

We build new industry in Norway

First quarter results 2022

OUR MISSION:

Accelerating the transition to
carbon neutrality through
pioneering projects

Content

Introducing Horisont Energi

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A great start to the year with E.ON on board!



The first quarter of 2022 got off to a thrilling start for the Horisont Energi team.

In early January, Horisont Energi and the European energy company E.ON entered into a strategic cooperation agreement for the development of a European end-to-end carbon capture, transport and storage service offering, including development of a carbon removal business, value chains for clean hydrogen and ammonia.

Along with the agreement, Horisont Energi conducted a private placement directed at E.ON, resulting in E.ON acquiring a 25 percent stake in Horisont Energi. The

private placement was completed on 20 January 2022 according to plan.

What a fantastic way to start 2022! During the first quarter, we have put together a team and defined common projects. E.ON will be responsible for CO2 capture, and Horisont Energi will take care of transport and storage.

The first quarter was an exciting time for us in other areas too. After having submitted an application for a licence to store CO2 at Polaris together with our partners, our offshore CO2 reservoir in the Barents Sea, the storage licence was offered on 5 April, being the second CO2 storage on the Norwegian shelf. This offer is an important milestone in developing carbon storage as a major green industry in Norway. Following our acceptance we expect that our 30% participating interest in the licence will be formally awarded in June.

We will store CO2 from the ammonia production at Barents Blue and potentially offer capacity for third party use. We are looking further into developing additional carbon storage assets offshore in Norway.

The Barents Blue project will make Northern Norway one of the largest production regions for merchant and clean ammonia.

Important milestones moving forward in the development of the ammonia plant have been fulfilled in Q1.

In addition to our great projects, Barents Blue and Polaris, we plan to develop a green ammonia plant in Finnmark. Our goal is to produce green ammonia based on renewable energy. We run this project together with the Finnish energy company St1.

It is vital for us to ensure a sustainable business model through the whole value chain. During the first quarter, we finished our first ESG report in line with EU's taxonomy.

External factors can sometimes affect our business. Russia's invasion of Ukraine in February has had a strong effect on the energy market in terms of prices, security, and availability. That said, this horrible war can prompt a long-term shift towards sustainability and boost the demand for clean energy.

To sum up the first quarter of 2022, the E.ON deal was definitely the highlight for us.

We are really looking forward to the further development of Horisont Energi as a strong clean energy company delivering large-scale industrial projects that will strongly influence the green transition.

Björgulf Haukelidsæter Eidesen,
CEO & Founder

“Collaborating with Horisont Energi will enable us to be a first-mover in the future industrial carbon cycle business, which will be a key driver in European industrial and municipal decarbonization in the second half of this decade.”

Patrick Lammers,
Chief Operating officer –
Commercial E.ON

We are a Norwegian
company offering clean
energy and carbon storage.



OUR COMMON GOAL:

Net zero by 2050

Net zero by 2050



The energy transition must
be activated through new
industry



Clean ammonia, hydrogen
and carbon storage



Equally important:
Taxonomy, demand and
cost effectiveness

Q1 highlights

Cooperation agreement with E.ON, which acquired a 25 percent stake in Horisont Energi

- Valuable commercial partner
- Substantial equity investment
- Board representation

Horisont Energi and St1 Nordic Oy invited municipalities in Finnmark region to discuss potential locations for green ammonia plant

- To be based on renewable energy
- The concept involves hydrogen production based on electrolysis of water and hydrogen production from biomass or biomethane

Barents Blue project progressing with a number of studies underway or completed

- Substantial maturing of project

Offered 30% in licence for Polaris CO2 storage (early April). Formal award expected in June.

- Key part of Barents Blue

PROJECT

Barents Blue

Europe's first world-scale
clean ammonia facility

HAMMERFEST | EST. START 2026

Annual production by 2030:
1-3 million tonnes



Project highlights

- High environmental standards
- Ultra-low carbon footprint
- High energy efficiency
- New technology (system design)
- High degree of automation
- Modular construction
- Standardization of equipment
- Effective winterization
- Increased security

PROJECT UPDATE

Barents Blue

- Enova support of NOK 482 million (December 2021) subject to formal notification of IPCEI project
 - One of two Norwegian IPCEI projects
- A number of technical studies in progress:
 - Concept studies
 - Necessary infrastructure and site preparation
 - Study of the gas pipeline for the transport of natural gas to the Barents Blue site and CO2 to the Polaris reservoir
- Public hearing for zoning plan carried out
 - Based on option on property granted by Hammerfest municipality
- FEED studies being prepared for the next phase of the project
 - This will lead to final investment decision



PROJECT

Polaris

Awarded a licence on April 5,
the second CO2 storage on
the Norwegian shelf.

BARENTS SEA | EST. START 2026



Estimated storage capacity:
> 100 million tonnes

Project highlights

- Key part of Barents Blue project
- Estimated capacity: in excess of 100 million tons
- Licence offered April 2022. An important milestone in developing carbon storage as a major green industry in Norway.

Preparing for a second carbon storage offshore Norway

FACTS

1

Identified CO₂ storage reservoir located in the southern part of the Norwegian Continental Shelf

2

Storage capacity to be offered to third party customers

3

Combine with onshore facility in the southern part of Norway
Offloading, buffering, pipeline to storage
Various locations being considered

4

Fits with strategy to work with E.ON to develop end-to-end European carbon capture and storage service for the industrial market

5

Currently in concept phase for onshore and offshore facilities

Horisont Energi in cooperation with E.ON



Horisont Energi and E.ON entered a cooperation agreement whereby E.ON acquired a 25% stake in Horisont Energi



Horisont and E.ON want to play a decisive role in the decarbonization of key industrial sectors in Europe, while scaling up and commercializing CCS and clean ammonia

Value chain

CAPTURE



TRANSPORT



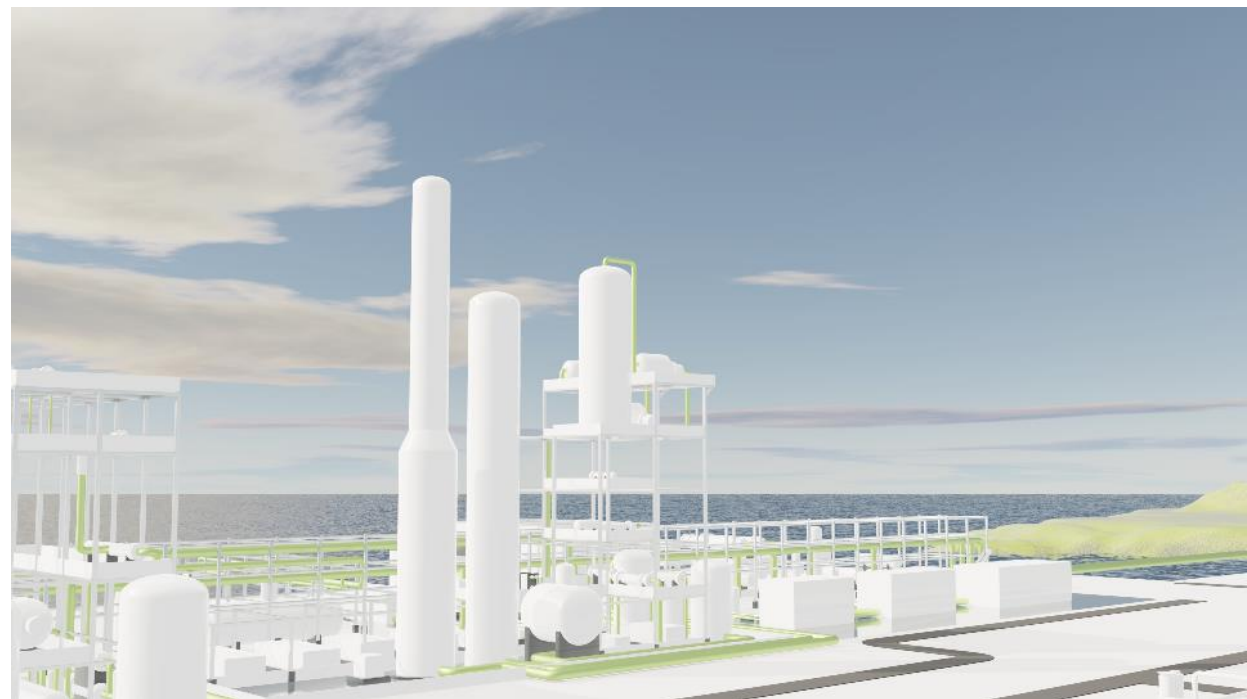
STORAGE





Green ammonia plant in Finnmark

- Signed MoU with St1 Nordic Oy in Fall of 2021 for joint development of green ammonia plant
- Based on renewable energy
- Hybrid concept with hydrogen production from:
 - Electrolysis
 - Biomass or biomethane
- Discussing potential locations with municipalities in the Finnmark region



Q1 2022 financial results

- The result for Q1 2022 shows a net loss of NOK 35 million. Horisont Energi has currently no income-generating activity. Costs are according to projects' and company's development plans.
- All costs incurred in Q1 2022 are expensed, except capitalized right-of-use linked to lease of offices as per IFRS requirements.
- The total operating cost of NOK 36.1 million during the first 3 months has been spent on project studies for the Polaris offshore CO2 storage and the Barents Blue ammonia plant. In addition, activities related to planning of transportation and marketing of ammonia have been conducted. Finally, Horisont Energi has used resources on building a new CO2 storage business.
- The company has a solid financial position with a total of NOK 486 million in cash and expects to have sufficient funds to bring the Barents Blue project up to investment decision in 2023. Regarding funding of the project in the investment phase, we are currently maturing our project financing strategy, evaluating capital sources such as new equity, bank loans, infrastructure funds, and public grants and guarantees.

Financial highlights

<i>NOK million</i>	Q1 2022	2021
Revenues	0	0.4
EBITDA*	-35.5	-51.7
EBIT**	-36.1	-53.0
Net profit	-35.0	-52.3
Cash balance	486.0	91.7

- Substantial equity investments: E.ON and subsequent offering.
- E.ON entered as 25% owner through a NOK 371 million private placement, followed by a repair issue of NOK 50 million.
- Solid financial foundation for developing projects.
- Further financing options being considered, including project financing.

Accounting principles: IFRS International Financial Reporting Standards

* EBITDA: earnings before interest, tax, depreciation and amortization

** EBIT: Earnings before interests and taxes

Summary

The E.ON deal was the highlight in the first quarter

- The cooperation agreement strengthens our positioning in the European market to reach our common goal of net zero by 2050.

The carbon storage licence for Polaris in April (pending formal award) was a milestone for our plan to realize the Barents Blue project

- This facility will transport CO₂ and permanently store it under the seabed.

Solid financial basis for developing projects

- Moving forward in developing Horisont Energi as a strong clean energy company delivering large-scale industrial projects that will strongly influence the green transition.

Appendix

Income statement

	Notes	Q1 2022	Full year 2021
Other income			
Other income		0	375 000
Total other income		0	375 000
Operating costs			
Salary and personnel costs	1	5 324 149	9 039 262
Depreciation	2	594 710	1 254 329
Other operating costs	2,3,4	30 175 987	43 064 695
Total operating costs		36 094 846	53 358 286
OPERATING PROFIT (LOSS)		-36 094 846	-52 983 286
FINANCIAL INCOME AND EXPENSES			
Interest income		1 345 450	894 479
Interest expenses	2	-31 702	-245 956
Other financial income		171 282	300 546
Other financial expenses		-376 194	-276 403
Net financial income (expenses)		1 108 836	672 666
PROFIT (LOSS) BEFORE INCOME TAX		-34 986 010	-52 310 620
Income tax expense	4	0	-14 904
NET PROFIT (LOSS) FOR THE PERIOD	4	-34 986 010	-52 295 716

Balance sheet

<i>Amounts in NOK</i>	<i>Notes</i>	<i>Q1 2022</i>	<i>Full year 2021</i>
ASSETS			
Non-current assets			
Right-of-use assets	2	2 676 193	2 759 525
Total non-current assets		2 676 193	2 759 525
Current assets			
Receivables			
Accounts receivable		19 088 742	26 698 986
Other receivables	5	20 990 448	22 526 803
Total receivables		40 079 190	49 225 789
Cash and cash equivalents			
	6	486 037 325	91 689 113
Total current assets		526 116 515	140 914 902
TOTAL ASSETS		528 792 708	143 674 427

Sandnes, 24th May 2022

Rob Stevens
Chairperson of the board

Beatriz Malo de Molina
Board member

Dr. Gabriël Clemens
Board member

Rolf Magne Larsen
Board member

Øystein Stray Spetalen
Board member

Björgulf Haukelidsæter Eidesen
CEO

<i>Amounts in NOK</i>	<i>Notes</i>	<i>Q1 2022</i>	<i>Full year 2021</i>
EQUITY AND LIABILITIES			
EQUITY			
Paid-in equity			
Share capital	7, 8	223 259	158 502
Share premium	7	566 735 018	146 877 649
Other paid-in equity	7	6 179 000	5 916 653
Total contributed equity	7	573 137 277	152 952 804
Retained earnings (deficit)			
Retained earnings (deficit)	7	-92 017 352	-57 031 342
Total retained earnings (deficit)		-92 017 352	-57 031 342
Total equity	7	481 119 925	95 921 462
LIABILITES			
Non-current liabilities			
Other long term liabilities	2, 9	794 090	840 586
Liabilities to financial institutions	9	2 400 000	2 400 000
Total non-current liabilities		3 194 090	3 240 586
Current liabilities			
Accounts payable		16 530 070	16 615 320
Public duties payable		5 627 339	5 309 249
Other current liabilities	2, 10	22 321 285	22 587 811
Total current liabilities		44 478 694	44 512 380
Total liabilities		47 672 784	47 752 966
TOTAL EQUITY AND LIABILITIES		528 792 708	143 674 427

Cash flow

	Q1 2022	Full year 2021
Cash flow from operating activities		
Profit (loss) before income tax	-34 986 010	- 52 310 620
Negative instalments tax	-	14 904
Tax refund received	-	7 280 355
Interest on right use liabilities	28 249	
Depreciations	594 710	1 254 329
Cost related to employee share options	262 347	143 754
Change in accounts receivables	7 610 244	- 26 698 986
Change in accounts payables	-85 250	15 974 294
Change in other short term receivables and payables	1 628 657	1 843 334
Net cash flow from operating activities	-24 947 054	- 52 498 636
Cash flow from investing activities		
Investments in fixed assets		-
Net cash used in investing activities	-	-
Cash flow from financing activities		
Capital contribution net of fees	419 922 126	142 931 952
Financing from financial institutions	-	-
Payments of lease debt including interest	-626 860	- 1 183 840
Net cash from financing activities	419 295 266	141 748 112
Net cash flow from discontinued operations		
Net change in cash and cash equivalents	394 348 212	89 249 476
Cash/cash equivalents at the beginning of period	91 689 113	2 439 637
Cash/cash equivalents at the end of period	486 037 325	91 689 113

Accounting principles and basis for preparation

These interim financial statements have been prepared in accordance with the principles in IAS 34, Interim Financial Reporting. The interim financial statements are unaudited, and do not include all of the information required for the full financial statements, and should be read in conjunction with the annual financial statements.

The accounting principles used in the preparation of these financial statements are consistent with those used in the annual financial statements. These condensed financial statements should be read in conjunction with the annual financial statements, which include a full description of the Company's accounting principles.

The preparation of the interim accounts entails the use of judgements, estimates and assumptions that affect the application of accounting policies and the amounts recognised as assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances.

The actual results may deviate from these estimates. The material assessments underlying the application of the Company's accounting policies and the main sources of uncertainty are the same for the interim accounts as for the annual accounts for 2021.



Notes

Note 1 Payroll expenses, number of employees, remunerations, loans to employees, etc.

Payroll expenses	Q1 2022	Full year 2021
Salaries/wages	7 198 708	15 262 766
Social security fees	1 256 982	2 419 663
Pension expenses	867 107	1 557 224
Other remuneration	748 300	1 430 057
Gross employee benefits expenses	10 071 097	20 669 710
The number of employees	23	19
Reimbursed from partners	-4 746 948	-11 576 247
Salary and personnel costs	5 324 149	9 093 463

Employee share options scheme:

The Company has an employee share options program for some of its employees.

IFRS 2 Share-based Payment requires an entity to recognise share-based payment transactions (such as granted shares, share options, or share appreciation rights) in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity. Specific requirements are included for equity-settled and cash-settled share-based payment transactions, as well as those where the entity or supplier has a choice of cash or equity instruments.

The assessed fair value at grant date of warrants granted was between NOK 5 and NOK 12,70 per option. The fair value at grant date was determined using a Black Scholes Model. The right of the Holder to exercise the Options is conditional upon the Holder being employed with the Company on the date of the Exercise Notice.

The most significant inputs and assumptions in determining fair value at grant date were:

- Exercise price between NOK 70 and NOK 117
- Share price at grant date between NOK 25 and NOK 73.
- Expected volatility 40 %
- Risk free interest rate 1 %
- Term of options between 1,5 - 4 years
- NOK 262 347 have been recognised as salary costs in first quarter 2022 related to employee share options.

Note 2 Leases IFRS 16

Right-of-use assets

Leased assets include offices and other buildings. Right-of-use assets are categorised and presented in the table below:

	31/03/2022	31/12/2021
Right-of-use assets	Offices	Offices
Acquisition cost as at 01.01.	4 013 854	-
Addition of use-of-rights	511 378	4 013 854
Acquisition cost end of period	4 525 232	4 013 854
Depreciation and write-downs as at 01.01.	1 254 329	-
Depreciation for the year	594 710	1 254 329
Write-downs for the year	-	-
Depreciation and write-downs as at end of period	1 849 039	1 254 329
Book value right-of-use assets at end of period	2 676 193	2 759 525
Economic lifetime	24 months	24 months
Depreciation method	Linear	Linear
Lease liability	Offices	Offices
Liabilities and payment schedule		
Less than 1 year	2 211 205	2 127 721
1-2 years	641 956	812 674
2-3 years	-	-
Total lease liabilities at end of period	2 853 161	2 940 395
Changes in lease liabilities	-	-
Lease liabilities at 01.01.	2 940 395	-
New/recalculated liabilities this period	511 378	4 013 854
Downpayments of liabilities	- 626 860	- 1 183 840
Interest payments	-	-
Interest on lease liabilities	28 249	110 381
Total lease liabilities at end of period	2 853 162	2 940 395

Note 3 Other operating costs

The line "Other operating costs" in the P&L consists of the following costs:

	Q1 2022	Full year 2021
Office rentals and other office expenses	811 012	2 890 484
Consultants fee, studies etc.	49 990 939	87 634 234
Reimbursed from partners	- 27 372 772	- 58 221 230
Grant from Enova	-	- 4 000 000
Skattefunn	-	- 4 750 000
Licences, patents and royalties	6 254 260	16 566 772
Other expenses	492 548	2 944 436
Total	30 175 987	43 064 695

Cost related to maturing the projects has been expensed. The Company will start to capitalize cost incurred, when technical feasibility and commercial viability are demonstrable, and the decision to develop a particular project has been made.



Note 4 Taxes

Income taxes recognised in the income statement	Q1 2022	Full year 2021
Tax refund current year		-
Tax payable adjustment previous year	-	- 14 904,00
Total taxes (-)/tax income (+) recognised in income statement	-	- 14 904

Specification of temporary differences and tax losses carried forward	Q1 2022	Full year 2021
Right-of-use assets	2 676 193	2 759 525
Lease liabilities	-2 853 161	-2 940 395
Tax losses carried forward	-101 952 344	-66 143 303
Total deferred tax assets (-liabilities)	-102 129 312	-66 324 173
Valuation allowance for deferred tax assets	102 129 312	66 324 173
Basis for deferred tax assets	0	0
Deferred tax assets (22 %)	0	0

Deferred tax is calculated based on tax rates applicable on the balance sheet date. Based on uncertainties related to future utilization of tax losses, there has been made valuation allowance for deferred tax assets. There is no time limitation on the tax losses carried forward in Norway.

Note 5 Other receivables

	31/03/2022
Advance payment to suppliers	0
Receivable Skattefunn	4 750 000
Prepaid costs	1 927 915
Prepaid insurance	0
Recharge to partners	14 312 533
Other receivables	20 990 448

Note 6 Cash and cash equivalents

	31/03/2022	31/12/2021
Restricted cash related to tax withholding accounts amounts	1 048 522	1 183 262

Note 7 Share capital

	Share capital	Share premium	Other paid-in equity	Retained earnings (deficit)	Total equity
Balance 01.01.	158 502	146 877 649	5 916 653	-57 031 343	95 921 461
Share issue related to private placement to E.ON	57 065	370 865 110			370 922 175 ¹
Share issue related to repair equity issue	7 692	48 992 259			48 999 951 ²
Cost related to employee share options			262 347		262 347 ³
Net profit (loss) for the period				-34 986 010	-34 986 010
Balance 31.03.	223 259	566 735 018	6 179 000	-92 017 353	481 119 925

There have been several share issues during first quarter 2022.

- 1) In January 2022, there was a capital increase of total NOK 371 million in relation to a private offering with E.ON representing an increase in share capital of NOK 57 065 (5,7 million new shares), and increase in share premium of NOK 371 million.
- 2) In February 2022, there was a capital increase of total NOK 49 million in relation to a repair equity issue representing an increase in share capital of NOK 7 692 (769 230 new shares), and increase in share premium of NOK 49 million. Cost related to the share issue (1 million NOK) is booked towards share premium.
- 3) The Company has a share option programme for some employees. NOK 262 347 has been expensed related to the Company's share options programme in first quarter 2022.

Note 8 Share capital, subscription rights and shareholder information

The share capital consists of one class only:	Number	Par value	Share capital
Ordinary shares	22 325 980	0,01000	223 259

The 10 largest shareholders pr 31.03:	Shares	Ownership
E.ON Energy Projects GMBH	5 706 495	25,56%
FØNIKS INNOVASJON AS	5 126 538	22,96%
State Street Bank and Trust Comp	2 233 371	10,00%
SAGA PURE ASA	2 218 832	9,94%
SPESIALFONDET KLP ALFA GLOBAL ENER	1 658 220	7,43%
FERNCLIFF LISTED DAI AS	1 121 888	5,03%
DJ ADVISORS AS	552 515	2,47%
EITOR AS	550 000	2,46%
ZEVS HOLDING AS	280 875	1,26%
MOSOL INVEST AS	256 000	1,15%
Others	2 621 246	11,74%
Total number of shares	22 325 980	100,00%

All shares have the same voting rights in the company's general meeting.

The company's management and board members controls Føniks Innovasjon AS, DJ Advisors AS, Eitor AS, ZEVS Holding AS, Mosol Invest AS and Nelle Management AS.

Board member Øystein Stray Spetalen has direct and indirect ownership share in Saga Pure ASA, Tycoon Industrier AS and Ferncliff Listed Dai AS.

Board member Dr. Gabriel Clemens is CEO of Green Gas, E.ON SE and Managing Director of E.ON Hydrogen GmbH.

Board member Rolf Magne Larsen has direct ownership share in RM Consultants AS. He also owns private shares.

There have been no transactions between the company and the shareholders.

There are no loans/debt between the company and the shareholders.

Note 9 Other long term liabilities

Debt that falls due more than 1 year after the balance sheet date

	31/03/2022	31/12/2021
1) Debt to Innovasjon Norge	2 400 000	2 400 000
2) Other long-term liabilities	794 090	840 586
Total	3 194 090	3 240 586

Debt that

- 1) The company has a start up loan of NOK 2 400 000 from Innovasjon Norge. The loan is interest free until summer 2023.
- 2) Item includes: Recognised lease liability on leasehold contract for offices due >12 months from balance date, and calculated social tax on share options for employees, due when options are exercised falls due more than 1 year after the balance sheet date

Note 10 Other current liabilities

	31/03/2022	31/12/2021
Holiday pay allowance	2 386 061	1 619 766
Accrued cost	17 724 019	18 840 325
Other lease obligation with due date within 12 months	2 211 205	2 127 721
Other current liabilities	22 321 285	22 587 811

Note 11 Subsequent events and going concern

The accounts are prepared on the assumption of a going concern. This assumption is based on the Company's budget for the year 2022 including the Business Plan and the cash flow forecast.

On 1 April 2022 the Company held an Extraordinary General Meeting where a new Board of Directors was elected.



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