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# Annual report 2020

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# 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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## Key industries

Aker Carbon Capture has identified four prioritized market segments: Cement production, Bio- or waste to energy generation, Gas power and Blue hydrogen. Carbon capture utilization and storage (CCUS) has the potential to remove CO<sub>2</sub> emissions across these segments and thus support the plant operators on their journey towards establishing sustainable business models for the future.



### CEMENT

The cement industry accounts for 6-7 percent of CO<sub>2</sub> emissions, from more than 2,000 plants in about 150 countries around the world.



### BIO/WASTE-TO-ENERGY

There are more than 1,200 waste-to-energy plants in the world, with 400 of them in Europe. Applying CCS at bio energy plants offers a route towards negative emissions.



### GAS-TO-POWER

Gas-fired power plants contributed 23 percent of global power generation in 2019, according to the IEA, and account for some of the biggest single emission points in Europe.



### BLUE HYDROGEN

Producing hydrogen from natural gas with CCS, represents a major opportunity to create an efficient energy carrier without greenhouse gas emissions.

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## Key markets

The carbon capture market is expected to develop into a global market. Aker Carbon Capture has in the initial phase prioritized the European market, where market interest from prospective customers and the regulatory environment to support adaptation of carbon capture technology is most mature.

In 2020, the highest market activity was seen in Scandinavia, Benelux and the UK, with several capture and storage projects being launched.

### SCANDINAVIA

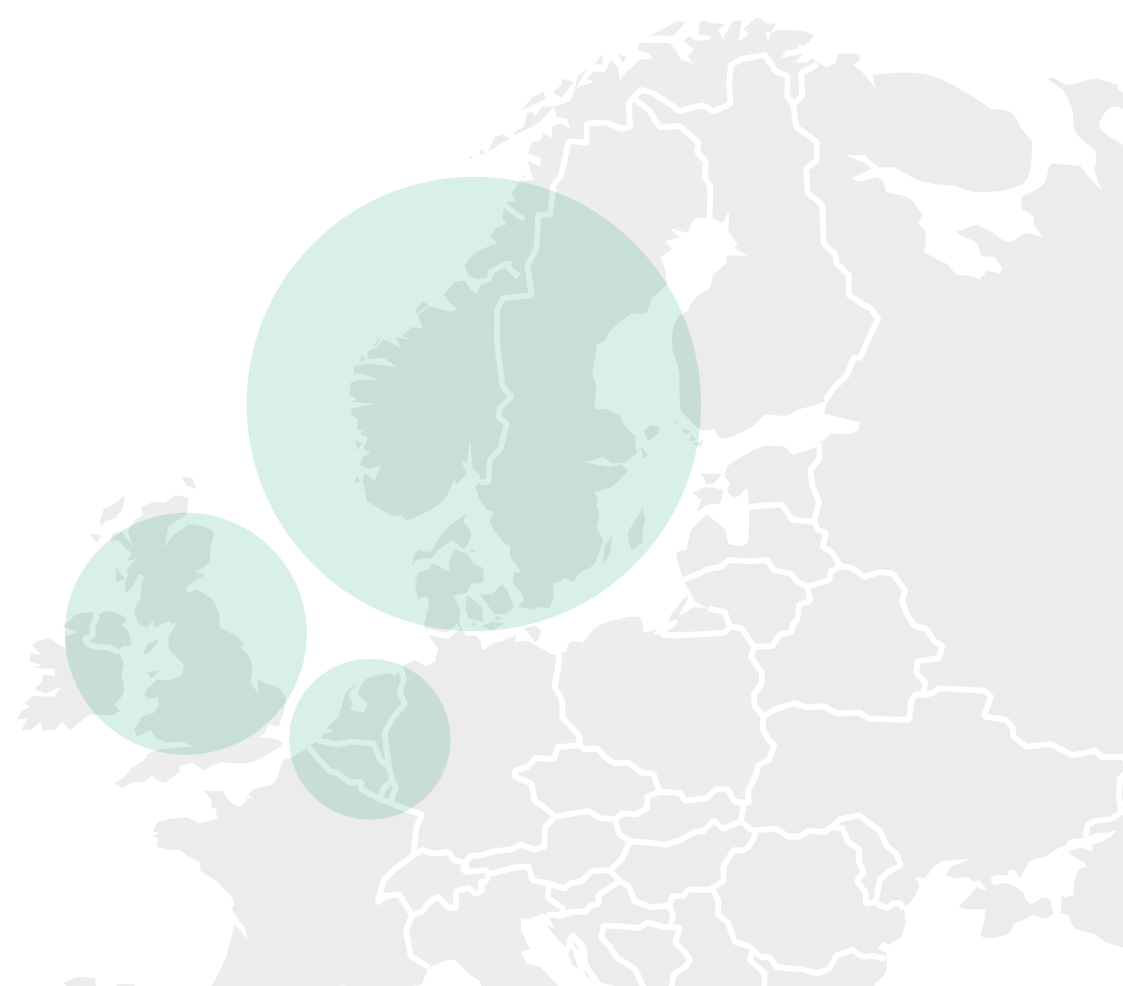
The Norwegian parliament approved funding for the Longship project to establish the full CCS value chain at industrial scale. Aker Carbon Capture won the contract to deliver the world's first carbon capture plant at a cement factory.

### BENELUX

The Porthos storage project, outside the Port of Rotterdam, received funding from the EU. Aker Carbon Capture has secured a contract to deliver its modular Just Cast plant to Twence for a waste-to-energy plant in Hengelo, in the Netherlands.

### UK

The government launched ambitions to capture 10m tonnes CO<sub>2</sub> by 2030, and plans to invest up to £1 billion to support the establishment of CCUS in 4 industrial clusters.



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## CCS economics turning positive

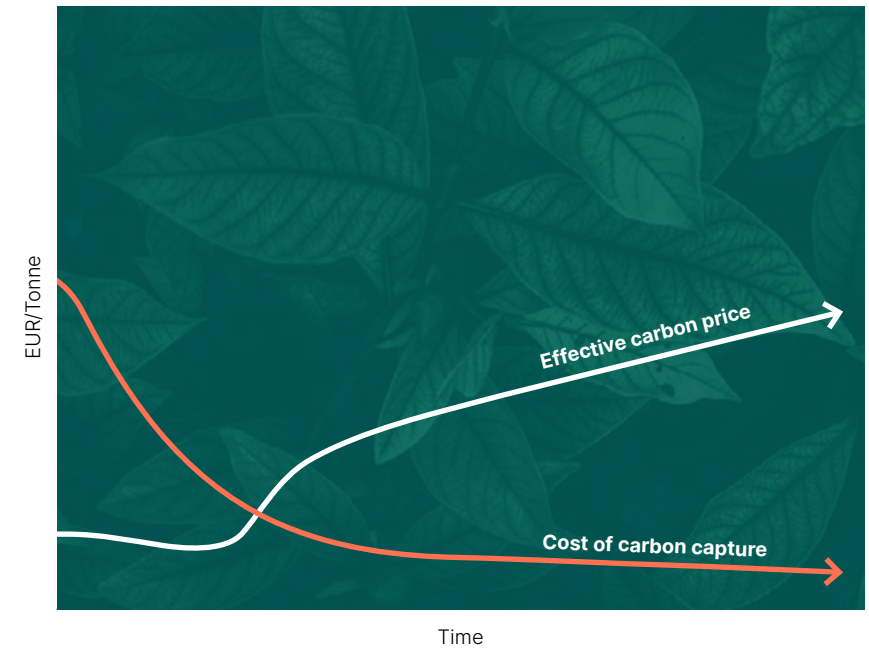
Carbon capture is a cost-competitive option to dramatically cut CO<sub>2</sub> emitted during heavy industry processes such as cement, steel and chemicals production. It can also be more cost-effective to retrofit CCUS to existing facilities than building new capacity with alternative technologies. The cost of emitting CO<sub>2</sub> to the atmosphere is expected to rise further in the European quota market, and beyond. At the same time, Aker Carbon Capture has identified several cost-reducing initiatives. Cost reduction is viewed as a key strategic pillar to execute the Group's strategy to improve project economics.

### 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> quota system
- Public sentiment

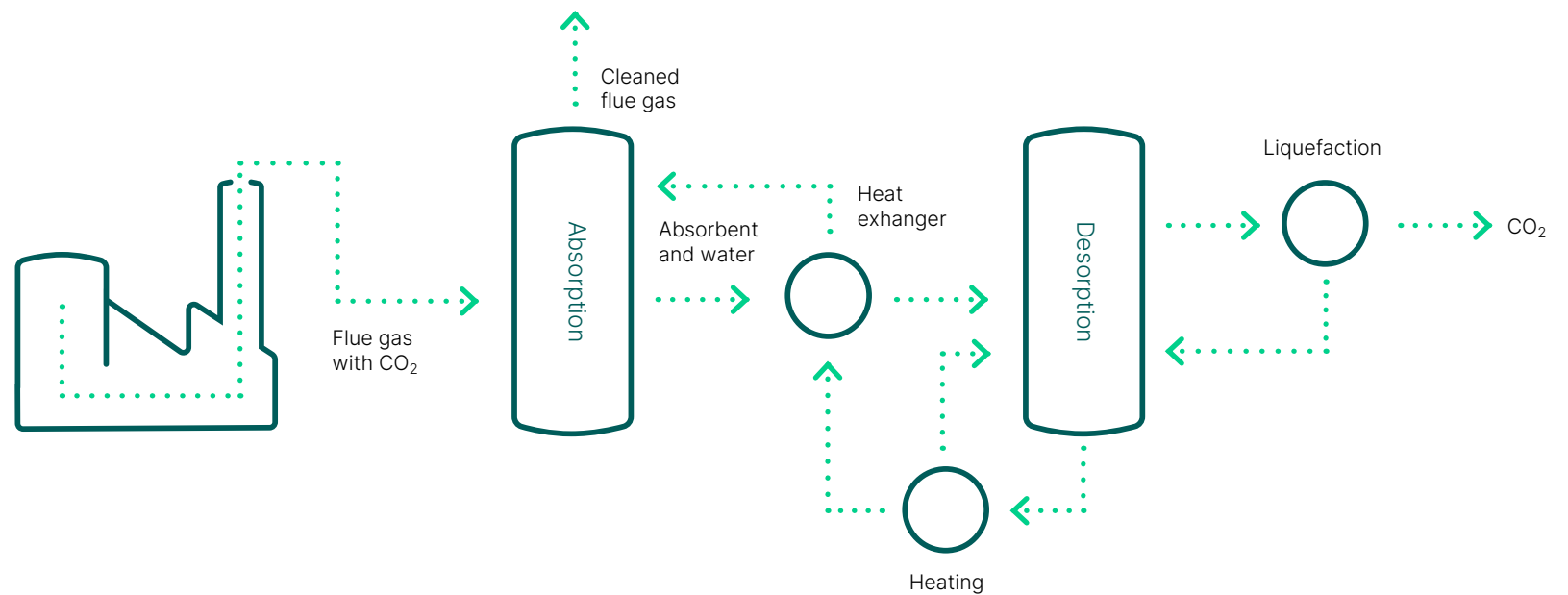


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## CCS technology

Aker Carbon Capture's technology is cost-effective, robust and flexible, meaning it can be applied to existing plants or new builds. Our proprietary carbon capture process uses a mixture of water and organic amine solvents to absorb the CO<sub>2</sub>. This process can be applied on emissions from various sources, from gas, cement, refineries, and waste-to-energy through to hydrogen and other process industries.



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## CEO letter



Aker Carbon Capture was established in 2020, an extraordinary year with a global pandemic affecting societies, businesses and lives. Nevertheless, the timing was right to launch the company due to an increased focus on fighting climate change and many countries taking action to meet the goals of the Paris agreement.

Few companies have had longer runways before taking off than Aker Carbon Capture. Aker's involvement in managing CO<sub>2</sub> goes all the way back to the 1990s. Some colleagues have worked on developing our proprietary technology and solutions their entire careers.

We established Aker Carbon Capture as a pure play company to combine the agility of a start-up with the strength of the Aker group. It has been an exciting journey, from a small group of industry experts to become a company with a broad set of capabilities, in just a matter of months. I am very thankful to everyone at Aker Carbon Capture for their commitment and positive attitude during this first period. Our company was formally established as a spin-off from Aker Solutions, and I know the separation will benefit both organizations and the companies continue to work closely together.

2020 was also a special year for the carbon capture and storage industry. While the technology has proven itself over time, it was only recently that CCS became widely accepted as part of the solution to reach the Paris goals.

In September, the Norwegian government launched the Longship project to establish the entire CCS value chain, from capture to transport and permanent storage underneath the North Sea. Longship includes the Brevik CCS project, where Aker Carbon Capture will deliver a complete CO<sub>2</sub> capture plant in 2024.

The contract marks a breakthrough for Aker Carbon Capture and the carbon capture industry. During the autumn, we signed a contract with Norcem HeidelbergCement for the delivery of what will be the first industrial scale carbon capture plant at a cement factory. The captured CO<sub>2</sub> at the plant, 400,000 tonnes per year, equals the total emissions from about 200,000 cars from the roads.

### Sustainability

This annual report also contains Aker Carbon Capture's first sustainability reporting. Aker Carbon Capture will contribute to the

sustainable development of society through responsible commercial operations and continuous improvement to enable emission free industries and energy solutions through carbon capture.

Sustainability at Aker Carbon Capture is about operating and making decisions that add value to the company, its stakeholders and society. We offer the most environmentally friendly carbon capture solution. In business, we act responsibly and according to our Code of Conduct, wherever we are.

This report outlines Aker Carbon Capture's priorities and ambitions with regards to sustainability. It highlights some key accomplishments for 2020, and describes how we want to operate going forward, with sustainability as a natural and integrated part of our operations. The report reflects both the fact that the company had only five months of operations and that our projects were in an early phase of development with limited industrial activity.

I am proud of our accomplishments during our first year. Together with our customers, partners and suppliers, and with the backing of the Aker group, we are in a great position to make a major positive impact and contribute to creating a sustainable future for our company, our customers and society.

**Valborg Lundegaard**  
CEO

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## Board of directors' report

### OVERVIEW

Aker Carbon Capture supplies the solutions and technology which together comprise a carbon capture plant and the downstream processing and management of CO<sub>2</sub>, including capture, compression, liquefaction, and intermediate storage at site. These solutions and services are provided to industrial plant owners and operators across various industries to remove CO<sub>2</sub> emissions.

Aker Carbon Capture was established as a standalone company in the summer of 2020, following more than 15 years of developing carbon capture technology and solutions as part of Aker Solutions. The group is headquartered in Norway. The proprietary technology with unique HSE characteristics includes the company's patented amine-solution, which is used as the reagent separating CO<sub>2</sub> from the flue gas in the capture process.

Key services include technology development, feasibility studies, project management, engineering, procurement, construction and fabrication services, as well as assistance with operations and aftermarket services.

During 2020, market interest in carbon capture technologies continued to increase markedly. In order to pursue these market opportunities, it was this decided by the board of directors of Aker Solutions to spin off the CCUS activity into a separate entity and list this as a pure play company on the Oslo Stock Exchange's Euronext Growth (previously Merkur Market) trading platform. The plans were announced on July 17, including an intention to distribute shares in the new company – Aker Carbon Capture – to Aker Solutions shareholders. A private placement, raising NOK

500 million, and a subsequent listing followed and shares in Aker Carbon Capture started trading on August 26, 2020. See [note 3](#) in the consolidated accounts for more information about the internal restructuring that took place related to the spin off.

### STRATEGY AND DEVELOPMENT

The carbon capture market is considered a global market in various stages of development. Europe and North America are the primary markets for Aker Carbon Capture, as this is where market interest from prospective customers and the regulatory environment to support adaptation of carbon capture technology is seen as most mature. In 2020, the highest market activity was seen in Scandinavia, Benelux and the UK, with several capture and storage projects being launched.

In addition to its geographical focus, Aker Carbon Capture identified four prioritized market segments: cement, bio- or waste to energy, gas power and blue hydrogen. During 2020, the company made substantial progress in all four segments; securing contracts and studies, entering partnerships or performing test campaigns.

Continued technology development will be a key enabler for the company's long-term competitive advantage. Aker Carbon Capture invests in reducing costs associated with its product offering and have identified several cost-reducing initiatives. Cost reduction is a pillar in the company's strategy, as it will significantly improve project economics, lowering the investment hurdle for customers.

The company developed its core execution capabilities, in terms of project management, engineering and subcontracting, to act as a

solid counterpart in the market. As part of the Aker group of companies, Aker Carbon Capture benefits from the deep and broad capacity and know-how across engineering, fabrication and project execution. Last year, the company established agreements with Aker Solutions to assist with inter alia fabrication and project execution.

Since the start-up during the summer of 2020, Aker Carbon Capture maintained a certified operating model based on the methods developed in Aker Solutions. To strengthen the organizational development of Aker Carbon Capture, the company developed a new management system in late 2020 which has been certified to ISO 9001 and ISO 14001 by DNV. The new management system serves the company through technology development, studies, EPCI projects and plant life services.

### PROJECTS

In September, the Norwegian government launched the Longship project to establish the entire CCS value chain, from capture to transport and permanent storage underneath the North Sea. The public funding of the project was approved by the Norwegian parliament in December. Longship includes the Brevik CCS project, where Aker Carbon Capture will deliver a complete and fully functioning CO<sub>2</sub> capture plant in Brevik, Telemark in southern Norway in 2024.

Aker Carbon Capture signed an EPC contract with Norcem HeidelbergCement for the delivery of what will be the first industrial scale carbon capture plant at a cement factory anywhere in the world. The captured CO<sub>2</sub> at the plant, 400,000 tonnes per year, equals the total emissions from about 200,000 cars from the roads. Securing the Brevik CCS project was a



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major milestone for Aker Carbon Capture, and a big step towards the industrialization of carbon capture in major industries.

The company has also secured a EPC contract for a delivery of its modular Just Catch™ unit to Twence, a Dutch operator of waste-to-energy plants. In this project the captured CO<sub>2</sub> will be utilized as fertilizer at local greenhouses, making it one of the first industrial scale carbon capture and utilization (CCU) cases. The project is pending public funding and expected to commence in 2021.

## PARTNERSHIPS & COLLABORATION

Forming partnerships and collaborating with prospective customers and suppliers of technologies and solutions are central to Aker Carbon Capture's strategy to realize its ambitions. Early engagement with customers is prioritized, and the company signed three such collaborative agreement in 2020.

In October, Aker Carbon Capture signed a Memorandum of Understanding with Sweden's Vattenfall to accelerate the evaluation of future carbon capture plants in Sweden and Northern Europe. The agreement supports Vattenfall's ambitions to achieve negative emissions in waste and bio CCS plants.

In December, Aker Carbon Capture and MAN Energy Solutions of Germany signed a technology-cooperation agreement to develop energy-efficient compression solutions for CCS applications with heat recovery. The cooperation builds on MAN's experience in compressor technology, the integration of system components and their design and delivery, as well as Aker Carbon Capture's proprietary amine technology and efficient carbon-capture process design.

Aker Carbon Capture and Haldor Topsoe signed an MoU with the intention to offer a complete solution for low-carbon hydrogen production. The solution combines Danish group Haldor Topsoe's proven hydrogen process and Aker Carbon Capture's post combustion carbon capture technology to achieve low-emission

and cost-effective production of 'blue' hydrogen – a clean energy carrier with a wide array of applications in industry and as a fuel.

The European Union foresees investments of €11 billion for retrofitting half of the existing European hydrogen plants with carbon capture and storage before 2030.

## ORGANIZATION

The company was established with a core team of Carbon Capture, Utilization and Storage (CCUS) technology experts, most of whom have worked specifically on developing CCUS at Aker over the past decade. Valborg Lundegaard was appointed CEO of Aker Carbon Capture in July 2020. She brings with her more than 25 years' of experience from the energy industry, including the past decade as a member of Aker Solutions executive management team.

During the autumn of 2020, the company recruited for several key departments to strengthen the capabilities across the group and in response to increased market activity. At the end of 2020, Aker Carbon Capture employed a total of 26 employees, as well as 56 contractors.

In December 2020, Egil Fagerland was appointed chief financial officer, with effect from April 1, 2021. Fagerland was previously head of ERP and Business Systems at DeepOcean. Before that, he held various roles at Aker Solutions' finance department from 2012 till 2020, including as senior vice president, group controlling and financial systems. Ola Beinnes Fosse, Head of Treasury at Aker Horizons, was the acting CFO since the company was listed in 2020.

## MARKET OUTLOOK

The Carbon Capture and Storage market is expected to grow significantly over the next decade, driven by political ambitions to reduce CO<sub>2</sub> emissions from industrial sources and energy production in order to reach the Paris agreement targets. In September last year, the EU raised its climate ambition and proposed a 55 percent cut in emissions by 2030, from

50 percent previously. Several countries have followed up the ambition by launching 'net zero' ambitions and declaring CCS will play a pivotal role in reaching the targets.

Projects nearing a final investment decision represented an estimated potential investment of around USD 27 billion – more than double the investment planned in 2017, according to a report published by the International Energy Agency last year.

The company is primarily focused on the European market, where interest from prospective customers and the regulatory environment to support adaptation of carbon capture technology is seen as most mature. The company is also monitoring developments in North America, where activity levels are rising.

In November, the European Commission reported that applications for the €10 billion EU Innovation Fund included 14 large scale CCS projects. Aker Carbon Capture is involved in several of these projects. There are now at least eight major storage projects – once seen as a bottleneck for realizing CCS – underway across Europe.

Based on the favorable market development expected in the coming years, the company launched a long-term ambition called "10 in 25" – stating that Aker Carbon Capture aims to secure contracts for the combined capture of 10 million tonnes per year by the end of 2025.

Carbon capture is considered the core operational activity, but the company also sees viable business opportunities in leveraging its in-house capabilities in enabling customers to connect to the carbon capture value chain. The company has so far delivered services and products through engineering, procurement, construction and service contracts.

The Group is continuously exploring alternative delivery models to meet the needs of its customers. As both the Group and the market further matures, it is envisaged that alternative business models such as "Carbon Capture as a Service" and "Pay per tonne Captured" may be potential profitable avenues in the longer-term

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to enable growth and improve margins.

## SUSTAINABILITY

The company's commitment to human and labor rights is covered by the Global Framework Agreement between Aker ASA and the Norwegian and international trade unions Fellesforbundet, IndustriALL Global Union, NITO and Tekna. Aker Carbon Capture follows the Euronext guidance on ESG reporting as of January 2020. This includes reporting based on the Global Reporting Initiative (GRI). Aker Carbon Capture's strategy supports the UN Sustainable Development Goals.

From the outset, as the company was established in 2020, a concerted effort was made to ensure the company and its operations are sustainable, with particular regard to environmental, social and governance-related aspects. To ensure that Aker Carbon Capture's activities were aligned with stakeholders' expectations, a materiality assessment was conducted by a reputable third-party organization. The 2020 results reflect both the fact that the company had only five months of operations and that the carbon capture market remains in an early phase with limited industrial activity.

More information can be found in the sustainability reporting section of the annual report.

## CORPORATE GOVERNANCE

Good corporate governance at Aker Carbon Capture will ensure sustainable operations and value creation over time to the benefit of shareholders and other stakeholders. Corporate governance is a framework of processes, mechanisms and responsibilities for managing the business and making sure the right objectives and strategies are set and implemented with results that can be measured and followed up.

The management and the board of directors are responsible for ensuring that the company conducts business using sound corporate

governance and sets the standards for corporate governance.

The board holds exclusive authority under the company's authorization matrix to approve matters of significance. The board of directors regularly receives extensive reports from the chief executive officer and the chief financial officer on key aspects of the business. These reports reflect underlying reporting to executive management from the business operations.

Aker Carbon Capture's Code of Conduct outlines the company's commitments and requirements for ethical business practices and personnel conduct. The Code of Conduct describes what Aker Carbon Capture expects from its employees, subsidiaries, subcontractors, representatives and other partners and explains the company's policies in a number of areas of particular importance such as corruption, conflict of interest, protecting the environment and human rights. The Code of Conduct is available at [www.akercarboncapture.com](http://www.akercarboncapture.com).

Aker Carbon Capture has a total of 13 policies providing business practice guidance within several key areas. These policy documents define commitment and express the expected behaviour across the company within areas such as HSSE, sustainability, project execution, quality, governance and finance.

More information can be found in the sustainability reporting section of the annual report.

## GROUP FINANCIAL PERFORMANCE

Aker Carbon Capture presents its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. All amounts below refer to the consolidated financial statements for the group, unless otherwise stated. The financial statements cover the period from incorporation on July 8, 2020 to December 31, 2020.

In the period, the company had service revenues from various studies of NOK 15.8 million. Operating loss ended at negative NOK



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44.6 million and was primarily caused by an increase in salary and personnel costs as well as other operating expenses in line with the growing complexity of operations. Loss for the period was negative by NOK 44.5 million, resulting in loss per share of NOK 0.09.

Total assets of the group amounted to NOK 484.5 million as of December 31, 2020, of which NOK 457.8 million was cash and cash equivalents. Net current operating assets ended at negative NOK 8.4 million. The company has no interest-bearing debt. Total equity amounted to NOK 451.9 million at year-end 2020, giving an equity ratio of 93 percent.

Cash flows from operating activities ended at negative NOK 25.5 million, being lower than operating loss of NOK 44.5 million due to cost accruals in the end of the period. Cash flows from investing activities were negative by NOK 2.5 million, mainly reflecting capitalized development costs related to Just Catch technology. Cash flows from financing activities of NOK 485.8 million mainly include NOK 500 million from the share issue in August 2020, reduced by related transaction costs of NOK 12.5 million.

## INVESTING IN RESEARCH, INNOVATION AND TECHNOLOGY

Continued technology development will be a key enabler for the company's long-term competitive advantage. Aker Carbon Capture invests in reducing costs associated with its product offering and have identified several cost-reducing initiatives. Cost reduction is viewed as a key strategic pillar to execute the Group's strategy as it is expected to significantly improve project economics.

Beyond pure technology improvements in the fields of capture technology, CO<sub>2</sub> conditioning and heat integration; large scale plants are believed to have a significant cost reduction potential where utilizing standardized building blocks and digitalization, as well as industrialisation and partnering schemes with key equipment suppliers will drive economies of

scale in project realization.

In 2020 Aker Carbon Capture initiated and participated in six Research, Development and Innovation (RD&I) projects. The gross RD&I spend in 2020 was NOK 19.9 million, of which NOK 2.5 million qualified for capitalization. The company received external funding of NOK 15.3 million to support these RD&I initiatives, which included activities to strengthen core technology, as well as to expand the technological footprint to adjacent areas. Aker Carbon Capture emphasizes collaboration with universities and scientific institutions as an important tool for innovation, and are members of the Norwegian CCS Center (CCS) hosted by SINTEF and NTNU.

Aker Carbon Capture's Mobile Test Unit (MTU) is a fully functional carbon capture plant used to qualify the company's technology for new flue gases and to validate new technological solutions in an industrial environment. In 2020 the company successfully qualified its technology for carbon capture from hydrogen production during a test campaign at Preem's refinery in Lysekil, Sweden. The MTU campaign was part of a larger CCS project together with several partners (Preem, SINTEF, Chalmers University, Equinor, Climit and the Swedish Energy Agency). During the nine-month campaign the mobile test unit achieved more than 3,000 operating hours. The campaign was executed without any HSE incidents.

Aker Carbon Capture also performed a number feasibility studies in market segments including waste to energy, oil and gas and hydrogen.

## PARENT COMPANY AND ALLOCATION OF NET LOSS

The parent company Aker Carbon Capture AS is the ultimate parent company in the Aker Carbon Capture group and its business is the ownership and management of the subsidiary Aker Carbon Capture Norway AS. Aker Carbon Capture AS has outsourced all company functions to its subsidiary.

Aker Carbon Capture AS has a net loss of NOK 1.9 million in period from incorporation on July 8 to December 31, 2020. The company is currently in a growth phase and not in a position to pay any dividends. The board thereby proposes the following allocation of net loss (amounts in NOK million):

Dividends:	0
From share premium:	1.9
<b>Total allocated:</b>	<b>1.9</b>

## HEALTH, SAFETY, SECURITY AND ENVIRONMENT

Aker Carbon Capture is committed to a goal of zero harm to people, assets and the environment. The cornerstone of this objective is a strong, structured and company-wide HSSE system, setting clear standards for HSSE management and leadership. Regular audits aim to identify, isolate and help address potential shortcomings. At Carbon Capture, the HSSE culture is founded on the principle that HSSE is a personal responsibility for every employee.

## HEALTH AND WORKING ENVIRONMENT

Aker Carbon Capture is committed to a goal of zero harm to its employees, not just through accident prevention, but also through safeguarding employee's physical and mental health. Easy access to a variety of services from health personnel in 2020 has been provided by Aker Care.

In 2020, the COVID-19 pandemic had an adverse impact on working life. The company implemented a series of measures, in accordance with national recommendations and Aker group-wide initiatives, to reduce the spread of the virus while maintaining productivity. Throughout long periods, most or all employees worked from home, communicating via digital tools. In challenging conditions, the Mobile Test Unit team was able to complete an ongoing client project under strictly implemented

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COVID-19 procedures for travel of personnel and performance of work.

During these working conditions, an additional emphasis was placed on mental health issues among the workforce. Aker Carbon Capture introduced employee training sessions to manage this unprecedented situation, and the broader Aker group implemented various support measures, including anonymous helplines and free consultancy by medical professionals.

Aker Carbon Capture's global sick leave for 2020 was 0.8 percent.

## SAFETY

Aker Carbon Capture operates with a zero-harm mindset and the belief that all incidents can be prevented. In its first year of operation, nearly all activities were office based. However, the company introduced a reporting structure and established methodologies and metrics such as a Lost Time Injury Frequency (LTIF) and Total Recordable Injuries Frequency (TRIF), in order to measure performance and drive improvement across the company from 2021 onwards, as on-site activity levels will increase in line with the execution of industrial projects.

## SECURITY

Aker Carbon Capture's commitment towards safeguarding employees, assets and reputation is demonstrated by the core team of security professionals and the operation of a 24/7 Global Security Operations Center. The Center is supporting all aspects of operations as well as some affiliated Aker companies. No serious security incidents were reported in 2020.

Cybercrime can be a major threat to operations. As part of the Aker group, Aker Carbon Capture continually monitors the threat landscape and takes the necessary steps to safeguard employees, systems, data and products. Phishing emails remain the most important vector for cyber attacks and further measures have been taken to secure email, improve capabilities to identify ongoing

malicious activities and increase employee awareness of cyber threats. With smarter products connected to the internet, there is an increased risk to these devices and the systems they are connected to. Precautions have been taken to protect Aker Carbon Capture and its assets.

## EMERGENCY PREPAREDNESS AND RESPONSE

The company's capabilities within crisis management were set up in 2020, with support from the Aker group. Dedicated resources are assigned to advise and assist management on development of systems and structure of emergency response and business continuity. In 2020 Aker Carbon Capture established and implemented RAYVN, a cloud-based system for efficient notification and coordination of critical events through an assigned critical event response team.

## ENVIRONMENT

Aker Carbon Capture works to protect the environment by offering products, systems and services that reduces the CO<sub>2</sub> footprint of customers' operations, and by seeking to reduce negative climate impact of own operations. The company's biggest effect on the environment will be through its customer offerings. In 2020 Aker Carbon Capture was awarded certification according to the environmental management system standard ISO 14001:2015.

The major contributor to Aker Carbon Capture's carbon dioxide equivalent emissions is from energy consumption. The total carbon dioxide equivalent emissions in 2020 was 20.7 tonnes. More details are given in the ESG accounts. More information can be found in the sustainability reporting section of the annual report.



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## SAFEGUARDING DIVERSITY EQUAL OPPORTUNITY AND INCLUSION

Aker Carbon Capture had 26 employees and 56 contract staff at the end of 2020. Aker Carbon Capture is strongly committed to the principles of non-discrimination and equal opportunity, regardless of gender, nationality or other factors. Men have traditionally dominated the industry. This continues to be reflected in our organization, where around 26 percent of our employees are women. The percentage of women in leadership roles was 37.5 percent in 2020. Aker Carbon Capture's workforce represented six nationalities and a range of competencies and insights, benefitting both its partners and the business.

Aker Carbon Capture seeks to promote inclusion and diversity in its workforce through clear recruitment requirements and the development of individuals and programs supporting equal opportunity, in accordance with its people policy and recruitment procedures. Focusing on inclusion helps build a sense of belonging. More information regarding the company's commitment to equality and diversity is available in the company's 2020 sustainability report.

Aker Carbon Capture has a procedure for handling whistleblower cases, and it is followed with respect to investigating discrimination allegations. It ensures all allegations are investigated and feedback provided to the whistleblowers where identity is known. At the end of 2020 no such cases had been reported.

## LEADERSHIP, TALENT AND PERFORMANCE

Aker Carbon Capture's ambition is to offer professional development, career opportunities, competitive pay and benefits and a healthy work-life balance for all its employees.

The COVID-19 pandemic has led to new ways of working and collaborating and Aker Carbon Capture has a digitally-connected, collaborative and mobile workplace for all employees. This will enhance end-user collaboration and communications through an agile, mobile and

secure computing platform, in this case the Microsoft Office 365 set of tools. Employees can be onboarded and will continue to work in a more digitally-connected, collaborative and mobile world.

The company's performance process is built upon frequent performance conversations between managers and employees to ensure that all employees work towards common goals, accelerate performance and help people grow and develop. The dialogues are mandatory for all employees and have been simplified to make them efficient and impactful for both leader and employee.

## RISK FACTORS

Aker Carbon Capture is operating in a global market which is influenced by CO<sub>2</sub> taxes, government subsidies and volatile commodity prices which provide both opportunities and risks that may affect the company's operations, performance, finances, reputation and share price. It is evident that external risk factors such as pandemics, market risk, CO<sub>2</sub> tax levels, ethical and political risks and climate related risks may have a significant adverse impact on the company, in addition to internal risk factors such as operational risks and financial risks. These risk factors are further described below.

## MARKET RISK

The market outlook for CO<sub>2</sub> capture has been steadily increasing over time, driven by a clear need for carbon capture to reduce the climate effects from the industry. Significant investment decisions to industrialize carbon capture and permanent storage have been made in 2020, mainly through the Longship investment in Norway. With the COVID-19 pandemic effects expected to reduce during 2021, it is expected that more carbon capture and storage developments will be sanctioned. The main risks related to the market are listed below:

- Delayed investments in key carbon capture developments in Europe, where government subsidies are part of the business case

- Slow ramp-up of carbon capture and storage in global market
- Reduced or delayed CO<sub>2</sub> tax increase post COVID-19
- Supplier base, supplier capacity and logistics challenges in new market conditions

Aker Carbon Capture is committed to industrializing carbon capture, to drive down the cost of carbon capture to make it commercially attractive to the main target industries. The company has clear commitment to Environment Social Governance (ESG) requirements, and is dedicated to reduce energy consumption and continue developing environmentally friendly solutions for CO<sub>2</sub> removal.

## ETHICAL AND POLITICAL RISKS

Aker Carbon Capture has implemented [ethical] policies and procedures to act according to domestic and international standard, anchored with the Code of Conduct visible on the company website. The company has limited direct exposure in countries associated with high political, corruption and human rights risks. Aker Carbon Capture could, nevertheless, potentially become involved in unethical behaviour, either directly or through third parties and partners.

Aker Carbon Capture has a zero tolerance for corruption and works continuously to avoid such behaviour. To ensure compliance with the standards, ethical training is conducted annually as a minimum. Aker Carbon Capture expects their suppliers to act according to the same standards. Aker Carbon Capture has an established Business Integrity Compliance (BIC) and whistleblower channel to ensure reporting of any concerns in our operations. Compliance training of all permanent personnel was conducted in 2020 and will continue annually.

## OPERATIONAL RISK

For 2020 the operational risk was low with studies and testing only. However, going forward Aker Carbon Capture will be engaged

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through contracts on fixed price, reimbursable and a combination of these. The main risks are related to fixed price contracts, where potential cost overruns will need to be covered by the company. The projects are demanding from technology and complexity point of view, with extensive sourcing, sub-contracting and project management activities. These can impact upon the company's ability to deliver on time and in accordance with a contract, potentially harming Aker Carbon Capture's reputation, performance and finances. Factors that may have an adverse material effect on the business, results of operations and finances of Aker Carbon Capture include, but are not limited to:

- Loss of business from a significant customer, delivery issues or alterations to order backlog
- Competitiveness or ability to develop a significant market position
- Commercialization of new technology
- Partnerships, joint ventures and other types of cooperation that expose the company to risks and uncertainties outside its control.
- Non-delivery and/or disputes with a key supplier.
- Significant delays or quality issues impacting upon project delivery or performance.
- Cybercriminals and cyber security issues leading to system downtime or significant loss of intellectual property.

## FINANCIAL RISKS

The objective of financial risk management is to manage exposure from financial risks to increase predictability of earnings and minimize potential adverse effects on financial performance.

Aker Carbon Capture is exposed to a variety of financial market risks such as currency risk, interest rate risk, tax risk, price risk, credit and counterparty risk, liquidity risk and capital risk as well as risks associated with access to and terms of financing.

The financial risks affect the group's income and the value of any financial instruments held. The objective of financial risk management is to manage and control financial risk exposures and thereby increase the predictability of earnings and minimize potential adverse effects on Aker Carbon Capture's financial performance. Aker Carbon Capture and its subsidiary will use financial derivative instruments to hedge certain risk exposures and aim to apply hedge accounting whenever possible in order to reduce the volatility resulting from the periodic market-to-market revaluation of financial instruments in the income statement. Risk management is performed in every project in order to identify, evaluate and hedge financial risks under policies approved by the board of directors.

Financial risk management and exposures are described in detail in [note 15](#) and capital management is described in [note 14](#).

## GOING CONCERN

The world is currently in the middle of the COVID-19 pandemic, and how this will unfold remain uncertain. Aker Carbon Capture is continuously monitoring the development and will continue to take measures to mitigate the negative impacts for the company, including measures required to meet restrictions from governmental authorities. However, there is a risk that the COVID-19 outbreak may have substantial negative effects on the global economy which are worse than current estimates, in which case this will also have increased negative effects on Aker Carbon Capture. The COVID-19 outbreak gives higher uncertainty for the going concern assumption for most companies. This is also the case for Aker Carbon Capture. However, the company has no external debt and a solid liquidity reserve as of December 31, 2020.

Therefore, in accordance with the Norwegian Accounting Act, the board of directors confirms that the going concern assumption, on which the consolidated financial statements have been prepared, is appropriate.

Fornebu, March 25, 2021

  
Henrik Overgaard Madsen  
Chairman

  
Kristian Monsen Røkke  
Director

  
Øyvind Eriksen  
Director

  
Oscar Fredrik Graff  
Director

  
Nina Jensen  
Director

  
Valborg Lundegaard  
CEO

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## Board of directors



**HENRIK O. MADSEN**  
Chairman

Henrik O. Madsen (Chairman) has worked more than 25 years for DNV GL in a number of scientific research and management positions, and served as the President and CEO of the company from 2006 to 2015. He holds a PhD in civil and structural engineering from the Technical University of Denmark, where he also serves as adjunct professor. In 2002, he was appointed a technology pioneer by the United States Offshore Energy Center's Technology Hall of Fame. Madsen was previously chairperson of the Norwegian Research Council.



**KRISTIAN MONSEN  
RØKKE**  
Board Member

Kristian Monsen Røkke has experience from offshore services and shipbuilding in several companies in the Aker group. Prior to assuming his current position as CEO of Aker Horizons AS, Røkke served as Chief Investment Officer of Aker ASA. Before that, he served as CEO of Akastor ASA, a publicly listed oil service investment company and prior to this he spent several years in various operational and executive roles at Philly Shipyard. He has an MBA from The Wharton School of the University of Pennsylvania. Kristian Røkke is a board member of several companies, including: Akastor ASA (Chairman), Philly Shipyard ASA (Chairman), American Shipping Company ASA and Aker Offshore Wind AS.



**ØYVIND ERIKSEN**  
Board Member

Øyvind Eriksen (born 1964) joined Aker ASA in January 2009. Mr. Eriksen holds a law degree from the University of Oslo. He joined Norwegian law firm BA-HR in 1990, where he became a partner in 1996 and a director/chairman in 2003. As a corporate attorney he among other things worked with strategic and operational development, M&A and negotiations. Mr. Eriksen has held several board positions in different industries, including shipping, finance, asset management, offshore drilling, fisheries, media, trade and industry. As CEO Mr. Eriksen is currently chairman of the board in Aker BP ASA, Aker Solutions ASA, Cognite AS, Aker Capital AS, Aker Kværner Holding AS, and REV Ocean Inc. He is also a director of several companies, including Aker Energy AS, Akastor ASA, The Resource Group TRG AS, TRG Holding AS, The Norwegian Cancer Society (Kreftforeningen), and a member of World Economic Forum C4IR Global Network Advisory Board. Mr. Eriksen is a Norwegian citizen.

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**NINA JENSEN**  
Board Member

Nina Jensen (born 1975) is the CEO of REV Ocean and is a tireless champion for promoting environmentally responsible solutions for the world's ocean. She started this position in 2018 after 15 years of positive impact in WWF-Norway (as Secretary-General since 2012). Ms. Jensen holds a Master's degree in Marine Biology from the University of Fishery Science in Tromsø, and has a background in communications and marketing from Ogilvy&Mather. Ms. Jensen is a board member of The Business for Peace Foundation, The Plastic REVolution Foundation, The C4IR Ocean and The Brain Tumour Association. She was named Young Global Leader by the World Economic Forum in 2014. She is also part of Friends of Ocean Action and an advisor to the High Level Panel for a Sustainable Ocean Economy. Ms. Jensen is a Norwegian citizen.



**OSCAR GRAFF**  
Board Member

Oscar Graff (born 1952) joined Aker in 1980. Mr. Graff holds a master degree in chemical engineering from the Norwegian University of Science and Technology (NTNU). Since 2000 he has been instrumental in the development of carbon capture technology to reduce carbon emissions. Mr. Graff has held several positions in CO<sub>2</sub> and climate related technical boards and advisory committees in Norway, UK and the EU. Mr. Graff was appointed as Chief Technology Officer for Aker Clean Carbon in 2008, and has in recent years been responsible for Carbon Capture in Aker Solutions. Mr. Graff is a Norwegian citizen.



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# Sustainability report

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## Introduction to sustainability

Aker Carbon Capture is a dedicated carbon capture technology provider that aims to mitigate the environmental impact of industry for a brighter, more sustainable future. We have more than 15 years of experience developing carbon capture technologies, including a proprietary solvent, suitable for large-scale carbon capture plants at industrial sites around the world.

Carbon capture is a key measure to reduce global CO<sub>2</sub> emissions. Implementing carbon capture across industries, in combination with renewables and energy efficiency, is essential to meet the Paris Agreement targets.

Large CO<sub>2</sub> emitters in energy, cement, waste-to-energy, steel, and other heavy industries are prepared to take action to become carbon neutral and transform their business models into sustainable operations.

Health, Safety and Environmentally (HSE) friendly CO<sub>2</sub> capture is essential when realizing carbon capture at scale. Aker Carbon Capture delivers best-in-class HSE based on our patented, proprietary solvent and technologies that prevent hazardous emissions.

Aker Carbon Capture is a young company with a long history – and a bright future. From the outset, as the company was established as a separate entity in the summer of 2020, a concerted effort was made to ensure that all parts of the company and its operations are sustainable, with particular regard to environmental, social and governance-related aspects.

Aker Carbon Capture is majority owned by Aker Horizons, a planet-positive investment company and part of the Aker group. Aker companies including Aker Carbon Capture operate in accordance with the overall values

of Aker ASA; to be oriented around results, knowledge, opportunity and cooperation.

This report outlines the company's sustainability strategy, some early accomplishments in 2020, and how the company intends to operate in the future, with sustainability as a natural and integrated element across all activities. The sustainability report also constitutes our reporting to the UN Global Compact. The 2020 results reflect both the fact that the company had only five months of operations and that the carbon capture market remains in an early phase with limited industrial activity.



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## Our mission

Enabling emission free industries and energy solutions through carbon capture

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# Stakeholder engagement and materiality assessment

Aker Carbon Capture interacts with numerous stakeholders; employees, owners and shareholders, project partners and suppliers, governments and national authorities, regulators, customers, non-governmental organizations, civil society and local communities. The nature of our engagement and stakeholders' key priorities are presented in the table below.

The content of the company's sustainability disclosures was identified through a materiality assessment, identifying both how the company impact Environment, Social and Governance (ESG) topics ("social and environmental

materiality"), and how the company's ESG performance may influence stakeholders' decisions about the company and thus influence the company's ability to create value ("financial materiality").

To ensure quality, a reputable third-party organization has been involved in the materiality assessment. The key ESG topics to prioritize for the company are based on the evaluation of the two dimensions of materiality; importance to stakeholders and significance of impact. This provides the basis for selecting relevant Key Performance Indicators (KPIs) for measuring

and disclosing the company's ESG performance. Aker Carbon Capture has chosen to base the reporting on the Global Reporting Initiative (GRI), as this is a recognized framework and applicable to our business.

STAKEHOLDERS	NATURE OF ENGAGEMENT	STAKEHOLDERS' KEY ESG PRIORITIES
Employees	Daily	<ul style="list-style-type: none"> <li>Aker Carbon Capture's mission is an important part of the company's Employee Value Proposition and hence transparent and purpose-driven company culture is the foundation.</li> <li>Environmentally friendly technology, reduction of own footprint together with responsible business conduct and diversity are other important aspects.</li> </ul>
Owners/ shareholders	Daily	<ul style="list-style-type: none"> <li>Strong investor interest in carbon capture as a solution to climate change. Expectations related to positive impact on climate and the environment.</li> <li>Expectation of appropriate risk management of environmental impact and key governance topics, such as diversity and compliance.</li> </ul>
Government and regulators	Daily	<ul style="list-style-type: none"> <li>Accelerating scaling of implementation and the transition of the oil and gas sector to new green industries. Aker Carbon Capture to share key insights on barriers for the emitters to overcome to be able to implement carbon capture.</li> <li>Environmentally friendly technology and lifecycle perspective of reducing emissions are the enabling factors to take the solution in use.</li> </ul>
Customers	Daily/Regular engagement on a project-by-project basis	<ul style="list-style-type: none"> <li>Environmentally friendly and energy efficient carbon capture is important. Responsible supply chain management with high attention on HSE.</li> <li>Reduced spend both in capex and opex are important factors for scaling.</li> </ul>
Project partners and suppliers	Daily/Regular engagement on a project-by-project basis	<ul style="list-style-type: none"> <li>HSE in the value chain is an important part of the safety culture in industry.</li> <li>Transparent and responsible business conduct.</li> </ul>
Non-Governmental Organizations / Civil society	Regular engagement, and continuous monitoring	<ul style="list-style-type: none"> <li>The combined environmental and climate footprint of carbon capture technology as it moves into operation. Transparency of operations.</li> </ul>
Local communities	Regular engagement on a project-by-project basis, and continuous monitoring	<ul style="list-style-type: none"> <li>The combined environmental and climate footprint of carbon capture technology as it moves into operation; adequate emissions and risk management and transparency of operations.</li> </ul>

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## Material ESG topics

These are the material ESG topics selected for Aker Carbon Capture, and our contribution is further described in this report.



### ENVIRONMENT

- Reducing CO<sub>2</sub> emissions
- Lifecycle perspective on minimizing emissions
- Environmentally friendly technology



### SOCIAL

- Creating new opportunities in green growth markets
- Diversity
- Health and safety in the value chain
- Human rights and labor rights



### GOVERNANCE

- Transparent and purpose-driven company culture
- Responsible supply chain management
- Anti-corruption and anti-money laundering

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## Governance

With the mission of Aker Carbon Capture of enabling emission free industries and energy solutions through carbon capture, it is essential to manage material aspects, with an extra emphasis on environment. This is secured through making sustainability an integrated part of the company strategy which is operationalized through various business processes.

### MANAGEMENT SYSTEM

Aker Carbon Capture's sustainability policy defines our commitments and behaviors when it comes to sustainability. This includes our commitment to the ten principles of the UN Global Compact within the areas of human rights, labor, environment, and anti-corruption.

The policy is part of the company's management system. The management system sets out ambitions, direction, and detailed requirements pertaining to our business processes, facilitating a structured and holistic management approach across the organization. Aker Carbon Capture is certified according to the international standards ISO 9001 Quality Management System and ISO 14001 Environmental Management.

The management system contains policies, specific procedures, controls and review mechanisms to ensure operations are conducted in accordance with applicable internal and external regulatory frameworks. Aker Carbon Capture has a total of 13 policies providing business practice guidance across key areas. The policy documents define the commitment and express the expected behavior across the company within areas such as health, safety, security and environment (HSSE), project execution, quality, governance and finance.

Business processes are owned by global functions and business owners, who have the responsibility and authority to standardize and optimize work processes to secure efficient operation.

### BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The Board of Directors of Aker Carbon Capture provides strategic guidance on sustainability. The Board of Directors approves and monitors the sustainability ambitions in our corporate strategy.

The Management Team is accountable for the sustainability program and approves the annual update of sustainability initiatives. This is linked to the materiality assessment which shall be reviewed and approved by the Management Team on an annual basis. It is the responsibility of the Management Team to ensure sustainability is an integral part of Aker Carbon Capture's strategy and annual objectives.

Sustainability ambitions are communicated to the Board of Directors for approval and subsequently operationalized by the Management Team. Executing the company's sustainability ambitions is a business line responsibility, and sustainability issues including climate-related risks and opportunities are regularly discussed by the Management Team.

### RULES OF PROCEDURE

There are Rules of Procedure for the Board of Directors which govern areas of responsibility, duties and the distribution of roles between the Board, the Chairman and the Chief Executive Officer (CEO). The rules of procedure also include provisions on matters such as convening and chairing board meetings, decision making,

the duty and right of the CEO to disclose information to the Board of Directors and the duty of confidentiality.

### CONFLICT OF INTEREST

Aker Carbon Capture applies a strict norm as far as independence assessments are concerned, and has prepared guidelines ensuring that directors and executive personnel notify the Board of Directors if they have any material direct or indirect personal interest in any agreement concluded by the group.

The Rules of Procedure for the Board of Directors stipulate that neither the board members, the CEO nor anyone else shall participate in the preparation, deliberation, or resolution by the board of any matters that are of such special importance to themselves or any of their related parties such that the person in question is deemed to have a prominent personal or financial interest in these matters. The relevant board member or person shall raise the issue of his or her independence whenever there may be cause to question it, and is the primary responsible for adopting the correct decision as to whether he or she should step down from participating in the discussion of the matter at hand.

As far as the other officers and employees of Aker Carbon Capture are concerned, transactions with related parties are comprehensively addressed and regulated in the company's Code of Conduct.

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# Contribution towards the UN's sustainable development goals

The UN Sustainable Development Goals (SDG) form a key part of the framework for our long-term strategic processes. All 17 goals are of relevance to our business activities, however we have identified a set of specific goals as material to our operations. These goals cover areas where we believe our company can have the greatest impact.

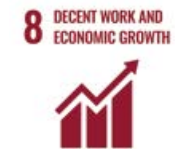
The most important contribution on the part of Aker Carbon Capture, and the very reason for why we are in business, is towards SDG 13 Climate Action – where we aim on having a transformative impact. This will be achieved through decarbonization of fossil energy through enabling blue hydrogen, and by decarbonization of hard-to-abate industries, i.e. industries where there is no other means to reduce emissions. An overview of the SDGS where we have the greatest impact, as well as examples of our contribution, is given in the following.



## Our purpose and reason for being in business



## Our greatest areas of impact



## Our foundation for responsible business conduct

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## Our contribution

### Our purpose and reason for being in business

#### 13 Climate Action

Our purpose of being in business is to provide solutions to mitigate climate change. Our ambition is to scale carbon capture and secure contracts for a total of 10 million tons of carbon captured per year by 2025.

### Our greatest areas of impact

#### 7 Affordable and Clean Energy

We are directly contributing to the decarbonization of fossil energy by enabling blue hydrogen. It is expected that blue hydrogen – produced from natural gas with Carbon, Capture and Storage (CCS) – will be required as part of the energy transition, while the scaling up of green hydrogen – based on renewables and electrolysis technologies – is under development. CCS in combination with bioenergy and biogenic waste to energy enables carbon removal, a requirement for reducing current carbon emissions in the atmosphere.

#### 9 Industry, Innovation and Infrastructure

We contribute to decarbonizing hard-to-abate industries such as cement and bio/waste to energy. We will drive down the cost of carbon capture through further investments in our proprietary solutions and benefit from standardization and digitalization, making it a viable solution to implement for more emitters.

#### 12 Responsible Consumption and Production

Circularity is key when it comes to designing our solutions. Integrating waste heat from the plants where we apply our technology improves energy efficiency, and our long-term dedication to improving the amine solvent has reduced the overall consumption and waste. Our designs are made to last for decades with limited maintenance requirements.

#### 17 Partnership for the Goals

To meet our target of mitigating climate change we need to draw on the competences and strengths of our partners in the value chain and wider CCS ecosystem. That is why we are collaborating across technology, academia, emitters, and businesses.

### Our foundation for responsible business conduct

#### 3 Good Health and Well-being

The occupational health of our employees and those in our value chain is a fundamental enabler of our business. With our long industrial history in the Aker group this is core to our identity and will continue to be so. Excellent HSE performance is a license to operate.

#### 5 Gender Equality

We will maintain a strong emphasis on diversity across our workforce and management as our company develops.

#### 8 Decent Work and Economic Growth

As the company grows it will strive to maintain a positive working environment with equal rights and opportunities for all, free from harassment and discrimination. Employee development, participation and ownership are core in this respect.

#### 16 Peace, Justice and Institutions

We conduct our business with integrity, respecting the laws, cultures, dignity and rights of individuals in all the countries where we operate. Our Code of Conduct describes Aker Carbon Capture's commitments and requirements regarding ethical business practices and personal conduct, and we encourage all our business partners to adhere to principles that are consistent with this. We are committed to making the UN Global Compact's guiding principles an integral part of our business strategy, day-to-day operations, and organizational culture.



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# Sustainability ambitions and programs

As we scale up our activities, we will do so in a way that builds resilience for the future. Being in business to combat climate change, we pay special attention to driving down our own footprint while maximizing the positive contribution through carbon capture solutions.

As we do so:

- We commit to report on scope 1/2/3 emissions and continuously reduce emission towards net zero
- We commit to maintain best-in-class HSE properties and continue to develop our high-performing technology
- We commit to reduce waste and continue the transition to circularity
- We commit to drive the change in the supply chain through collaboration on ESG targets

Aker Carbon Capture has not formally signed the SDG ambition program, but as a participant member of UN Global Compact we are supporting SDG ambitions relevant to our operations. Relevant ambitions are included in the following sections, alongside with information on how we can contribute towards reaching the 2030 agenda.

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**SDG Ambition is an accelerator initiative that aims to challenge and support participating companies of the UN Global Compact in setting ambitious corporate targets and accelerating integration of the 17 Sustainable Development Goals into core business management. SDG Ambition enables companies to move beyond incremental progress and step-up transformative change – unlocking business value, building business resilience, and enabling long-term growth.**

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We will drive forward our sustainability program in the areas of:

### Reducing Carbon Emissions

- Progressing towards '10 in 25'
- Introducing framework to identify scope 1/2/3 footprint reduction initiatives
- Technology investment for continued improved environmental impact and energy efficiency

### Enabling Green Industries

- Collaboration with partners and suppliers on ESG aspects
- Transition to circularity

### Responsible and purpose-driven business conduct

- Maintain and strengthen a diverse workforce as the company grows
- Strengthen employee training programs with a wider set of ESG topics

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## Sustainability program:

### Reducing Carbon Emissions



#### KEY AMBITIONS

- Securing contracts of capturing 10 million tons CO<sub>2</sub>/annum by 2025 ('10 in 25'), by enabling low carbon energy and by decarbonizing hard-to-abate industries.
- Set science-based emission reductions targets in-line with a 1.5°C pathway (SDG ambition). Set carbon neutrality targets for scope 1, 2 & 3 aligned with the publishing of new guidelines from Greenhouse Gas Protocol (expected 2021) on how to calculate negative Scope 3 emissions from carbon capture.

#### MATERIAL TOPICS

- Reducing CO<sub>2</sub> emissions

#### KEY ACTIVITIES

Our ambition of carbon capture is clear, securing contracts of 10 million tons CO<sub>2</sub> captured annually by 2025. We are directly contributing to decarbonization of fossil energy by enabling blue hydrogen and to decarbonization of hard-to-abate industries such as cement and bio/waste to energy.

One of the key barriers of implementing carbon capture, utilization and storage (CCUS) is the cost. As the CO<sub>2</sub> tax is expected to rise, we will contribute to making CCUS a viable solution for more emitters through significant reduced cost.

We will report on scope 1, 2 and 3 greenhouse gas emissions from 2020 and we will further start the process of setting Science Based Targets and prepare for reporting on the aforementioned within two years at the latest, including Carbon Disclosure Project (CDP) and Task Force on Climate-related Financial Disclosures (TCFD).

Regarding our scope 3 emissions we will implement measures to continue to reduce emissions both during the construction phases and the operational phases.

Our operational footprint starts with design and as part of our technology development, we will continue to improve plant performance,

invest in research and innovation, and explore novel capture technologies. Energy efficiency is an important cost driver when implementing carbon capture and reducing energy consumption through advanced heat integration is essential.

When it comes to reducing our emissions during the construction phase, we are dependent on close collaboration with our suppliers and partners. During 2021 we expect to engage in multiple dialogues with our network of partners and collaborators to decide on the appropriate measures to be implemented.

#### STATUS AND RESULTS

First project contract Brevik CCS enables emission reduction of 0.4 million tons/year

- Greenhouse gas emissions total: 20.7 t CO<sub>2</sub> equivalents (further details in Journey towards carbon neutrality).
  - Scope 1: 0.0 t CO<sub>2</sub> equivalents
  - Scope 2: 1.2 t CO<sub>2</sub> equivalents
  - Scope 3: 19.4 t CO<sub>2</sub> equivalents

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**Scope 1:** Direct greenhouse gas emissions. Emissions that occur from sources owned or controlled by the company, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.

**Scope 2:** Indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company.

**Scope 3:** All other indirect emissions that occur in a company's value chain.

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Sustainability program:

## Enabling Green Industries



### KEY AMBITIONS

- Transition to circularity
  - Zero waste to landfill and incineration (SDG ambition)
  - Zero discharge of hazardous pollutants and chemicals (SDG ambition)
  - 100% sustainable material inputs that are renewable, recyclable, and reusable (SDG ambition)
  - 100% resource recovery, with all materials and products recovered and recycled or reused at end of use (SDG ambition)
- Establish collaboration framework with partners and suppliers on ESG aspects

### MATERIAL TOPICS:

- Lifecycle perspective on minimizing emissions
- Environmentally friendly technology
- Creating new opportunities in green growth markets

### KEY ACTIVITIES

Part of the decarbonization journey is also to grow new green industries. In order to meet our decarbonization targets and to support the required systemic shift to circularity, we will establish close collaboration with partners and suppliers. As a first step we will gather data and knowledge on what is already possible and available, and then jointly identify opportunities of driving the new standards on ESG performance. This will shape the evaluation of supplier ESG performance and maturity in future bids.

Creating new jobs in the green economy is a material aspect for governments funding CCUS projects. The energy transition from fossil fuel to electrification, renewables, and hydrogen together with CCUS is a key driver and enabler for future job creation. For Aker Carbon Capture it is thus a key success factor to be able to build local supply chains in the projects we execute, both securing existing and creating new jobs in the green industry.

Circularity is a core aspect of our technology development, from integration of waste heat

to our processes, energy efficiency, and our proprietary solvent resulting in less consumption and waste. As our operational activity levels increase, we will continue the transition to circularity, in collaboration with partners and suppliers to define new standards in this area.

### STATUS AND RESULTS

Our continued efforts on technology development have already yielded results, improving the HSE characteristics and energy efficiency of our carbon capture solutions, as demonstrated in the following cases.

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## CASE: ENERGY EFFICIENCY ENABLED BY CIRCULARITY

Amager Resource Center (ARC) is considering a CO<sub>2</sub> capture and liquefaction plant at the Waste-to-Energy plant at Amager, Copenhagen. In this context, Aker Carbon Capture was requested to perform a feasibility study with the objective to develop a design for a carbon capture and conditioning facility for 78 ton CO<sub>2</sub>/hour and to minimize the impact on the existing waste-to-energy plant operation and performance. The study shows that implementation of a CO<sub>2</sub> capture and conditioning plant recovering 78 ton CO<sub>2</sub>/hour is feasible. It can be done with neutral energy consumption by integrating CO<sub>2</sub> capture into the district heating system.

Heat integration includes internal heat integration within the carbon as well as heat integration with the district heat system and upgrade of waste heat from the carbon capture plant, by use of new heat pumps or reuse of existing absorption heat pumps at ARC.

An additional upside of this project, if it is realized, is that two-thirds of the waste is of biogenic origin, hence the project will deliver total negative emissions of approximately 330,000 ton/year.

## CASE: DEVELOPMENT OF HSE-FRIENDLY AMINE

To find the optimal solvent, Aker Carbon Capture initiated a major research and development program together with industry players and Norwegian research partners. More than 45 researchers spent over eight years testing more than 90 different solvent cocktails. From these, the best candidates were further tested in six different industry pilots, utilizing our mobile test unit, a fully functioning carbon capture plant that was brought to test sites across Europe and the United States.

During testing, Aker Carbon Capture was not just looking at the energy consumption – emissions from the capture process itself were also a major consideration. Expectations for an environmentally friendly solutions were set by Norwegian authorities and parts of academia. This led to the development of an HSE-friendly amine which causes no harm to workers on site, surrounding communities and the environment.

### About our amine solvent

- Best-in-Class HSE Profile
- Non-toxic
- Biodegradable
- Low degradation and waste
- Minimum corrosion

### Cost-Efficient and High-Performing

- CO<sub>2</sub> capture rate of about 90 percent
- Minimum emission to air
- More than 99 percent CO<sub>2</sub> purity
- Minimum liquid waste
- Less energy requirement
- Cheaper materials with a lifetime of more than 25 years
- Easy operation and monitoring
- Efficient reclamation with HSS removal
- Improved energy consumption

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Sustainability program:

## Responsible and purpose driven business conduct

### KEY AMBITIONS

- Diversity; Gender balance across workforce, management, and board (SDG ambition)
- Zero HSE incidents
- Zero incidents of bribery (SDG ambitions)

### MATERIAL TOPICS

- Diversity
- Health and safety in the value chain
- Human rights and labor rights
- Transparent and purpose-driven company culture
- Responsible supply chain management
- Anti-corruption and anti-money laundering

### KEY ACTIVITIES

We will continue to adhere to the highest standards related to business conduct, with integrity, respecting the laws, cultures, dignity and rights of individuals in all the countries where we operate.

Our commitment to sustainability includes our external operations, such as those related to our suppliers and partners, as well as our internal operations. Aker Carbon Capture has integrated a global anti-corruption compliance program. Our commitment to human and labor rights is covered by the Global Framework Agreement between Aker ASA and the Norwegian and international trade unions Fellesforbundet, IndustriALL Global Union, NITO and Tekna.

Suppliers are expected to adhere to our business ethics and values, including our standards for health and safety, human and labor rights, environment, quality management, business integrity and sustainability as described in our Code of Conduct, as well as being competent and trustworthy.

Aker Carbon Capture's Country Risk Procedure regulates the company's involvement in countries with perceived high political, reputational, legal or ethical risks. Its purpose is to manage potential risks through early integrity risk assessments. In accordance with the company's Business Integrity Policy, we have guidelines and responsibilities for qualification

and integrity due diligence of potential, new, and existing business partners. This is required in order to protect Aker Carbon Capture against the risk of becoming complicit in illegal or unethical practices conducted by a business partner, including direct or indirect involvement in corruption, human rights, environmental or labor rights violations.

With an expected steep increase in the workforce, we will pay special attention to maintaining and strengthening diversity across background, gender, nationalities, and age. Aker Carbon Capture is committed to ensuring that the unique contributions each employee brings to the company are encouraged. In order to ensure that everyone can make full use of their talents, we shall welcome, listen to and respect the ideas of all our employees. Our employees can expect a workplace free from harassment and discrimination. We do not tolerate discrimination against any employee based on age, gender, sexual orientation, disability, race, nationality, political opinions, religion or ethnic background, or any other basis prohibited by law.

The company maintains its zero incidents target, built on foundations from the high HSE standards in the oil and gas industry. As the Covid-19 pandemic continues to impact us well into 2021, we continue our efforts to ensure the well-being of our employees, with particular attention to mental health issues. We acknowledge that we have a significant number of employees working from remote locations, and therefore we commit to continuing a level of digital social events and other measures to support our co-workers, also post-Covid.

### STATUS AND RESULTS

- Whistle blower cases: 0
- Code of conduct employee e-learning: 100% participation
- No HSE incidents
- Diversity statistics in ESG accounts



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## Journey towards carbon neutrality

Although the positive effect of our solutions in operation by far outnumbers the footprint of construction and operation, we will continuously strive to reduce these emissions.

Our current emissions are in majority linked to power consumption of our offices and mobile test unit that we use to test the technology on different flue-gases. Until the construction phase of our projects begins, our carbon footprint is very low. As the activity level increases it will be part of the company's sustainability program to find ways to limit emissions through the construction phase and we will continue to invest in the energy efficiency of our technology.

For our scope 3 emissions we will further develop science-based targets, pending new guidelines from Greenhouse Gas Protocol on calculating negative Scope 3 emissions from carbon capture to be published (expected 2021). Reliable long-term offsetting solutions for carbon removal is lacking and is an area

where we have ambitions to actively engage to establish. We are committed to invest in CO<sub>2</sub> removal through our carbon capture solutions to neutralize the residual emissions of our activities.

We aim to set science-based targets and report towards CDP and TCFD within two years.

### SCOPE 1, 2 AND 3 EMISSIONS FOR 2020

In the period from 1. August to 31. December 2020, there were no direct (Scope 1) GHG emissions from equipment or facilities owned or operated by Aker Carbon Capture. Electricity usage and district heating/cooling in the company's office space contributed to indirect energy (Scope 2) emissions of 1.2 metric tons of CO<sub>2</sub>e, using location-based emission factors<sup>1)</sup>.

Indirect emissions (Scope 3) totaled 19.4 metric tons of CO<sub>2</sub>e in the period. The main contributor (87 percent of Scope 3 emissions<sup>2)</sup> is electricity and chemical usage in the category of downstream leased assets, where Aker Carbon

Capture's Mobile Test Unit has been in operation at the Lysekil Refinery in Sweden. Employee mobility was significantly restricted due to Covid restrictions in 2020, with business travel and employee commuting representing 8 percent of Scope 3 emissions<sup>3)</sup>. No business flights were conducted in the period, and other business travel was limited to passenger vehicles between Oslo and Lysekil. The remaining Scope 3 emissions are related to generated waste<sup>4)</sup>.

- 1) Based on emission factors for Norwegian electricity usage set by the Norwegian Water Resources and Energy Directorate. When using market-based emission factors calculated from the residual electricity mix, Scope 2 emissions were estimated to 28.9 metric tons.
- 2) Based on emission factors for electricity set by the Swedish Energy Agency and for chemical usage from the Ecoinvent database.
- 3) Estimated based on Norwegian average emission factors per passenger-kilometer.



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## Risk and opportunities

### RISK MANAGEMENT

The Board of Directors sets the direction of the company by determining the objectives, strategy and risk profile of the business within the parameters of the articles of association. The existing business targets and strategy are evaluated on an annual basis by the board through a designated strategy process whereby any significant changes as well as goals and guidelines of the company are adopted. The objectives and business strategy as defined and approved by the Board of Directors, are executed through a strategy implementation process in Aker Carbon Capture owned by the CEO.

The Board of Directors takes an active and strong approach in identifying and assessing business risks to ensure the overall risk profile of the company is understood and sound. The Board of Directors defines the general level of acceptable risk for the company and will continuously make assessments to ensure the risk level is within the parameters set and adopt changes to the company's risk profile as and when required or relevant.

Information concerning the objectives and principal strategies of the company and any changes thereto as well as business risk aspects, are disclosed to the market in the context of the company's annual report, its quarterly reporting and in designated market presentations as well as on the company's website.

### CLIMATE CHANGE RISK & OPPORTUNITIES

Aker Carbon Capture is exposed to both risks and opportunities from climate change. The nature and level of risk is dependent on government, business, and society's response

to the climate change in the short and long term. In the event of a strong response to climate change in the short term up to 2030, our business will mostly be affected positively as that will lead to an increased demand for our solutions and services. The challenge will be to keep the pace of the supply chain and to manage the scaling of the carbon capture technology whilst continuously challenging and implementing new technologies and methods to decrease the footprint of construction.

With a limited response to climate change, our business will be affected by limited market demand and in the long term past 2030 by physical effects such as extreme weather and higher temperatures. Accordingly, our analysis focuses on both transitional risks up to 2030 and physical risks past 2030.

These risks are tracked as part of the overall risk management system in the company and subsequently managed in the company strategy with a high degree of involvement by Board of Directors and the Management Team.

Our response to climate-related risks and opportunities spans all areas of our business including project development, technology development and investments. Considering the potential different effects we may experience due to climate change, there are a range of responses we will undertake and that are common for the two scenarios:

- Through our technology programs continuously improve the energy efficiency, both through developing new technology as well as by optimizing the integration of the carbon capture technology to the host facility to minimize the need for additional electricity.
- Through collaboration with our customers ensure that the individual site is assessed

with respect to acute and chronic risks such as extreme weather due to climate change.

- Through our sustainability program we will address risks and opportunities in the supply chain, leveraging our purchasing power to support the transition to green industry in the markets we operate.
- Advocacy towards governments, public and organizations to ensure knowledge on carbon capture and storage as a solution to combat climate change.
- Leverage our memberships and partnerships to learn across industries and access to know-how and ideas on how to continuously improve on our carbon footprint and other material ESG aspects.

Aker Carbon Capture will follow the development of the taxonomy closely as this will be of great significance for our costumers' access to green finance. We plan to align our reporting with the EU taxonomy after the final version has been published by the EU, expectedly in 2021.

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## Memberships and collaborations

Aker Carbon Capture provides solutions for decarbonization so that we go from insight of the need to mitigate climate change to action. A key enabler for meeting our "10 in 25" ambition on carbon capture is active partnerships across the value chain and ecosystem. Aker Carbon Capture has already established a number of these collaborations to bring down barriers and accelerate developments, including;

- Participant in UN Global Compact
- Membership in Global CCS Institute
- Membership in Polyteknisk Forening, a network for promotion of science-based and sustainable development
- Collaboration with Bellona, a Norwegian environmental NGO

# 10 in 25

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





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## GRI tables

### Material Disclosures across ESG

GRI-disclosure	Description	Reference/Reporting	Remarks
<b>Environmental disclosures</b>			
	Management approach	Sustainability section: Reduce Carbon Emissions, Enabling Green Industries	
303-5	Water consumption	ESG accounts	
306-1	Waste generation and significant waste-related impacts	ESG accounts	
306-2	Management of significant waste-related impacts	Sustainability section: Enabling Green Industries	
305-1	Scope 1	Our own journey to carbon neutrality, ESG accounts	
305-2	Scope 2	Our own journey to carbon neutrality, ESG accounts	
305-3	Scope 3	Our own journey to carbon neutrality, ESG accounts	
305-4	Carbon intensity	Our own journey to carbon neutrality, ESG accounts	
	Carbon capture contracts impact	ESG accounts	

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GRI-disclosure	Description	Reference/Reporting	Remarks
<b>Social disclosures</b>			
	Management approach	Sustainability section: Responsible and purpose driven business conduct, Governance	
203-2	Significant indirect economic impacts	Sustainability section: Enabling Green Industries. ESG accounts	Employment in green industries
201-1	Direct economic value generated and distributed	Annual report, section Annual accounts	
204-1	Proportion of spending on local suppliers	Sustainability section: Enabling Green Industries.	
405-1	Diversity of governance bodies and employees	Sustainability section: Responsible and purpose driven business conduct, ESG accounts	
405-2	Ratio of basic salary and remuneration of women to men	ESG accounts	
403-9	Work-related injuries	ESG accounts	
403-10	Work-related ill health	None recorded. The development of amines described in the sustainability section: Enabling Green Industries.	
205-1	Operations assessed for risks related to corruption	Sustainability section: Responsible and purpose driven business conduct	Limited activities for ACC in 2020, describes management approach
205-2	Communication and training about anti-corruption policies and procedures	Sustainability section: Responsible and purpose driven business conduct	
205-3	Confirmed incidents of corruption and actions taken	ESG accounts	
<b>GRI-disclosure Description Reference/Reporting Remarks</b>			
<b>Governance disclosures</b>			
	Management approach	Sustainability section: ESG management, Responsible and purpose driven business conduct	
308 / 414	New suppliers that were screened using environmental / social criteria	Sustainability section: Responsible and purpose driven business conduct	
308-2	Negative environmental impacts in the supply chain and actions taken	Sustainability section: Enabling Green Industries	Note, limited activities for ACC in 2020, generic environmental assessment of activities conducted
414-2	Negative social impacts in the supply chain and actions taken	Sustainability section: Enabling Green Industries	Note, limited activities for ACC in 2020
205-2	Communication and training about anti-corruption policies and procedures	Sustainability section: Responsible and purpose driven business conduct	
102-16	Values, principles, standards and norms of behaviour	Sustainability Section: Introduction to Sustainability	
102-22	Composition of the highest governance body and its committees	Annual report, section BoD presentation	
102-35	Remuneration policies	Annual accounts	CEO

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## ESG accounts

We have collected detailed information on the main categories described in the sustainability report.

Safety		
	2020	
<b>Lost-time injuries (LTIF)</b>	Number	LTIF value
Total	0	0
	2020	
<b>Injuries (TRIF)</b>	Number	TRIF value
Total	0	0
	2020	
<b>Fatalities</b>		
Employees	0	
Subcontractors	0	
<b>Penal sanctions, health and safety</b>	Unit	2020
Cases where legal or administrative sanctions have been issued for material breaches of health and safety legislation	Number	0
Fines or charges for material breaches of health and safety legislation	MNOK	0
<b>Decent working life</b>		
<b>Trade Unions</b>	Unit	2020
Percentage of employees with collective agreements as at 31.12	%	50
<b>Penal sanctions, human rights</b>	Unit	2020
Cases where legal or administrative sanctions have been issued for material breaches of human rights legislation	Number	0
Fines or charges for material breaches of human rights legislation	MNOK	0

Working Environment		
<b>Employees</b>	Unit	2020
Permanent employees as per 31.12	Number	26
Contract staff	Number	56
Turnover	%	0
Trainees	Number	0
<b>Age Distribution</b>	Unit	2020
Employees under 30	%	7
Employees aged 30–50	%	58
Employees over 50	%	35
Average age, all employees	Years	46
Average age, men	Years	48
Average age, female	Years	42
<b>Diversity, Gender</b>	Unit	2020
Female representation, across Company	%	26
Female representation, Management	%	37.5
Female representation, Board of Directors	%	20
<b>Diversity, Nationalities</b>	Unit	2020
Number of nationalities in Company	Number	6
<b>Equal pay</b>	Unit	2020
Average salary for women as a percentage of average salary for all employees	%	101
Average salary for men as a percentage of average salary for all employees	%	99
<b>Sickness absence</b>	Unit	2020
Sickness absence	%	0.8

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Environment		
<b>Waste type</b>	Unit	2020
Organic and sludge	tons	0.33
Paper, cardboard	tons	0.31
Glass	tons	0.09
Metal	tons	0.01
Soil and various materials	tons	0.04
Plastic	tons	0.04
Mixed waste	tons	0.80
Total	tons	1.6
<b>Water consumption</b>	Unit	2020
Water consumption, office	m3	347
<b>Environmental incidents</b>	Unit	2020
Environmental incidents	Number	0
<b>Penal sanctions, environment</b>	Unit	2020
Cases where legal or administrative sanctions have been issued for material breaches of environmental legislation	Number	0
Fines or charges for material breaches of environmental legislation	MNOK	0

Climate		
<b>Carbon Capture</b>	Unit	2020
Impact through secured contracts, per year	Million tons	0.4
<b>Energy consumption</b>	Unit	2020
Electricity	MWh	380.1
District heating	MWh	37.7
District cooling	MWh	23.4
<b>Greenhouse Gas Emissions</b>	Unit	2020
Direct Emissions, Scope 1	tCO <sub>2</sub> equivalents	0
Indirect emissions, Scope 2	tCO <sub>2</sub> equivalents	1.2
Other indirect emissions, Scope 3	tCO <sub>2</sub> equivalents	19.4
Total Emissions	tCO <sub>2</sub> equivalents	20.7
<b>Carbon Intensity</b>	Unit	2020
Own operations (tCO <sub>2</sub> e (Scope 1+2) / revenue in MNOK)	tCO <sub>2</sub> equivalents	0.078
<b>Business Ethics and anti-corruption</b>		
<b>Code of conduct employee e-learning</b>	Unit	2020
Employees completed training	%	100
<b>Whistle-blowing cases</b>	Unit	2020
Total number of concerns reported	Number	0
<b>Penal sanctions, environment</b>	Unit	2020
Cases where legal or administrative sanctions have been issued for material breaches of business ethics legislation	Number	0
Fines or charges for material breaches of business ethics legislation	MNOK	0

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## AKER CARBON CAPTURE GROUP

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## AKER CARBON CAPTURE GROUP

# Income statement and other comprehensive income

Consolidated statement for the period July 8 to December 31

Amounts in NOK thousand	Note	Jul 8 - Dec 31, 2020
Revenues	<a href="#">4</a>	15 801
Materials, goods and salaries		(9 955)
Salary and other personnel costs	<a href="#">12</a>	(21 147)
Other operating expenses	<a href="#">5</a>	(27 400)
Depreciation	<a href="#">11</a>	(1 881)
<b>Operating profit (loss)</b>		<b>(44 581)</b>
Financial income		462
Financial expenses		(341)
<b>Net financial items</b>		<b>121</b>
<b>Profit (loss) before tax</b>		<b>(44 460)</b>
Tax benefit (expense)	<a href="#">6</a>	-
<b>Profit (loss) for the period</b>		<b>(44 460)</b>
Other comprehensive income		-
<b>Total comprehensive income (loss)</b>		<b>(44 460)</b>
Earnings (loss) per share in NOK (basic and diluted)	<a href="#">7</a>	(0.09)

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## AKER CARBON CAPTURE GROUP

# Balance sheet

Consolidated statement for the period ended December 31

Amounts in NOK thousand	Note	2020
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	<a href="#">8</a>	2 610
Right-of-use assets	<a href="#">11</a>	13 184
Intangible assets	<a href="#">9</a>	3 792
<b>Total non-current assets</b>		<b>19 586</b>
<b>Current assets</b>		
Trade and other receivables	<a href="#">10</a>	7 196
Cash and cash equivalents		457 699
<b>Total current assets</b>		<b>464 896</b>
<b>Total assets</b>		<b>484 481</b>

Amounts in NOK thousand	Note	2020
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital		566 060
Other paid-in capital		(114 200)
<b>Total equity</b>	<a href="#">13</a>	<b>451 860</b>
<b>Non-current liabilities</b>		
Pension liabilities	<a href="#">12</a>	2 849
Non-current lease liabilities	<a href="#">11</a>	9 272
<b>Total non-current liabilities</b>		<b>12 121</b>
<b>Current liabilities</b>		
Current lease liabilities	<a href="#">11</a>	4 908
Trade and other payables	<a href="#">10</a>	15 592
<b>Total current liabilities</b>		<b>20 500</b>
<b>Total equity and liabilities</b>		<b>484 481</b>

Fornebu, March 25, 2021

  
Henrik Overgaard Madsen  
Chairman

  
Kristian Monsen Røkke  
Director

  
Øyvind Eriksen  
Director

  
Oscar Fredrik Graff  
Director

  
Nina Jensen  
Director

  
Valborg Lundegaard  
CEO



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## AKER CARBON CAPTURE GROUP

# Cash flow statement

Consolidated statement for the period July 8 to December 31

Amounts in NOK thousand	Jul 8 - Dec 31, 2020
Profit (loss) before tax	(44 460)
<i>Adjustment for:</i>	
Depreciation	1 881
Accrued interest and foreign exchange	308
Changes in net current operating assets	16 728
<b>Cash flow from operating activities</b>	<b>(25 545)</b>
Acquisition of property, plant and equipment	(376)
Payments for capitalized development	(2 142)
<b>Cash flow from investing activities</b>	<b>(2 518)</b>
Payment of finance lease liabilities	(1 192)
Proceeds from share issues	500 000
Transaction costs related to share issues	(12 489)
Purchase of treasury shares	(1 859)
Sale of treasury shares	1 302
<b>Cash flow from financing activities</b>	<b>485 762</b>
<b>Net cash flow in the period</b>	<b>457 699</b>
Cash and cash equivalent at the beginning of the period	-
<b>Cash and cash equivalent at the end of the period</b>	<b>457 699</b>

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## AKER CARBON CAPTURE GROUP

# Statement of changes in equity

Consolidated statement for the period July 8 to December 31

Amounts in NOK million	Note	Share capital	Other paid-in capital	Total equity
Profit (loss) for the period			(44 460)	(44 460)
Other comprehensive income			-	-
<b>Total other comprehensive income</b>			<b>(44 460)</b>	<b>(44 460)</b>
Equity as of July 8, 2020 (incorporation)		30	-	30
Reduction of shares		(30)	-	(30)
Contribution-in-kind		271 943	240 057	512 000
Share issue		294 118	205 882	500 000
Transaction costs, share issue		-	(12 489)	(12 489)
Loss on sale of Treasury Shares		-	(558)	(558)
Continuity difference	<a href="#">3</a>	-	(502 633)	(502 633)
<b>Equity as of December 31, 2020</b>		<b>566 060</b>	<b>(114 200)</b>	<b>451 860</b>

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## AKER CARBON CAPTURE GROUP

# Notes

### Note 1 Reporting entity

Aker Carbon Capture AS is a limited liability company incorporated and domiciled in Norway and whose shares are traded on Euronext Growth. The registered office is located at Oksenøyveien 8, Bærum, Norway. The largest shareholder is Aker Horizons Holding AS and the ultimate parent company is The Resource Group TRG AS.

The consolidated financial statements of Aker Carbon Capture AS and its subsidiary (collectively referred as Aker Carbon Capture or the group, and separately as group companies) for the year ended December 31, 2020 were approved by the board of directors and CEO on March 17, 2021. The consolidated financial statements will be authorized by the Annual General Meeting on April 20, 2021.

Aker Carbon Capture is a global provider of products, technology and solutions within the field of carbon capture, utilization and storage, and is one of the few companies globally that are involved in the entire CCUS value chain. The main office is at Fornebu, Norway. Aker Carbon Capture AS was established on July 8, 2020 as a fully owned subsidiary of Aker Solutions ASA. On August 26, 2020 the company was listed on Euronext Growth under the ticker ACC-ME.

Information on the group's structure is provided in Note 16 Group companies. Information on other related party relationships of the group is provided in Note 17 Related parties.

### Note 2 Basis of accounting

#### Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), their interpretations adopted by the International Accounting Standards Board (IASB) and the additional requirements of the Norwegian Accounting Act as of December 31, 2020.

#### Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis.

#### Functional and presentation currency

The consolidated financial statements are presented in NOK, which is Aker Carbon Capture AS's functional currency. When the functional currency in a reporting unit is changed, the effect of the change is accounted for prospectively.

All financial information presented in NOK has been rounded to the nearest thousand (NOK thousand), except when otherwise stated. The subtotals and totals in some of the tables in these consolidated financial statements may not equal the sum of the amounts shown due to rounding.

#### Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

#### Cash flow statement

The statement of cash flow is prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term liquid investments.

#### Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after January 1, 2020 and earlier application is permitted; however, the group has not early adopted the new or amended standards in preparing these consolidated financial statements and they are not expected to have a significant impact on the group's consolidated financial statements

#### Judgments and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions each reporting period that affect the income statement and balance sheet. The accounting estimates will by definition seldom precisely match actual results. The main areas where judgements and estimates have been made are described in each of the following notes: [Note 4 Revenue](#), [Note 6 Tax](#), [Note 8 Property, Plant and Equipment](#), [Note 9 Intangible Assets](#) and [Note 11 Leases](#).

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## Note 3 Acquisition of business

### Acquisition of Carbon Capture business from Aker Solutions

On July 17, 2020, an Asset Purchase Agreement with Aker Solutions was entered into for the acquisition of personnel, technology (including know-how) and intellectual property rights, the MTU, as well as its project and tender portfolio in the CCUS business, together with other industry projects/engagements. Approximately 20 employees were transferred as part of the deal. Purchase price was NOK 512 million.

The transaction is booked as a common control transaction out of scope from IFRS 3 Business Combinations as Aker Solutions were the sole shareholder at the time of the transaction. This means that Aker Solutions' book values of acquired assets and liabilities are continued in Aker Carbon Capture consolidated accounts. The difference between the fair value of the transaction and the net assets acquired has been booked as continuity difference towards equity.

### Fair value of acquired assets and liabilities

Amounts in NOK thousand	Book value	Fair value adjustment <sup>1)</sup>	Fair value
Property, plant and equipment	2 234	-	2 234
Intangible assets	1 650	502 633	504 283
Trade receivables and other short term assets	6 830	-	6 830
Trade payables and other short term liabilities	(1 347)	-	(1 347)
<b>Total</b>	<b>9 367</b>	<b>502 633</b>	<b>512 000</b>

1) The fair value adjustments have been booked towards equity as continuity difference in a common control transaction.

## Note 4 Revenue

The revenue in Aker Carbon Capture relates to delivery of technology, engineering, procurement and construction services within the carbon capture, storage and utilization ("CCUS") value chain, with a core focus on supplying the solutions and technology which together comprise a carbon capture plant and the downstream processing and management of CO<sub>2</sub> (including capture, compression, liquefaction and intermediate storage at site). Project execution is a key component of all deliveries.

Deliveries include studies, Front End Engineering and Design (FEED) contracts, as well as full scale Engineering, Procurement and Construction (EPC) contracts related to the full carbon capture value chain. This will typically include services related to capturing, compression, liquefaction and storing carbon.

## Financial reporting principles

### Nature of performance obligations, including significant payment terms

Under construction contracts, specialized products are built to a customer's specifications and the assets have no alternative use to the group. If a construction contract is terminated by the customer, the group has an enforceable right to payment for the work completed to date. The contracts usually establish a milestone payment schedule. The group has assessed that these performance obligations are satisfied over time. Each contract is usually assessed as one performance obligation as the deliveries are combined in one output. Payment terms are normally 30-90 days according to predefined milestones, or as time and materials has been delivered.

Service revenue is generated from rendering of services to customers. The invoicing is usually based on the service provided at regular basis. Under some service contracts, the invoices are based on hours or days performed at agreed rates. The group has assessed that these performance obligations are satisfied over time.

### Financial reporting principles

Revenue from the construction performance obligations is recognized according to progress. The progress is measured using an input method that best depicts the group's performance. The input method used to measure progress is determined by reference to the costs incurred to date relative to the total estimated contract costs. Revenue in excess of costs is not recognized until the outcome of the performance obligation can be measured reliably. Variable considerations, such as incentive bonus or penalties, are included in construction revenue when it is highly probable that a significant revenue reversal will not occur. Potential penalty for liquidated damages is recognized as a reduction of the transaction price unless it is highly probable that it will not be incurred. Disputed amounts and claims are only recognized when negotiations have reached an advanced stage, customer acceptance is highly likely and the amounts can be measured reliably. Contract modifications, usually in form of variation orders, are only accounted for when they are approved by the customers.

Service revenue is recognized over time as the services are provided. The revenue is recognized according to progress, or using the invoiced amounts when the invoiced amounts directly correspond with the value of the services that are transferred to the customers. The progress is normally measured using an input method, by the reference of costs incurred to date relative to the total estimated costs

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## Types of contracts

In 2020, revenues were services revenues related to various studies. During first quarter 2021, the group will start up the project related to the EPC-delivery to Norcem Heidelberg Cement (Brevik CCS project) of a complete plant for capture, intermittent storage and offloading of CO<sub>2</sub>, with integrated waste-heat recovery. The plant is scheduled to be in operation in 2024.

Amounts in NOK thousand	Jul 8 - Dec 31, 2020
Service revenue	15 801
<b>Total</b>	<b>15 801</b>

## Timing of revenue

The performance obligations in customer contracts vary from a few months to as long as five years. The order backlog as of December 31, 2020 was NOK 1.7 billion, mainly consisting of the Brevik CCS project. Official commencement date for this contract is January 27, 2021. The revenue is expected to be recognized over the years 2021 to 2024.

## Contract balances

The company has recognized the following assets and liabilities related to contracts with customers:

Amounts in NOK thousand	Note	2020
Trade receivables	<a href="#">10</a>	5 171
Customer contract assets	<a href="#">10</a>	191
Customer contract liabilities	<a href="#">10</a>	(1 395)
<b>Total</b>		<b>3 967</b>

Customer contract assets relate to consideration for work completed, but not yet invoiced at the reporting date. The contract assets are transferred to trade receivables when the right to payment become unconditional, which usually occurs when invoices are issued to the customers. Customer contract liabilities relate to advances from customer for work not yet performed.

## Note 5 Expenses

### Expenses by nature

Amounts in NOK thousand	Jul 8 - Dec 31, 2020
IT	3 206
External consultants and hired-ins inclusive audit fees <sup>1)</sup>	22 031
Other operating expenses	2 163
<b>Other operating expenses</b>	<b>27 400</b>

1) See [note 17](#) for information about hired-ins from related parties.

### Fees to KPMG

Amounts in NOK thousand	Aker Carbon Capture AS <sup>1)</sup>	Other group companies	Total
Audit	287	134	421
Other assurance services	22	22	44
<b>Total</b>	<b>309</b>	<b>156</b>	<b>465</b>

1) Audit services of NOK 137 thousand relate to listing process on Euronext Growth and is reported directly to equity.

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## Note 6 Tax

### Financial reporting principles

Income tax in the income statement consists of current tax, effect of change in deferred tax positions and withholding tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

### Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date that will be paid during the next 12 months. Current tax also includes any adjustment of taxes from previous years and taxes on dividends recognized in the year.

### Deferred Tax

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for taxation purposes. Deferred tax is measured at the tax rates expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax is not recognized for goodwill identified in business combinations. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority. Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences. The deferred tax asset is only recognized to the extent it is considered probable that future taxable profits will be available to utilize the credits.

### Judgements and estimates

Income tax expense is calculated based on reported income in the different legal entities. Deferred income tax expense is calculated based on the temporary differences between the assets' carrying amount for financial reporting purposes and their respective tax basis. The total amount of income tax expense and allocation between current and deferred income tax requires management's interpretation of complex tax laws and regulations in the tax jurisdictions where the group operates. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred tax benefit.

### Effective tax reconciliation

Amounts in NOK thousand	Jul 8 - Dec 31, 2020	
Profit before tax		(44 460)
Expected tax rate	22.0%	9 781
<i>Tax effects of:</i>		
Permanent differences	5.6%	2 528
Tax effect loss on sale of treasury shares	0.3%	123
Difference due to continuity method <sup>1)</sup>	12.6%	5 613
No recognition of deferred tax assets	(40.6%)	(18 045)
<b>Total income tax benefit (expense)</b>		<b>-</b>

1) The acquisition of business from Aker Solutions in July 2020 is recognised at fair values in statutory accounts, see [Note 3 Acquisition of business](#).

### Deferred tax positions

Amounts in NOK thousand	2020
Property, plant and equipment	(456)
Intangible assets	(4 423)
Tax loss carry forwards	22 924
Total deferred tax positions	18 045
Not recognized in the balance sheet <sup>1)</sup>	(18 045)
<b>Deferred tax asset (liability)</b>	<b>-</b>

1) No deferred tax has been recognized as the companies are newly founded and have no history of taxable profits

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## Note 7 Earnings per share

Aker Carbon Capture AS holds 566 060 400 shares as of December 31, 2020. The company holds no treasury shares.

Amounts in NOK thousand	Jul 8 - Dec 31, 2020
Profit (loss) for the period	(44 460)
<b>Basic/ diluted earnings per share (NOK)</b>	
Issued ordinary shares at incorporation	30
Effect of shares issued in July 2020	21 631 784
Effect of shares issued in August 2020	447 059 066
<b>Weighted average number of issued ordinary shares for the year</b>	<b>468 690 880</b>
<b>Earnings (loss) per share in NOK (basic and diluted)</b>	<b>0.09</b>

## Note 8 Property, plant and equipment

The property, plant and equipment relates to Mobile Test Unit (MTU).

### Financial reporting principles

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Components of property, plant and equipment with different useful lives are accounted for separately.

Impairment triggers are assessed quarterly and impairment testing is performed when triggers have been identified. Borrowing costs are capitalized as part of the cost of the asset when significant. The cost of self-constructed assets includes the cost of materials, direct labor, production overheads and borrowing cost.

### Judgments and estimates

The value in use of some of these assets can be significantly impacted by changes of market conditions. The group considers whether there are indications of impairment on the carrying amounts of such non-current assets. If such indications exist, an impairment test is performed to assess whether or not the assets should be impaired. The valuations, often determined by value in use calculations, will often be performed based on estimates of future cash flows discounted by an appropriate discount rate. Significant estimates and judgments are made by the management, including determining appropriated cash-generating units and discount rate, projections for future cash flows and assumptions of future market conditions.

Assets are normally depreciated on a straight-line basis over their expected economic lives, being 8 years for the MTU.

Amounts in NOK thousand	Note	Property, plant and equipment
Acquired in business combination	3	2 234
Additions		376
Depreciations <sup>1)</sup>		-
<b>Balance as of Dec 31, 2020</b>		<b>2 610</b>

1) The additions relate to on-going upgrades and no depreciations have been recognized in the period.

The group has not entered into any contractual commitments for the acquisition of property, plant and equipment per December 31, 2020.

## Note 9 Intangible assets

Intangible assets relate to development cost capitalized for Just Catch technology.

### Financial reporting principles

#### Capitalized development

Development cost is only capitalized if the product or process is technically and commercially feasible and the business case shows a positive net present value. Capitalized development mainly includes internal labor costs in addition to materials for the development program. The capitalized development is normally amortized over five years on a straight-line basis, but certain programs with a clear differentiating offering and a longer economic benefit may be amortized up to seven years. For development projects in progress, a full impairment test is performed annually or when impairment indicators are identified. Assets are written down to recoverable amount, if lower than book value.

#### External funding of research and development activities

Research and development activities carried out by the group may qualify for funding i.e. from government institutions. Such funding is recognized when there is a reasonable assurance that the entity will comply with the relevant conditions and the funding will be received. The funding is recognized in profit or loss on a systematic basis as the entity recognizes the expenses they are intended to compensate and is reported as a reduction of these expenses. If the research and development activities that are carried out qualify to be recognized in the balance sheet, then the funding is reported as reduction of the capitalized amount.

### Judgments and estimates

The value in use of some of these assets can be significantly impacted by changes of market conditions. The group considers whether there are indications of impairment on the carrying amounts of such non-current assets. If such indications exist, an impairment test is performed to assess whether or not the assets should be impaired. The valuations, often determined by value in use calculations, will often be performed based on estimates of future cash flows discounted by an appropriate discount rate. Significant estimates and judgments are made by the management, including determining appropriated cash-generating units and discount rate, projections for future cash flows and assumptions of future market conditions.

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Amounts in NOK thousand	Note	Capitalised development costs
Acquired in business combination	<a href="#">3</a>	1 650
Additions		2 142
Amortizations <sup>1)</sup>		-
<b>Balance as of Dec 31, 2020</b>		<b>3 792</b>

1) The assets are under construction and no amortizations have been recognized in the period.

## Research and development costs

NOK 2 million has been capitalized in 2020 related to development activities. In addition, research and development costs of NOK 17 million were expensed during the year because the criteria for capitalization are not met. Further, the group has received external funding of research and development costs of NOK 15 million that has been recognized as a reduction of costs in the income statement.

## Note 10 Current operating assets and liabilities

### Financial reporting principles

#### Current operating assets

Trade and other receivables are recognized at the original invoiced amount, less impairment losses. The invoiced amount is considered to be approximately equal to the value derived if the amortized cost method would have been used. Impairment losses are estimated based on the expected credit loss method (ECL) for trade receivables, contract assets (with or without a significant financing component) and other receivables.

#### Current operating liabilities

Trade and other payables are recognized at the original invoiced amount. The invoiced amount is considered to be approximately equal to the value derived if the amortized cost method would have been used.

### Judgments and estimates

Judgment is involved when determining the impairment losses on doubtful receivables. The impairment is based on individual assessments of each customer and default risk in the industry and the country in which the customer operates. The customers of Aker Carbon Capture are mainly large companies with low credit risk.

## Trade and other receivables

Amounts in NOK thousand	Note	2020
Trade receivables	<a href="#">4</a>	5 171
Public duty and tax refund		1 835
Contract assets	<a href="#">4</a>	191
<b>Total</b>		<b>7 196</b>

## Trade and other payables

Amounts in NOK thousand	2020
Trade payables	13 205
Accrued expenses	991
Contract liabilities	<a href="#">4</a> 1 395
<b>Total</b>	<b>15 592</b>

## Note 11 Leases

The company leases offices at Fornebu, Norway. The contract is for two years, with option for one additional year. See more information in [Note 17 Related parties](#).

### Financial reporting principles

The lease liability represents the net present value of the lease payments to be made over the remaining lease period. The right-of-use asset is depreciated over the lease term and is subject to impairment testing. The cash outflows for leases under IFRS 16 is presented as repayment of lease liabilities within financing activities in the cashflow statement. Interest paid is still classified as cash outflows within operating activities.

### Judgments and estimates

The property lease, in which the group is a lessee, contain extension or termination options exercisable before the end of the noncancellable period. These options are used to provide operational flexibility for the group. In determining the lease term, the group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The most relevant factors to be considered as "creating economic incentive" include significant leasehold improvement, alternatives for the leased property and the costs and business disruption required to replace the leased assets. The option for one additional year has been included in the lease term per the reporting date, as management has determined that the company is reasonably certain to exercise such options.



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The lease term assessment requires management's judgment and is made at the commencement of the leases. The lease term is reassessed if an option is actually exercised or the group becomes obliged to exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the group's control.

## Right-of-use assets (ROU)

Amounts in NOK thousand	2020
Additions	15 065
Depreciation	(1 881)
<b>Total</b>	<b>13 184</b>

## Lease liability

Amounts in NOK thousand	2020
Additions	15 065
Lease payments	(1 192)
Accrued interest	308
<b>Total</b>	<b>14 181</b>
Current lease liability	4 908
Non-current lease liability	9 272

## Note 12 Employee benefits

### Salary and other personnel costs

Amounts in NOK thousand	Jul 8 - Dec 31 2020
Salaries and wages	21 147
Social security costs	2 767
Pension costs	960
Other employee benefits	164
<b>Total salary and other personnel costs</b>	<b>25 038</b>
Included in Cost of goods sold	(3 891)
<b>Salary and other personnel costs</b>	<b>21 147</b>

The company has 26 full-time employees as of December 31, 2020.

### Share purchase program for employees

Aker Carbon Capture's share purchase program in 2020 gave employees the opportunity to invest in shares capped at 25% of the employees annual salary. The participants were offered a price reduction of 30% due to a lock-up period of three years and furthermore a discount of 20% of purchase value up to maximum NOK 5,000. The shares purchased by each employee were paid in cash. In total 13 employees participated in the share purchase program. The company expensed NOK 60 thousand in salary and other expenses and NOK 558 thousand directly in equity related the share purchase program.

### Pension plans

#### Financial reporting principles

A defined contribution plan is a type of retirement plan where the employer makes contributions on a regular basis to the employees individual pension account. The benefits received by the employee are based on the employer contributions and gains or losses from investing the capital. Contributions to defined contribution pension plans are recognized as an expense in the income statement as incurred.

#### The Group's pension plans

##### Defined contribution plan

All employees are offered participation in a defined contribution plan. The annual contributions expensed for the Norwegian plans in 2020 were NOK 672 thousand. The estimated contribution expected to be paid in 2021 is NOK 1,638 thousand.

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## Compensation plan

Employees in Aker Carbon Capture that were employed by Aker Solutions in 2008 when the company changed to defined contribution plan are part of a compensation plan. The compensation amount is adjusted annually in accordance with the adjustment of the employees' pensionable income, and accrued interest according to market interest. The compensation plan is an unfunded plan and is calculated using a earned balance method.

## Tariff based pension agreement (AFP)

Employees in Norway have a tariff based lifelong retirement arrangement (AFP) organized by the main labour unions and the Norwegian state. The pension can be withdrawn from the age of 62. The information required to estimate the pension obligation from this defined benefit plan is not available from the plan administrator. Aker Carbon Capture therefore currently accounts for the plan as if it was a defined contribution plan. The company will account for it as a defined benefit plan if information becomes available from the plan administrator.

## Total pension liability

Amounts in NOK thousand	2020
Compensation plan	2 849
<b>Total</b>	<b>2 849</b>

## Note 13 Capital and reserves

### Share capital

The total number of outstanding shares is 566 060 400 at par value NOK 1.00 per share. All issued shares are fully paid. Aker Carbon Capture AS has one class of shares, ordinary shares, with equal rights for all shares. The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at general meetings.

### Other paid-in capital

Other paid-in capital include share premium net of transaction costs, negative NOK 502 633 thousand in continuity difference from the common control transaction and retained earnings.

## Note 14 Capital management

The objective of Aker Carbon Capture's capital management is to optimize the capital structure to ensure sufficient and timely funding over time to finance its activities at the lowest cost, in addition to investing in projects and technology which will increase the company's return on capital employed over time.

### Investment policy

Aker Carbon Capture's capital management is based on a rigorous investment selection process which considers the weighted average cost of capital and strategic orientation in addition to external factors such as market expectations and extrinsic risk factors.

### Liquidity planning

Aker Carbon Capture has a strong focus on its liquidity situation in order to meet its short-term working capital needs. Aker Carbon Capture had a liquidity reserve as of December 31, 2020 of NOK 457 699 thousand being cash and cash equivalents.

## Note 15 Financial risk management and exposures

The objective of financial risk management is to manage and control financial risk exposures to increase the predictability of earnings and minimize potential adverse effects on the company's financial performance. The company is or may be exposed to currency risk, credit risk, interest rate risk, liquidity risk and price risk.

### Risk management

Risk management of financial risks is performed in every project and is the responsibility of the project manager. They cooperate with finance managers to identify, evaluate and perform necessary hedging when necessary.

### Currency risk

Aker Carbon Capture mainly operates in Norway with a Norwegian cost base as well as Norwegian customers. The currency risk is limited as a result of current operations, but will increase if future projects or cost bases relates to foreign operations.

### Credit risk

Credit risk is the risk of financial losses if a customer or counterparty to financial receivables and financial instruments fails to meet contractual obligations.

### Trade Receivables and Contract Assets

Assessment of credit risk related to customers and subcontractors is an important requirement in the bid phase and throughout the contract period. Such assessments are based on credit ratings, income statement and balance sheet reviews and using credit assessment tools available (e.g. Dun & Bradstreet). Revenues are mainly related to large and long-term projects closely followed up in terms of payments up front and in accordance with agreed milestones. Normally, lack of payment is due to disagreements related to project deliveries and is solved together with the customer.

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## Measurement of Expected Credit Losses (ECLs)

Impairment is assessed using the expected credit loss (ECL) method for financial assets. The company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligation to the company in full. ECLs are estimated probability-weighted net present value of future expected credit losses. ECLs are discounted at the effective interest rate of the financial asset. Loss allowances are always measured at an amount equal to lifetime ECLs. At each reporting date, the company assesses whether any financial assets are credit-impaired. Evidence that a financial asset is credit-impaired includes when invoices are more than 90 days past due without agreed postponement, knowledge of significant financial difficulty of the customer or debtor or other forward-looking information. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off.

## Liquidity risk

Liquidity risk is the risk that the company is unable to meet the obligations associated with its financial liabilities. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity reserves to meet its liabilities when due.

## Price risk

The group is exposed to fluctuations in market prices in the operational areas related to contracts, including changes in market prices for raw materials, equipment and development in wages. These risks are to the extent possible managed in bid processes by locking in committed prices from vendors as a basis for offers to customer or through escalation clauses with customers.

## Guarantees

Aker Carbon Capture AS has issued a parent company guarantee on behalf of Aker Carbon Capture Norway AS related to the Brevik CCS project.

## Note 16 Group companies

### Financial reporting principles

The consolidated statements include all entities controlled by Aker Carbon Capture AS. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

### Subsidiaries

Aker Carbon Capture AS has one subsidiary at reporting date. Ownership equals the percentage of voting shares.

Company	Location	Country	Percent
Aker Carbon Capture Norway AS	Oslo	Norway	100

## Note 17 Related parties

### Financial reporting principles

Related party relationships are those involving control (either direct or indirect), joint control or significant influence. Related parties are in a position to enter into transactions with the company that would not be undertaken between unrelated parties.

Aker Carbon Capture AS is a parent company with control of one subsidiary as listed in Note 16 Group companies. Any transactions between the parent company and the subsidiary are shown in the separate financial statements of the parent company, and are eliminated in the consolidated financial statements.

Remunerations and transactions with directors and executive officers are summarized in Note 18 Management remunerations.

The largest shareholder of Aker Carbon Capture AS is Aker Horizons Holding AS (previously Aker Horizons AS) which in turn is controlled by Kjell Inge Røkke through TRG Holding AS and The Resource Group TRG AS. The Resource Group TRG AS is the ultimate parent company of Aker Carbon Capture AS. In this respect, all entities controlled by Aker ASA and entities which Kjell Inge Røkke and his close family controls through The Resource Group TRG AS are considered related parties to Aker Carbon Capture AS and referred to as "Aker entities" in this note.

Aker Solutions ASA was the sole shareholder from incorporation until listing of the company on Euronext Growth on August 26, 2020 and transactions with Aker Solutions group until listing are considered internal.

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## Significant related parties transactions

### Acquisition of business from Aker Solutions

On July 17, 2020, Aker Carbon Capture Norway AS entered into an Asset Purchase Agreement with Aker Solutions for the acquisition of personnel, technology (including know-how) and intellectual property rights, the MTU, as well as its project and tender portfolio in the CCUS business, together with other industry projects/engagements, with a purchase price of NOK 512 million. The acquisition is considered a common control transactions and differences between fair values and book values are reflected as continuity difference in equity. See [Note 3 Acquisition of business](#) for further description of the transaction.

## Agreements with related parties to Aker

### Transitional Services Agreement

On July 17, 2020, the Transitional Services Agreement was entered into with Aker Solutions regarding services to be rendered to the Group. Such services include, inter alia, access to employees who possess information necessary for the business and operations, assistance with financials, tax, legal, IT and human resources, and other similar services that ensure a smooth transition. The term of the agreement is six months with an option for the Aker Carbon Capture to extend for further three months.

### Global Frame Agreement

On July 31, 2020, the three Global Frame Agreements with Aker Solutions were entered into for (i) provision of fabrication services; (ii) provision of technical services, including engineering services; and (iii) for personnel hire. The purpose of these agreements is to ensure access to capabilities and manpower while maintaining needed flexibility in the cost base following the Separation. All agreements are subject to a 5-year term with an option to renew for 3 + 3 years. The contract for provision of technical services includes an exclusivity provision. Also, the same parties have on the same date agreed on a roadmap for the purpose of negotiating and agreeing on a framework agreement for the provision of engineering, procurement, construction and management assistance based on an alliance model.

### Brevik Carbon Capture Project

On December 22, 2020, Aker Carbon Capture awarded Aker Solutions a contract for engineering, procurement and management assistance services to realise the carbon capture plant at the Brevik cement factory in southern Norway. Aker Solutions expects around 100 employees will be involved in delivering these services.

## Agreements with Aker entities

### Aker Horizons Holding AS

The group has entered into a cooperation and shared service agreement with Aker Horizons Holding AS, a 100% owned subsidiary of Aker ASA. The agreement includes CFO, financing and accounting services, business development and M&A support and other support functions.

Further, the group has entered into a sublease agreement with Aker Horizons Holding AS for its headquarter offices at Fornebu. The contract term is two years starting August 17, 2020, with option for one additional year.

### Aker ASA

Furthermore, the group has enter into a IT service agreement with Aker ASA for delivery of IT services to the group.

## Summary of transactions and balances with significant related parties

Amounts in NOK thousand	Aker entities	Related parties to Aker	Total
<b>Income statement</b>			
Operating expenses	(5 553)	(18 639)	<b>(24 192)</b>
Depreciations (ROU assets)	(1 881)	-	<b>(1 881)</b>
Net financial items (lease liability)	(308)	-	<b>(308)</b>
<b>Balance sheet</b>			
Right-of-use asset (ROU assets)	13 184	-	<b>13 184</b>
Trade and other payables	(2 106)	(5 473)	<b>(7 579)</b>
Lease liabilities	(14 181)	-	<b>(14 181)</b>

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## Note 18 Management remuneration

### Remuneration to the board of directors

The board of directors did not receive any other fees than those listed in the table. The members of the board of directors have no agreements that entitle them to any extraordinary remuneration. The fees in the table represent expenses recognized in the income statement based on assumptions about fees to be approved at the general assembly rather than actual payments made in the year.

Amounts in NOK	Period	Board fee
Henrik Overgaard Madsen (Chairman)	Aug-Dec	166 667
Kristian Monsen Røkke	Aug-Dec	125 000
Øyvind Eriksen	Oct-Dec	75 000
Oscar Fredrik Graff	Oct-Dec	75 000
Nina Jensen	Oct-Dec	37 500

Amounts in NOK	Job title	Base salary	Variable pay	Other benefits	Total taxable remuneration	Pension benefit earned
Valborg Lundegaard	CEO	1 236 667	1 456 000	14 658	<b>2 707 324</b>	107 476 <sup>1)</sup>

1) Pension benefits also include a pension compensation scheme (for transfer from benefit to contribution scheme)

### Shareholding of Directors and CEO

The following number of shares is owned by the directors and the CEO (and their related parties) as of December 31, 2020:

	Job title	Number of shares
Henrik Overgaard Madsen	Chairman	30 000
Valborg Lundegaard	CEO	30 581

The overview includes only direct ownership of shares in Aker Carbon Capture AS and does not include Øyvind Eriksen's indirect ownership through ownership in Aker ASA.

According to policy in Aker, fees to directors employed in Aker companies are paid to the Aker companies, not to the directors in person. Therefore, board fees for Kristian Monsen Røkke and Øyvind Eriksen are paid to Aker Horizons Holding AS and Aker ASA, respectively.

### Audit committee

Aker Carbon Capture has an audit committee comprising one director, which held one meeting in 2020. As of December 31, 2020, the audit committee comprises Kristian Monsen Røkke. No fees have been paid related to the Audit Committee.

### Remuneration to the CEO

The total remuneration to the CEO consists of a fixed base salary, employee benefits and variable pay programs. The CEO participates in the standard pension and insurance schemes applicable to all employees. The table below includes remuneration earned in the period August 1 - December 31, 2020.

Further, the CEO was invited to participate in the group's share purchase program in 2020, see [note 12](#) for further description.

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## Aker Carbon Capture AS

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## AKER CARBON CAPTURE AS

# Income statement

Statement for the period July 8 to December 31

Amounts in NOK thousand	Note	Jul 8 - Dec 31 2020
Operating expenses	<a href="#">4</a>	(2 326)
<b>Operating profit (loss)</b>		<b>(2 326)</b>
Financial income		452
<b>Net financial items</b>		<b>452</b>
<b>Profit (loss) before tax</b>		<b>(1 874)</b>
Tax benefit (expense)	<a href="#">7</a>	-
<b>Profit (loss) for the period</b>		<b>(1 874)</b>

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## AKER CARBON CAPTURE AS

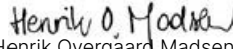
# Balance sheet

Statement for the period July 8 to December 31

Amounts in NOK thousand	Note	2020
<b>Assets</b>		
<b>Non-current assets</b>		
Investment in group companies	5	987 030
<b>Total non-current assets</b>		<b>987 030</b>
<b>Current assets</b>		
Current operating assets		338
Cash and cash equivalents		14 553
<b>Total current assets</b>		<b>14 892</b>
<b>Total assets</b>		<b>1 001 922</b>

Amounts in NOK thousand	Note	2020
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital		566 060
Share premium		431 576
<b>Total equity</b>	3	<b>997 637</b>
<b>Current liabilities</b>		
Current operating liabilities		4 285
<b>Total current liabilities</b>		<b>4 285</b>
<b>Total equity and liabilities</b>		<b>1 001 922</b>

Fornebu, March 25, 2021

  
Henrik Overgaard Madsen  
Chairman

  
Kristian Monsen Røkke  
Director

  
Øyvind Eriksen  
Director

  
Oscar Fredrik Graff  
Director

  
Nina Jensen  
Director

  
Valborg Lundegaard  
CEO



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## AKER CARBON CAPTURE AS

# Cash flow

Statement for the period July 8 to December 31

Amounts in NOK thousand	Note	Jul 8 - Dec 31 2020
Profit (loss) before tax		(1 874)
Changes in operating assets and liabilities		3 947
<b>Cash flow from operating activities</b>		<b>2 073</b>
Investment in subsidiaries	<a href="#">5</a>	(475 030)
<b>Cash flow from investing activities</b>		<b>(475 030)</b>
Proceeds from share issues	<a href="#">3</a>	500 000
Transaction costs related to share issues	<a href="#">3</a>	(12 489)
<b>Cash flow from financing activities</b>		<b>487 511</b>
<b>Net cash flow in the period</b>		<b>14 554</b>
Cash and cash equivalent at the beginning of the period		-
<b>Cash and cash equivalent at the end of the period</b>		<b>14 554</b>

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## AKER CARBON CAPTURE AS

# Notes

### Note 1 Company information

Aker Carbon Capture AS is the parent company and owner of Aker Carbon Capture Norway AS and is domiciled in Norway. Aker Carbon Capture AS was listed on Merkur Market operated by the Oslo Stock Exchange under the ticker "ACC-ME" on August 26, 2020.

### Note 2 Basis of accounting

The financial statements of the parent company are prepared in accordance with Norwegian legislation and Norwegian Generally Accepted Accounting Principles.

Financial reporting principles for notes to these financial statements are included in the relevant notes. For other financial reporting principles, see below.

#### Functional currency and presentation currency

The parent company's financial statements are presented in NOK, which is Aker Carbon Capture AS's functional currency. All financial information presented in NOK has been rounded to the nearest thousand (NOK thousand), except when otherwise stated. The subtotals and totals in some of the tables in these financial statements may not equal the sum of the amounts shown due to rounding.

#### Foreign currency

Transactions in foreign currencies are translated at the exchange rate applicable at the date of the transaction. Monetary items in a foreign currency are translated to NOK using the exchange rate applicable on the balance sheet date. Foreign exchange differences arising on translation are recognized in the income statement as they occur.

#### Classification

Current assets and current liabilities include items due within one year or items that are part of the operating cycle. Other balance sheet items are classified as non-current assets/debts.

#### Measurement of borrowings and receivables

Financial assets and liabilities consist of investments in other companies, trade and other receivables, cash and cash equivalents and trade and other payables.

Trade receivables and other receivables are recognized in the balance sheet at nominal value less provision for expected losses.

### Cash flow statement

The statement of cash flow is prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term liquid investments.

### Note 3 Shareholders' equity

#### Financial reporting principles

Repurchase of share capital is recognized at cost as a reduction in equity and is classified as treasury shares. No gain or loss is recognized in the income statement on the purchase or sale of the company's own shares.

Amounts in NOK thousand	Share capital	Share premium	Total equity
Equity at incorporation July 8, 2020	30	-	30
Reduction of shares	(30)	-	(30)
Contribution-in-kind	271 943	240 057	512 000
Share issue	294 118	205 882	500 000
Transaction costs, share issue	-	(12 489)	(12 489)
Profit (loss) for the period	-	(1 874)	(1 874)
<b>Total equity</b>	<b>566 060</b>	<b>431 576</b>	<b>997 637</b>

The share capital of Aker Carbon Capture AS is divided into 566 060 400 shares with a nominal value of NOK 1. All issued shares are fully paid. The shares can be freely traded. See [Note 8 Shareholders](#) for an overview of the company's largest shareholders.

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## Note 4 Expenses

### Expenses

Aker Carbon Capture AS has no employees and hence no personnel expenses. The CEO is employed by Aker Carbon Capture Norway AS.

Remuneration to and shareholding of CEO and Board of Directors are described in [Note 18 Management remuneration](#) in the consolidated financial statements of Aker Carbon Capture group.

### Audit fees to KPMG

Amounts in NOK thousand	Jul 8 - Dec 31 2020
Audit	287
Other assurances services <sup>1)</sup>	22
<b>Total</b>	<b>309</b>

1) Other assurance services relates to listing process on Euronext Growth in August 2020 and is reported directly to equity.

## Note 5 Investment in group companies

### Financial reporting principles

Investments in subsidiaries are measured at cost. The investments are written down to fair value when the impairment is not considered to be temporary. Impairment losses are reversed if the basis for the impairment is no longer present.

Dividends and other distributions from subsidiaries are recognized in the same year as they are recognized in the financial statement of the provider. If the distributed dividend in the subsidiary exceeds accumulated profits in the ownership period, the payment is treated as a reduction of the carrying value of the investment.

Amounts in NOK thousand	Reg. office	Share capital	Number of shares held	Ownership	Book value
Aker Carbon Capture Norway AS	Fornebu, Norway	120 003	3 000	100%	987 030
<b>Total</b>					<b>987 030</b>

## Note 6 Related parties

Related party relationships are those involving control (either direct or indirect), joint control or significant influence. Related parties are in a position to enter into transactions with the company that would not be undertaken between unrelated parties. All transactions with related parties to Aker Carbon Capture AS have been based on arm's length terms.

### Transactions with related parties

The company provided a short-term loan to Aker Carbon Capture Norway AS in 2020 that was settled before December 31. Interest income of NOK 68 thousand has been recognized in the period.

Aker Carbon Capture AS has issued a parent company guarantee on behalf of Aker Carbon Capture Norway AS related to the Brevik CCS project.

## Note 7 Tax

### Financial reporting principles

Tax expenses in the income statement comprise current tax and changes in deferred tax. Deferred tax is calculated as 22 percent of temporary differences between accounting and tax values as well as any tax losses carried forward at the year-end. Deferred tax assets are recognized only to the extent it is probable that they will be utilized against future taxable profits.

### Calculation of taxable income (loss)

Amounts in NOK thousand	Jul 8 - Dec 31 2020
Profit (loss) before tax	(1 874)
Permanent differences	(12 489)
<b>Taxable income (loss)</b>	<b>(14 363)</b>

Aker Carbon Capture AS has not recognized deferred tax asset related to tax loss carry forwards as the group is newly founded and has no history of taxable profits.

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## Note 8 Shareholders

Shareholders with more than 1 percent shareholding per December 31 are listed below.


Company	Nominee	Number of shares held	Ownership
Aker Horizons Holding AS <sup>1)</sup>		288 682 939	51.00%
Nærings- og Fiskeridepartementet		33 100 085	5.85%
Folketrygdfondet		21 011 677	3.71%
J.P. Morgan Bank Luxembourg S.A.	Nominee	10 691 362	1.89%
BNP Paribas Securities Services	Nominee	9 823 786	1.74%
Aker Solutions ASA		5 798 699	1.02%

1) The company changed name from Aker Horizons AS on January 26, 2021.

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# Auditor's report



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 Fax  
 Internet www.kpmg.no  
 Enterprise 935 174 627 MVA

To the General Meeting of Aker Carbon Capture AS

## Independent auditor's report

### Report on the Audit of the Financial Statements

**Opinion**

We have audited the financial statements of Aker Carbon Capture AS, which comprise:

- The financial statements of the parent company Aker Carbon Capture AS (the Company), which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the period 8 July – 31 December 2020, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Aker Carbon Capture AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, the income statement and other comprehensive income, statement of changes in equity and statement of cash flows for the period 8 July – 31 December 2020, and notes to the financial statements, including a summary of significant accounting policies.

**In our opinion:**

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the period 8 July – 31 December 2020 in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the period 8 July – 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU.


**Basis for Opinion**

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

Offices in:

Oslo	Everum	Mo i Rana	Stord
Ale	Finnens	Molde	Strøme
Arendal	Hamar	Sluven	Trondheim
Bergen	Haugesund	Sandnessjøen	Tromsø
Bodø	Kjevik	Sandnessjøen	Tynset
Drammen	Kristiansund	Stavanger	Ålesund

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### Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

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


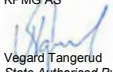
As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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<ul style="list-style-type: none"> <li>conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.</li> <li>evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.</li> <li>obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.</li> </ul>	
<p>We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.</p>	
<p><a href="#">Report on Other Legal and Regulatory Requirements</a></p>	
<p><a href="#">Opinion on the Board of Directors' report</a></p> <p>Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.</p>	
<p><a href="#">Opinion on Registration and Documentation</a></p> <p>Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, <i>Assurance Engagements Other than Audits or Reviews of Historical Financial Information</i>, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.</p>	
<p>Oslo, 25 March 2021 KPMG AS</p>  <p>Vegard Tangerud State Authorised Public Accountant</p>	
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