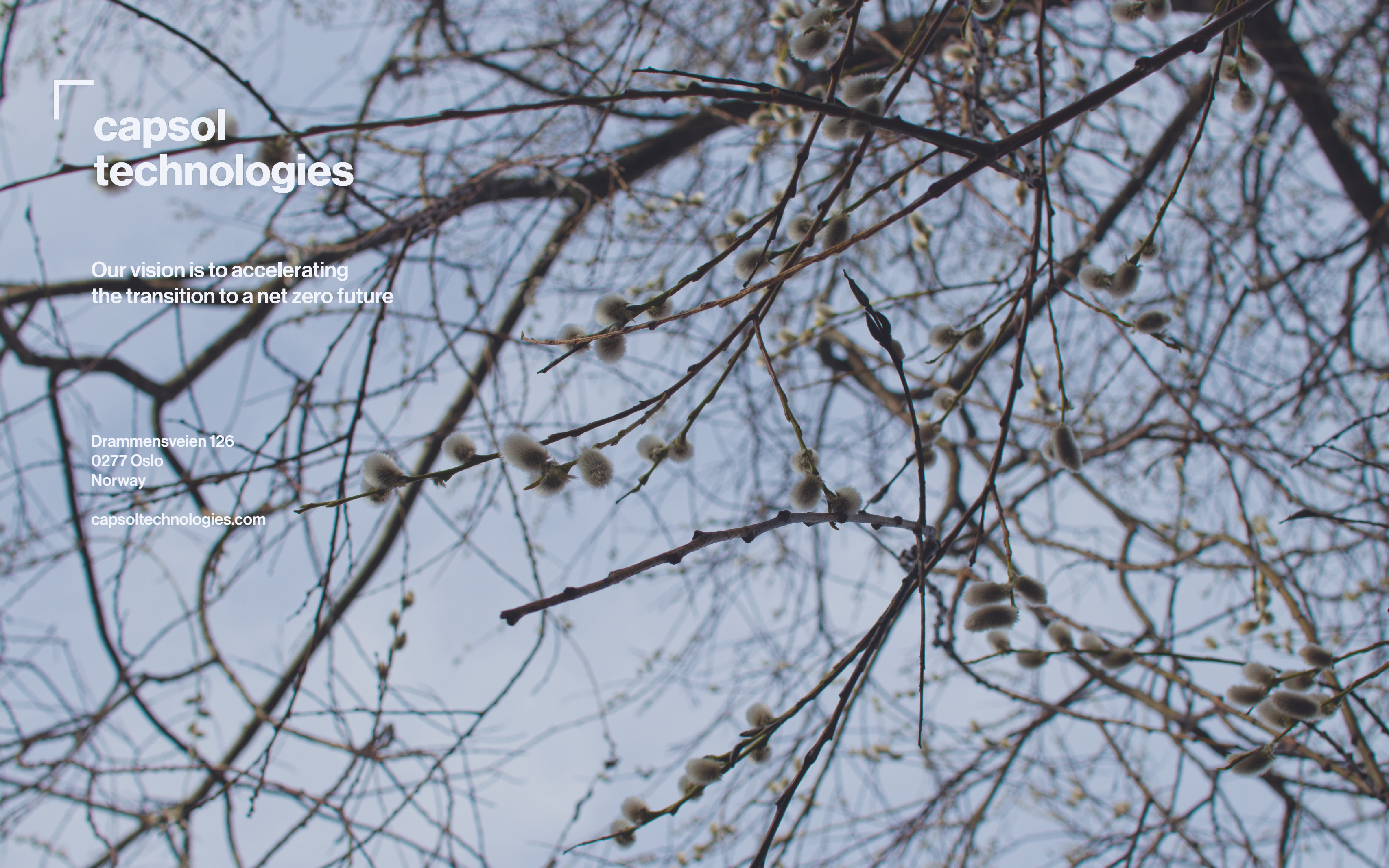
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

Oslo, 22 April 2024
RSM Norge AS

A handwritten signature in blue ink, appearing to read "Arnfinn Øsvik".

Arnfinn Øsvik
State Authorised Public Accountant



capsol technologies

Our vision is to accelerating
the transition to a net zero future

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0277 Oslo
Norway

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