

AKER CARBON  
CAPTURE

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# Q4 2020

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Fornebu, February 12, 2021

Valborg Lundegaard, CEO



# Agenda

Aker Carbon Capture in brief

Highlights

Operations and business development

Outlook

Q&A



# Aker Carbon Capture in brief

**Pure play** carbon capture company delivering ready-to-use capture plants

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**Best-in-class HSE** friendly solvent and other patented plant technologies for better all-round plant performance

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**Validated and certified** market-leading proprietary technology with more than 50,000 operating hours

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# Highlights

EPC contract for **Brevik CCS** project secured,  
funding for Longship approved

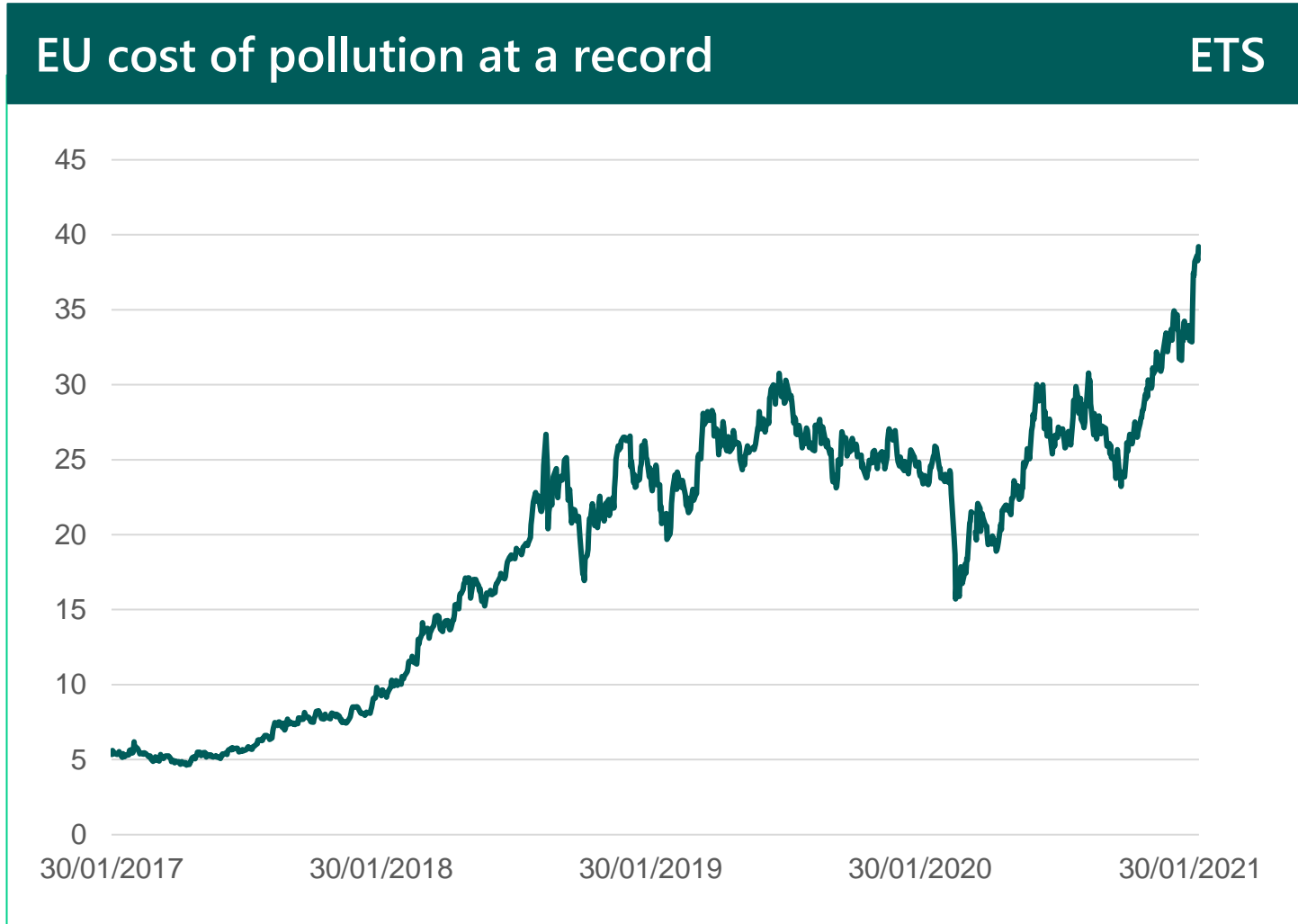
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MoUs secured with **strategic partners** to  
strengthen position in key segments

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**Customer partnerships** developing favourably,  
new agreements secured

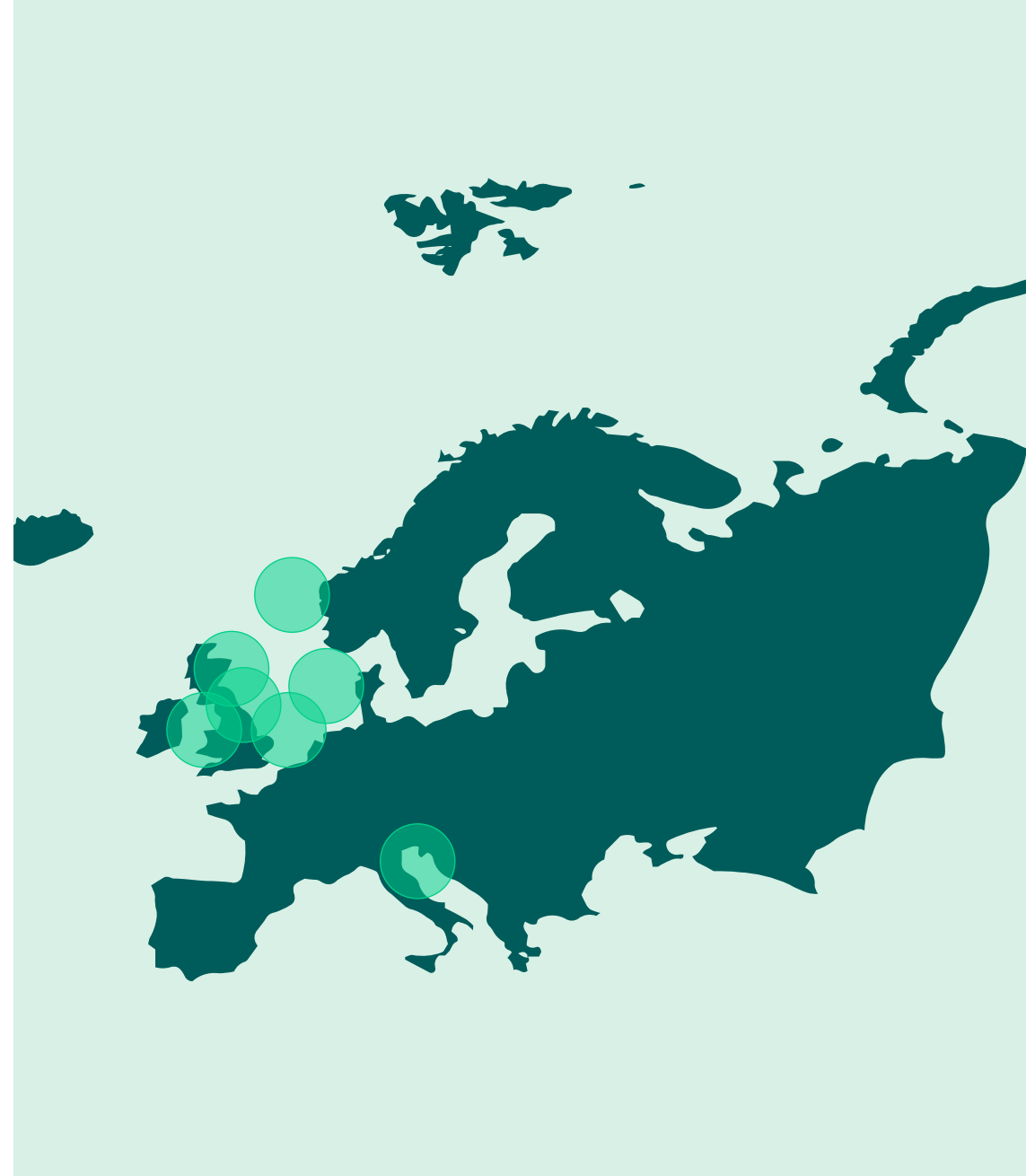
# CO<sub>2</sub> prices reach record high



- Carbon prices hit record high €38.08/tonne on Feb 4
- Price of carbon up ~60% since November
- Norway introduces climate action plan
  - CO<sub>2</sub> tax to rise from NOK 590 today towards NOK 2,000 per tonnes in 2030
- UK launches "green industrial revolution"
  - Aims to capture 10m tonnes per year by 2030
- Bank of England warns CO<sub>2</sub> prices could treble in coming years

# Storage projects underway

- **Northern Lights** – Norway
  - Confirmed
  - Aker Carbon Capture to support Aker Solutions with CO<sub>2</sub> expertise
- **Porthos** – Netherlands
  - EU proposes €102 million funding
- **Greensands** – Denmark
  - Certified by DNV for CO<sub>2</sub> injection and storage
- Selected other storage projects
  - **Ravenna**, Italy
  - **Net Zero Teesside**, UK
  - **Acorn**, UK
  - **HyNet North West**, UK
  - **Zero Carbon Humber**, UK



# Our carbon capture product offering



## Big Catch

> 400,000 tonnes/year

Optimized with superior heat integration



## Just Catch™

40,000 & 100,000 tonnes/year

Compact, modularized and cost efficient

# Unique HSE profile – a key differentiator

High CO<sub>2</sub> capture rate (~90%) and superior energy optimization

## A commercial differentiator

- Minimum liquid waste
- Minimum emission
- Non-toxic
- Efficient reclamation (HSS removal)
- Biodegradable
- Minimum corrosion

**Regular amine solvent:** High solvent degradation (discoloring) in operation on coal flue gas



**ACC S26 solvent:** no discoloration



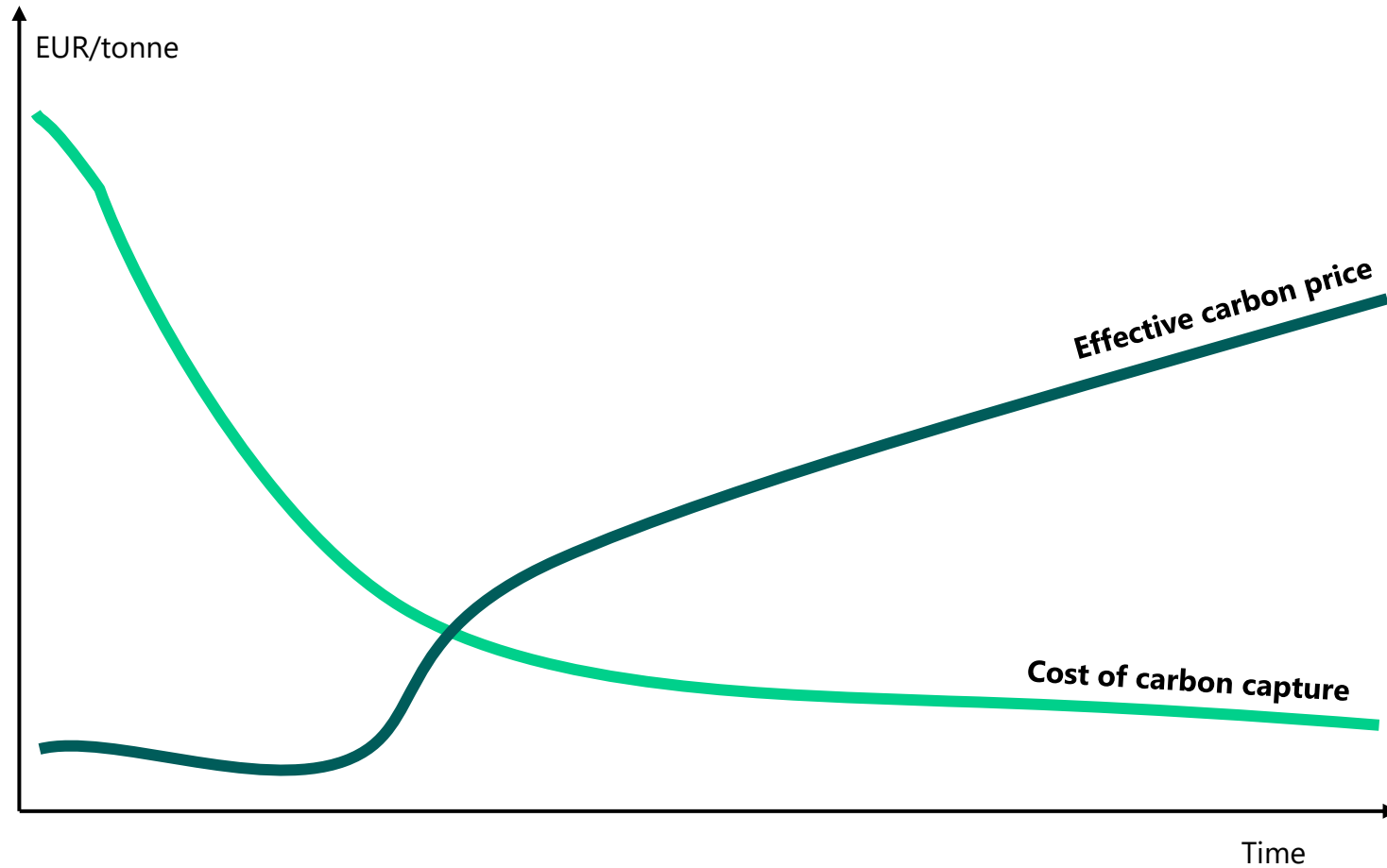


# Technology development aimed at improving energy efficiency

- Strategic technology-cooperation agreement with MAN Energy Solutions to develop energy-efficient compression solutions for carbon capture and storage applications with heat recovery
  - One of Europe's leading suppliers of compressors
  - Heat transfer from compression systems key for overall power-consumption of CCS plant
  - Eligible for Big Catch projects, including Brevik CCS



# CCS economics turning positive



## Continuous cost reductions

- Standardization of products
- Digitalization
- Technology development
- Competitive supply chains
- Learning by doing

## Favorable price development

- Other regulations
- New carbon taxes
- CO<sub>2</sub> quote system design
- Public sentiment

**Operations and business developments**

# Key markets and industries

## Main activity in Northern Europe

- Scandinavia
  - Benelux
  - UK
- ...leading the way

## Prioritized industries

- Cement
- Bio/waste-to-energy
- Blue hydrogen
- Gas-to-power



# Cement industry

## Brevik CCS

- Project to deliver the world's first CCS plant at a cement facility is now underway
- Scope: EPC delivery of a complete CO<sub>2</sub> capture plant in Brevik, Norway for Norcem HeidelbergCement
- Experienced project execution team established
- Subcontract to Aker Solutions for engineering, procurement and management assistance

- 400,000 t/pa capture plant
- Contract value of ~NOK 1.7 billion
- In operation from 2024



Tested and verified for application to cement industry\*



# Bio/Waste to energy

## Hitachi Zosen Inova

- MoU to accelerate carbon capture solutions in the waste to energy industry in Europe
- Combining Aker Carbon Capture's HSE-friendly CCS technology with HZI's proven capabilities as a turnkey supplier of waste to energy plants

## Forus Energi & Lyse

- MoU to explore development of a full-scale CCS facility in Stavanger/Sandnes region in southwestern Norway

## Twence

- EPC secured with customer, project awaiting public funding

## Vattenfall

- MoU to support Vattenfall's ambitions to achieve negative emissions in waste and bio-CCS plants

# Blue hydrogen

## Preem

- Test Campaign with Mobile Test Unit Completed
  - One year campaign, 3,000+ operating hours
- Completed study for application of industrial scale CCS at Hydrogen Production Unit

## Haldor Topsoe

- MoU with intention to offer a complete solution for low-carbon hydrogen production
- Combining Haldor Topsoe's proven hydrogen process and Aker Carbon Capture's CCS technology for low-emission, cost-effective production of 'blue' hydrogen – a clean energy carrier with a wide array of applications in industry and as a fuel



Tested and verified for application to blue hydrogen\*



✓ Tested and verified for application to gas to power\*

# Gas to power

Gas power testing in Norway 2008-2010

Current market focus: UK

*"Our ambition is to capture 10m/t of carbon dioxide a year by 2030, the equivalent of 4 million cars' worth of annual emissions. We will invest up to £1 billion to support the establishment of CCUS in 4 industrial clusters."*

**Boris Johnson, UK PM – November 2020**

## Project opportunities include:

- Net Zero Teesside
- SSE Thermal Keadby 3
- Acorn





**Summary and outlook**

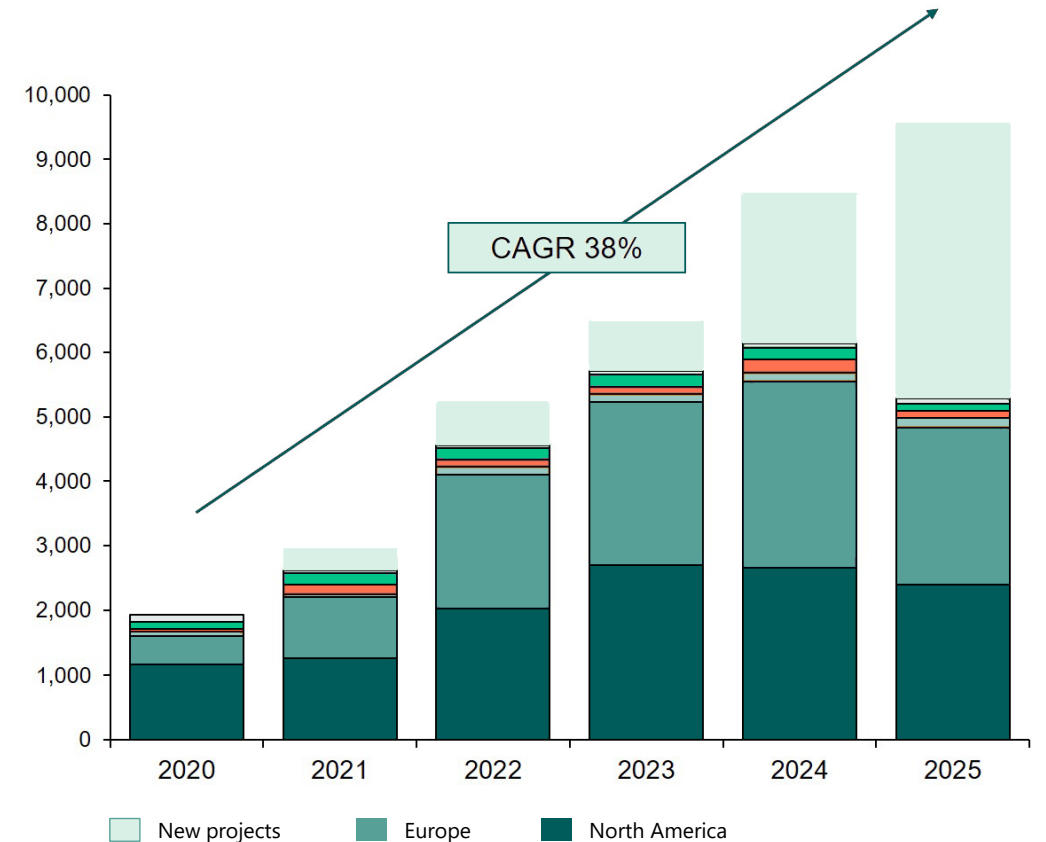
# CCUS investments rising

- Annual investment in CCUS set to soar 38 percent till 2025 (Source: Rystad Energy)
- Total investments could reach \$9bn in 2025
- 80-90% of investments in Europe and North America

## Several large companies launching Net Zero/CCUS investment plans

- Energy companies
- Industrial and process industry
- IT & Technology

## Global spending on CCS projects

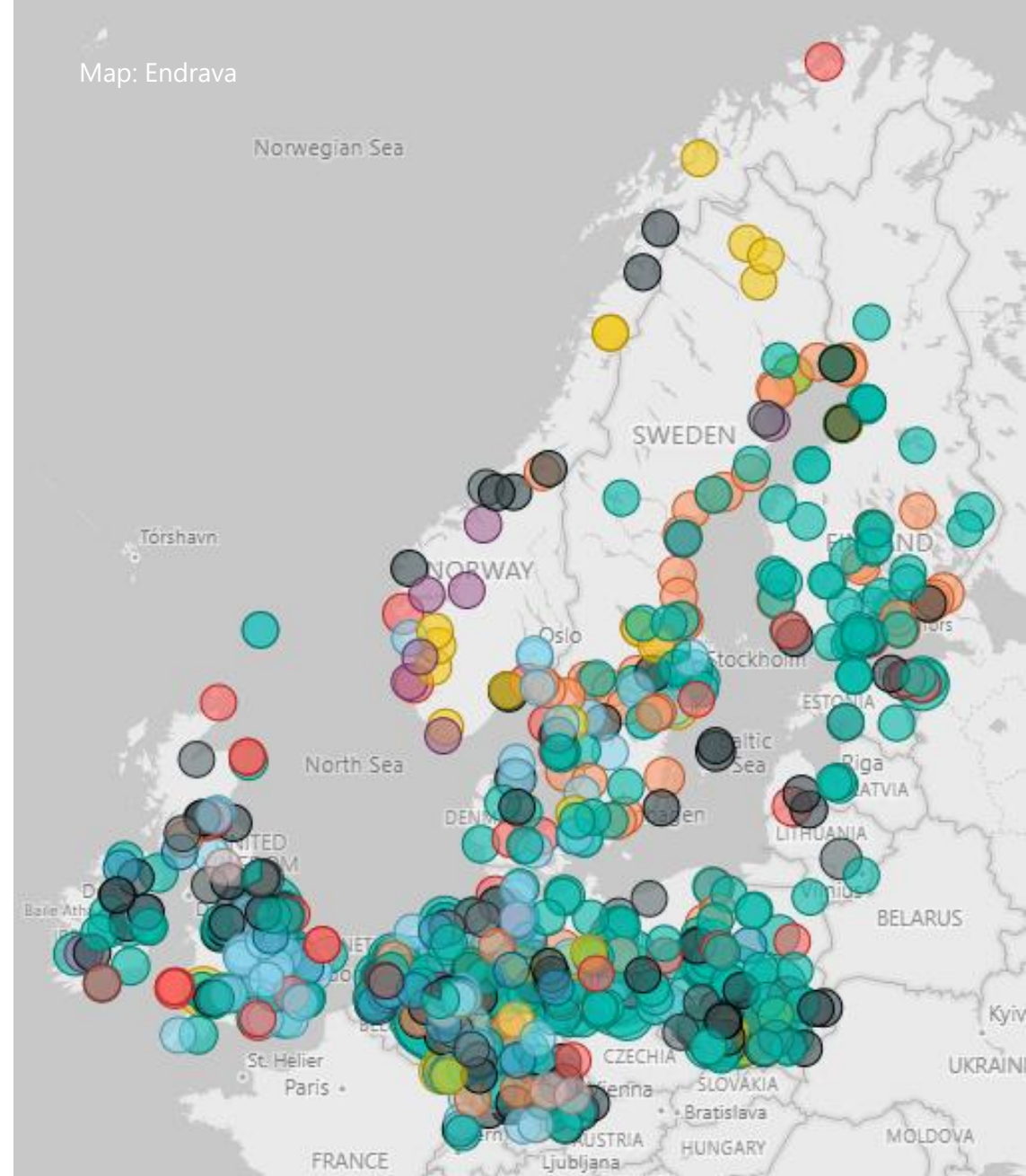


Source: Rystad Energy research analysis

# Market outlook

## Number of prospects and opportunities increasing

- About 500 industrial plants with emissions of more than 100,000 tonnes per year in target markets
- 8 ongoing project studies for different customers
- 14 projects in the EU Innovation fund funnel
  - Feedback on the funding expected first half of 2021
  - Aker Carbon Capture involved in several of these projects



# 10 in 25

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Secure contracts to capture **10** million tonnes per annum CO<sub>2</sub> by **2025**



# Outlook and priorities

Successfully deliver Brevik CCS project

Position for strategic markets through partnerships

Realize programs to drive down carbon capture costs

Continue developing opportunities in prioritized markets



**Q&A**

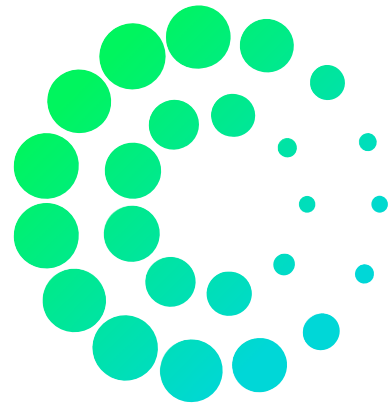
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# Appendices

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P&L ● Balance sheet ● Cash flow

# Condensed consolidated income statement

<i>Amounts in NOK thousand</i>	<b>Jul 8 - Sep 30, 2020</b>	<b>Q4 2020</b>	<b>Full year 2020</b>
Revenues	5 611	10 191	15 802
Cost of goods sold	(4 680)	(5 275)	(9 955)
Salary and other personnel costs	(5 187)	(15 960)	(21 147)
Other operating expenses	(8 310)	(19 091)	(27 400)
Depreciation		(1 881)	(1 881)
<b>Operating profit</b>	<b>(12 566)</b>	<b>(32 015)</b>	<b>(44 581)</b>
Financial income	71	391	462
Financial expenses	-	(341)	(341)
<b>Net financial items</b>	<b>71</b>	<b>50</b>	<b>121</b>
<b>Earnings before tax</b>	<b>(12 495)</b>	<b>(31 965)</b>	<b>(44 460)</b>
Income tax benefit (expense)	-	-	-
<b>Net profit</b>	<b>(12 495)</b>	<b>(31 965)</b>	<b>(44 460)</b>
Earnings (loss) per share in NOK (basic and diluted)	0.04	0.06	0.09

# Condensed consolidated balance sheet

*Amounts in NOK thousand*

Sep 30, 2020

Dec 31, 2020

## Assets

### Non-current assets

Intangible assets	3 004	3 792
Right-of-use assets	-	13 184
Fixed assets	2 279	2 610
<b>Total non-current assets</b>	<b>5 283</b>	<b>19 586</b>

### Current assets

Trade and other receivables	13 378	7 196
Cash and cash equivalents	492 571	457 699
<b>Total current assets</b>	<b>505 949</b>	<b>464 896</b>
<b>Total assets</b>	<b>511 232</b>	<b>484 481</b>

*Amounts in NOK thousand*

Sep 30, 2020

Dec 31, 2020

## Equity and liabilities

### Equity

Share capital	566 061	566 060
Other paid-in capital	(81 847)	(114 200)
<b>Total equity</b>	<b>484 214</b>	<b>451 860</b>

### Non-current liabilities

Pension liabilities	-	2 849
Non-current lease liabilities	-	9 272
<b>Total non-current liabilities</b>	<b>-</b>	<b>12 121</b>

### Current liabilities

Trade and other payables	27 018	15 592
Current lease liabilities	-	4 908
<b>Total current liabilities</b>	<b>27 018</b>	<b>20 500</b>
<b>Total equity and liabilities</b>	<b>511 232</b>	<b>484 481</b>

# Condensed consolidated cash flow statement

<i>Amounts in NOK thousand</i>	<b>Jul 8 - Sep 30, 2020</b>	<b>Q4 2020</b>	<b>Full year 2020</b>
Profit before tax	(12 495)	(31 965)	(44 460)
<i>Adjustment for:</i>			-
Amortisation and depreciation	-	1 881	1 881
Changes in net current operating assets	6 465	10 263	16 728
Accrued interest and foreign exchange	-	308	308
<b>Cash flow from operating activities</b>	<b>(6 030)</b>	<b>(19 515)</b>	<b>(25 545)</b>
Acquisition of property, plant and equipment	(45)	(331)	(376)
Payments for capitalized development	(1 354)	(788)	(2 142)
<b>Cash flow from investing activities</b>	<b>(1 399)</b>	<b>(1 119)</b>	<b>(2 518)</b>
Payment of finance lease liabilities	-	(1 192)	(1 192)
Share issue, net of transaction costs	500 000	(12 489)	487 511
Net purchase of treasury shares	-	(558)	(558)
<b>Cash flow from financing activities</b>	<b>500 000</b>	<b>(14 238)</b>	<b>485 762</b>
<b>Net cash flow</b>	<b>492 571</b>	<b>(34 872)</b>	<b>457 699</b>
Cash and cash equivalent at the beginning of the period	-	492 571	-
<b>cash and cash equivalent at the end of the period</b>	<b>492 571</b>	<b>457 699</b>	<b>457 699</b>