



# Annual Report 2022



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# About Horisont Energi

Horisont Energi is a Norwegian clean energy company with a mission to accelerate the transition to a carbon-neutral future through the development of a portfolio of projects. We aim to deliver end-to-end carbon capture and storage (CCS) solutions, as well as to produce clean ammonia using CCS.

As a company, we are committed to the energy transition. Time is of the essence to meet the goals set in the Paris Agreement on climate change while simultaneously balancing the dramatic changes to energy supply and demand in Europe. The need for carbon-free and carbon-neutral energy sources is more pressing than ever before. We want to deliver solutions that support a carbon-neutral future in Europe.

The company is seeking to become a leading supplier of third-party carbon storage solutions through the establishment of a full-scale end-to-end value chain for carbon storage business to meet the high European demand.

The world also needs clean energy sources at global scale. That is why we continue planning Europe's first industrial scale clean ammonia plant, the Barents Blue project.

Being an early mover in the clean energy sector means contributing to the development of policy and frameworks as we go. Our pioneering projects are subject to various regulatory approvals and clarifications. We therefore emphasize close dialogue with relevant authorities and policy makers.

Horisont Energi was founded in 2019, and in January 2022, E.ON became a strategic investor. E.ON has more than fifty million customers in fifteen countries where decarbonisation demand is on the increase. This engagement by E.ON strengthens our ability to accelerate the transition to carbon neutrality through pioneering projects throughout the CCS value chain.

Horisont Energi is headquartered in Sandnes, Norway. The company's shares are listed on Euronext Growth Oslo under the ticker "HRGI".





Letter from the CEO

# Gearing up for a low-carbon energy future

Except for the award of Polaris in June, recent events at the end of last year and the start of this year have not yielded the results we expected and do not reflect the extraordinary efforts by our staff, partners, contractors, and other stakeholders.





**Bjørgulf Haukelidsæter**  
Eidesen, CEO

In January, we learned that our two partners in Barents Blue had chosen to refocus their resources towards other projects and would withdraw from Barents Blue. On the positive side, Fertiberia, Spain's major ammonia producer, has since January been working to mature the Barents Blue project together with us with the potential of becoming a partner.

At the end of March, we were informed that our application for a CO<sub>2</sub> exploration licence (the cornerstone of our Errai project) would not be awarded to Horisont Energi and Neptune Energy. This was a disappointment for us, our partner, and the climate. The Errai project had a planned start-up of storage as early as 2026/2027. However, our knowledge and capabilities within the CCS industry puts us in a position to quickly identify and enter new opportunities in this space, and we are in the process of considering where to focus our resources for the future.

The magnitude of the energy transition will continue to require rapid development of

industrial-scale solutions for clean energy production and infrastructure for the handling of CO<sub>2</sub> emissions for industries that cannot be fully electrified.

Our 2022 priorities have been to develop the organization and projects within our two business areas, CCS, and clean ammonia production. We look back on 2022 as a year in which we made noteworthy progress on our knowhow on building a European CCS value chain and developing clean ammonia production.

We kicked off the year with signing an investment and cooperation agreement with the European energy major E.ON acquiring a 25 percent stake in Horisont Energi. Our common goal is to play a significant role in the decarbonization of European industries and scaling up and commercializing the CCS business.

Together with our partners, customers, contractors, and other stakeholders, we have set out to establish a complete end-to-end value chain for CCS, and we have been working to put together all the different pieces required to be able to offer third-party customers a one-stop solution for CO<sub>2</sub> storage.

We have signed a letter of intent with E.ON aiming to capture, liquify and supply to

Horisont Energi more than one million tonnes of CO<sub>2</sub> yearly in an offshore CO<sub>2</sub> storage site.


In 2022, Horisont Energi was awarded partnership in its first CO<sub>2</sub> licence: Polaris in the Barents Sea. This licence is under development to handle and store CO<sub>2</sub> from our planned facility for production of clean ammonia in Finnmark.

Although the application for a licence for our Errai Project was not successful, we are confident that we will play a key role in the commercialisation of other CCS projects going forward with the basis in our significant knowhow.

As part of the Errai project, we secured an option for an onshore site for a CO<sub>2</sub> terminal at Haugaland Industrial Park in Gismarvik in Rogaland (Norway). This option remains active irrespective of the non-award in March and may prove to be an important asset for future CCS projects. The dedicated support from the municipalities in this region has been much appreciated in the process towards securing the site and developing the land terminal. We have a matured CCS solution framework which can be directly transferred to new projects requiring landfall.

Horisont Energi is mapping and assessing several CO<sub>2</sub> storage projects and will continue to develop a position within CCS.





First quarter 2023, we signed an agreement to join forces with Neptune Energy and E.ON to cooperate on the development of a viable and sustainable CCS value chain.

The interest in CO<sub>2</sub> storage in Europe is large and growing, and the Norwegian Continental Shelf has a substantial storage potential of more than 80 billion tonnes, according to studies by the Norwegian Petroleum Directorate.

The demand for CO<sub>2</sub> storage from European industrial companies and the recent Net-Zero Industry Act in the EU targeting 50 million tonnes of CO<sub>2</sub> storage by 2030 and 550 million tonnes by 2050. This provides a solid foundation for the development of a growing and profitable CCS industry over the next decades.

On Barents Blue our current priority is to secure supply of gas from Melkøya and establish a new partner group for Polaris, with the aim to make final investment decisions in 2024 and production start in 2028.

With the Barents Blue project, we set the standard for clean ammonia, with a design that satisfies the EU Taxonomy requirements and that has the lowest CO<sub>2</sub> footprint globally.

We continue to work with Fertiberia to become the basis for the new partner group. Fertiberia is already a major ammonia producer as part of being one of the main crop nutrition and environmental solutions providers in the European Union with a commitment to net zero emissions by 2035.

Over the past year we have seen competence set to work with strong dedication, innovation and collaboration amongst our team and our partners. We will continue to build on this knowhow foundation in 2023.

Despite this difficult and disappointing start, we aim at making 2023 a year for renewed progress for our company and our projects as we continue to work towards a sustainable, low-carbon energy future. The CCS and ammonia markets are developing, and we are developing infrastructure solutions to meet this market.

Sincerely,  
**Bjørgulf Haukelidsæter Eidesen,**  
CEO



# 2022 in brief



## January

E.ON acquired a 25% stake in Horisont Energi and the two companies entered an investment and cooperation agreement.



## April

- The Polaris CO<sub>2</sub> exploration licence offered to Horisont Energi, Equinor and Vår Energi by the Ministry of Petroleum and Energy (formally awarded in June).
- Geotechnical site survey for Barents Blue supported selected location at Markopneset.
- Programme for impact assessment for Barents Blue site approved by Hammerfest municipality.



## June

- Agreement of Mutual Interest entered with Neptune Energy. Errai exploration licence nominated together with Neptune Energy. Licensing process for nominated area initiated.



## August

- Extended cooperation with Koole Terminals on CO<sub>2</sub> terminal in Rotterdam.
- Signed memorandum of understanding with Neptune Energy on CCS.



## September

ESA approved state aid for Barents Blue under the Important Projects of Common European Interest - Hydrogen programme.



## October

Signed project cooperation agreement with Neptune Energy for Errai.



## November

- Letter of intent on industrial-scale CO<sub>2</sub> storage on the Norwegian Continental Shelf signed with E.ON.
- Errai Decision Gate 1 (feasibility) milestone passed.



## December

- Collaboration agreement to develop a logistic value chain for clean ammonia signed with Koole Terminal.
- Option agreement for a CO<sub>2</sub> onshore terminal site at Gismarvik, Rogaland entered with Haugaland Industrial Park.
- Exploration licence application for Errai submitted together with Neptune Energy.
- Work programme for phase 1 of the Polaris licence completed.



# Commercialising CCS to reach net zero



CCS is a well-established technological concept. The demand for carbon storage is substantial, making CCS a promising business opportunity. The EU has ambitious plans to tackle the climate crisis, with policies incentivising use of CCS rather than to emit CO<sub>2</sub>.

The EU aims to make CCS economically preferable over emission of CO<sub>2</sub> to the atmosphere.

The interest in CO<sub>2</sub> storage in Europe is substantial, and the Norwegian Continental Shelf has a storage potential of 83 billion tonnes of CO<sub>2</sub>. This represents 30-40 percent of EU's CO<sub>2</sub> potential storage need and is equivalent to EU's total CO<sub>2</sub> emissions for 25 years, or Norway's total emissions for 1,500 years. The European

industry's contribution to the world's total emissions is large. The International Panel on Climate Change defines CCS as a key measure to reach the Paris Agreement goals. EU targets to store 550 million tonnes of CO<sub>2</sub> annually, including carbon removals, by 2050.

Horisont Energi remains committed to its mission of accelerating the transition to carbon neutrality. The development of a commercialised and sustainable CCS-market is an important measure to achieve the transition. We have assessed that such a market will contribute significantly to emission reductions even in the transition period, but also has a role eventually to ensure emissions are avoided in sectors hard-to-abate regarding emissions, such as cement and steel.

Most authorities and experts consider that time is of the essence to reach net zero by 2050. We agree and expect that CCS will play a crucial role in avoiding millions of tonnes of CO<sub>2</sub> emissions being emitted and instead being permanently stored safely in offshore reservoirs. This approach will help secure Europe with stable energy supply and simultaneously reduce emissions from fossil fuels.

The EU's Green Deal, the European Climate Law, the CCS Directive, the recent Net Zero Industry Act, the proposed Carbon Removal Directive, and the EU's overall climate ambitions for 2030 have made CCS technologies an important part of the EU decarbonisation effort. Due to the EEA agreement, Norway will have to follow suit

to the extent the EU legislation is not already implemented.

The expected European demand for CO<sub>2</sub> storage for years to come, together with the possibilities provided by the geology of the Norwegian Continental Shelf and the Norwegian offshore competence, provides a solid foundation for a profitable CCS industry in Norway.

Horisont Energi is well-positioned to provide solutions based on this foundation.





# Enabling an end-to-end CCS value chain

Horisont Energi and Neptune Energy signed a Memorandum of Understanding in August 2022 to develop the Errai project that Horisont Energi has been maturing since the autumn of 2020. Since signing the Memorandum of Understanding, both companies have worked intensely and jointly matured the project both onshore, offshore and on the reservoir side. In addition, the rest of the value chain and infrastructure has been matured including the customer side.

An earnest effort by the companies resulted in the submission of an exploration licence application of high quality and maturity for a CO<sub>2</sub> exploration licence to the Norwegian Ministry of Petroleum and Energy in December 2022. Horisont Energi was not awarded the storage license for Errai.

Horisont Energi signed an option agreement in late December 2022 with Haugaland Industrial Park for a land-based terminal planned at the deep-water port of Gismarvik. The plan is to build Norway's second terminal for intermediate CO<sub>2</sub> storage prior to onwards transport by pipeline for permanent storage under the seabed of the

Norwegian Continental Shelf.

Through the work done on the offshore part of the Errai project, a fit for purpose CO<sub>2</sub> injection solution and system design has been developed together with our contractors. Our simplified, secure, and cost-effective seabed concept is planned to be the basis for all of our upcoming CCS projects. We therefore consider this concept an important milestone. Having this simplified and fit for purpose offshore and subsea concept should make framing and development of future CO<sub>2</sub> storage project more efficient and cost effective.

The onshore concept for the Gismarvik terminal has undergone design maturation both on the civil side and on the terminal design side. The conceptual design work should also serve as basis for future CO<sub>2</sub> terminals enabling more efficient and cost-effective developments. Detailed technical design- and process design work has been conducted building significant competence, technical basis, and intellectual properties for such CO<sub>2</sub> terminals in the process.



As part of the Polaris CO<sub>2</sub> storage project, an offshore direct injection from vessel to well was developed through to conceptual level in 2021. We have also built an intellectual property portfolio covering this offshore solution; therefore, we have matured two main concepts tailored to CCS developments, i.e., the terminal and pipeline concept, and direct offshore injection from vessel to well. These development efforts have built a high competence level in the company and provide us with flexibility and optionality in the development of future CCS projects.

Horisont Energi has further developed a basic design of a low-pressure CO<sub>2</sub> carrier vessel together with a contractor. This has been matured and updated in 2022 and will be important in the further work with shipping of CO<sub>2</sub> to CCS terminals. We expect that low-pressure solutions will allow for scalability of projects and be the preferred solution for CO<sub>2</sub> shipping providers.

The work performed as part of the development of the CO<sub>2</sub> licence applications have built competencies and capacities in the organisation, including work processes securing optimal collaboration across all disciplines within our company. The experiences with the CO<sub>2</sub> exploration licence applications thus remain

important and will benefit work with future projects and applications.

Significant efforts have gone into the marketing of our planned services, resulting in a considerable CCS customer market knowledge including a customer base. Going forward, understanding of commerciality and customer needs in the CCS market will also provide us with an edge.

In August, we extended the cooperation with Koole Terminals in the Port of Rotterdam. By this we include a CO<sub>2</sub> terminal for temporary storage and loading of captured CO<sub>2</sub> from European industries prior to loading onto ships for transport to permanent storage on the Norwegian Continental Shelf via our planned terminal in Norway.

E.ON, the European energy major, entered a letter of intent with us in November last year for storage of more than 1 million tonnes CO<sub>2</sub> annually.

These agreements exemplify how we are working to materialise the European commitment to reduce emissions by establishing and end-to-end CCS value chain.





# Pioneering the optimal hydrogen carrier with Barents Blue



Our Barents Blue project made satisfactory progress in 2022. Early in the year Saipem and Technip Energies both delivered a conceptual design report together with offers for conducting the front-end engineering and design (“FEED”) study as well as agreeing on the basis for conversion of a FEED study open book estimate to a lump sum turnkey Engineering, Procurement and Construction (“EPC”) contract format.

Horisont Energi and former partners Equinor and Vår Energi decided to continue the conceptual studies in an extended conceptual phase with Saipem and Topsoe to optimize the design of the ammonia factory. Barents Blue will produce ammonia from water, renewable energy, and natural gas, with CO<sub>2</sub> being captured and sequestered in an offshore reservoir.

This work also had an impact on the work done by our Civil Contractor Multiconsult. The programme for impact assessments related to zoning application for the plant site has been approved by Hammerfest municipality, and the impact assessment has been performed. Completion of the impact

assessments and basis for the zoning application is awaiting final conceptual selections.

In April we were awarded the licence on the Polaris reservoir together with Equinor and Vår Energi, which is linked to the project as a storage for the captured CO<sub>2</sub> from the clean ammonia plant.

The project was conditionally granted NOK 482 million in state aid from Enova in December 2021 which ESA approved September 2022. The granted will be coupled with various milestones, where the first main bulk will be payable at Decision Gate 2. The project was simultaneously approved by the European Commission as a part

of the IPCEI - Hydrogen programme under the so-called “Hy2Use” wave.

The final confirmation of the IPCEI Hydrogen award in September 2022 we interpret as confirming the potential and innovative nature of the Barents Blue Project. The Barents Blue project is one of Norway’s first IPCEI participations, and it demonstrates how Norwegian industry and technology are linked to Europe as a part of our common mission to achieve the goal of a Net Zero by 2050.

## Highlights Barents Blue



“Best in class” CO<sub>2</sub> footprint  
- Scope 1, 2 and 3



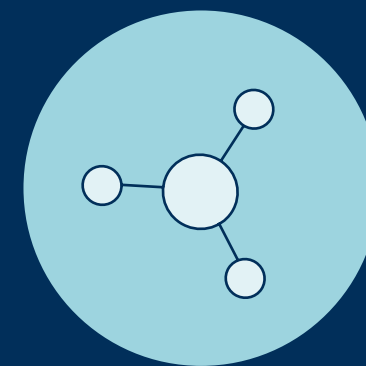
Above 99% CO<sub>2</sub>  
capture rate



Europe’s first world scale  
clean ammonia plant

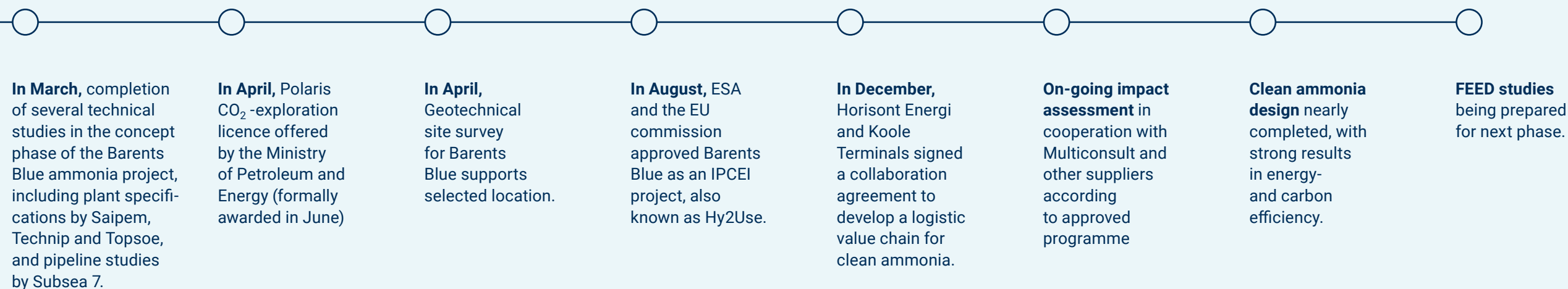


Developing new, clean  
industry in Northern Norway



EU Taxonomy compliant pursuant  
to delegated acts for hydrogen  
and anhydrous ammonia

# Barents Blue 2022 progress





# Clean ammonia – a carbon-neutral energy supplier

Decarbonising European industry and developing new renewable energy sources are amongst the most urgent matters for the European Union in the coming years. Facing an ongoing energy crisis and a climate crisis, the EU has stepped up its green ambitions, accelerating the energy transition. The demand for new energy sources and a stabilised energy market is substantial, making projects like Barents Blue interesting to the European market.

By 2030 it is EU's ambition to produce 10 million tonnes of renewable hydrogen and to import an equal amount. This equals about 100 million tonnes of clean ammonia, but due to local production the import part is expected to be about 50 million tonnes. The expectation is that most of this hydrogen will be provided with clean ammonia as the energy carrier.

EU are designing a framework and infrastructure for the use of clean hydrogen to enable hydrogen market development and strengthen international demand. Further development of European port-based ammonia terminals and cracking facilities will be part of such enabling.

Horisont Energi assesses that the demand for clean hydrogen will accelerate. Barents Blue clean ammonia project is thus expected to position us well in this market. The project has been recognised as a key measure in the energy transition through the acceptance of the project as a participant in EU's Important Projects of Common European Interest - Hydrogen programme ("IPCEI").





# Ammonia – the optimal hydrogen carrier and future fuel

The Barents Blue project plan is to develop an ammonia plant. This project is a part of EU's IPCEI Hydrogen programme because the purpose with the ammonia production as planned is to use ammonia as the optimal solution for transport of hydrogen from Northern Norway to the European markets.

Ammonia and hydrogen are often mentioned in the same breath. This is because Ammonia is a compound of three hydrogen atoms and one nitrogen atom. The production of clean hydrogen is thus actually an intermediate step in the production of clean ammonia. By using Ammonia, chemical properties allow more hydrogen atoms to be transported per volume unit than as pure hydrogen. Further, Ammonia is also stored and transported much more easily

as ammonia is liquid at much lower pressure and higher temperature than pure hydrogen. This is reflected by the century old existence of suitable infrastructure for transport and storage of ammonia, whereas economically viable and practical solutions for pure hydrogen transport is still in development. Ammonia is expected to be used directly as fuel shortly, but if required ammonia can also be cracked back into hydrogen to meet pure hydrogen market needs.

Finally, Blue ammonia with associated CCS can be scaled up rapidly and contribute significantly to decarbonising European industry and transportation.

Today, ammonia is mainly used for fertilizers and in chemicals industries. However, new markets for ammonia are developing within marine fuels and power generation. As stated, a well-developed infrastructure for transport of ammonia exists, including shipping annually transporting 20 million tonnes of ammonia world-wide.

As demand for clean hydrogen increases, we expect there will be a need to develop carbon free energy carriers (ships, trucks etc) to transport and manage hydrogen. Clean ammonia will be able to provide a fuel alternative for such carriers. Thus, we consider that clean ammonia will be an enabler of the future carbon-neutral society by 2050.

With a novel blue ammonia plant design developed together with our suppliers Saipem and Topsoe we will produce blue ammonia with associated carbon capture and storage with a 99% capture rate, making our blue ammonia exceptionally green, even compared to green hydrogen projects.



# Report of the Board of Directors - 2022



Last year saw a significant increase in capitalisation of Horisont Energi with the entry of E.ON as a major shareholder and cooperation partner. Further the year brought a validation of the Barents Blue clean ammonia project with the significant, conditional grant of NOK 482 million through EU's IPCEI programme. A further positive news the first half 2022 was the award of Polaris intended as a CO<sub>2</sub> storage solution for the Barents Blue project.

Horisont Energi further onboarded Neptune Energy as a qualified partner and joint applicant to the pure-play CO<sub>2</sub> storage project "Errai". Horisont Energi and its partner sought to strengthen the application as much as possible prior to submission before year-end.

At the time of drafting this report, the board of directors are acutely aware of the status of the two main projects of Horisont Energi; the Norwegian oil majors withdrew from Barents Blue and the application for the acreage intended for project "Errai" was not successful.

As the Norwegian oil majors exited, the Barents Blue project attracted interest from Fertiberia, a major Spanish company with a large ammonia portfolio. The board considers this potential partner to be a solid basis for forming a new joint development group. By early summer we will know if Fertiberia

decides to become a partner with Horisont Energi. In the meantime, Horisont Energi will limit costs to activities needed to secure the basis for a new partner such as securing gas supply to Barents Blue and a qualified operator to Polaris.

The negative outcome of the CO<sub>2</sub> licence award for the Errai project was surprising. At the time of writing, the reasons for non-award are sought mainly with a view to learn. The accumulated knowhow through the front-loading of Errai is, however, applicable to future projects. A goal for E.ON's investment in Horisont Energi, is to have a stake in the storage part of the CCS value chain. E.ON remains steadfast to this strategy.

Horisont Energi continues to work hard to secure the partners required for Barents Blue and Polaris. In parallel, Horisont Energi

pursues different paths to decide the best way to become a licensee to provide CO<sub>2</sub> sequestration services with limited delay.

In 2022 the board worked with management on a strategy for Horisont Energi with focus on ammonia and CCS. Following the events during the first quarter 2023, the ambitions have had to be scaled down. While solutions for Barents Blue and Polaris are being worked, the board considers there to be a solid basis for continued activities within the storage part of CCS.

The board will therefore work with management to optimise the company for the activities which will go forward.





# Development projects

Together with our stakeholders, Horisont Energi has set out to establish complete and sustainable value chains for both CCS and clean ammonia. In conjunction with Barents Blue, the company is also looking for partners to develop the Polaris CCS project in the Barents Sea.

## Positioning Horisont Energi in the CCS industry

CO<sub>2</sub> removal is expected to play an important part in the decarbonization of European industry. Horisont Energi is collaborating with other stakeholders to link the pieces needed to establish an end-to-end CCS value chain.

While the application by Horisont Energi and Neptune Energy was not successful. The experience and competence gained from this project is considered key for maturing new CCS projects, this includes work on all parts of the value chain involving Horisont Energi, i.e.,

marketing of services, terminal in Rotterdam, shipping, terminal in Gismarvik, pipeline and subsea installations. Horisont Energi expects that the option right for a site suitable for an onshore terminal for CO<sub>2</sub> processing and intermediate storage at Gismarvik in Rogaland may be an asset of interest to other CCS actors planning with landfall in addition to Horisont Energi's own development(s).

In early 2023, E.ON signed a Memorandum of Understanding with Horisont Energi and Neptune Energy for the development of a European CCS value chain, covering areas such as development, financing, and funding. The development of a cooperation between these companies could offer European industries a one-stop-shop for CO<sub>2</sub> offtake, handling, and permanent storage.

Horisont Energi aims to become a key player in the CO<sub>2</sub> sequestration market and is in the process of building a project pipeline in the segment. Horisont Energi is already progressing

the Polaris project in the Barents Sea, as part of the Barents Blue clean ammonia project, and aims to expand its CCS project portfolio of equity storage capacity by the end of the decade.

### **Barents Blue – Europe's first industrial-scale clean ammonia facility**

Decarbonizing ammonia production is part of the solution towards carbon neutrality. Currently mainly used for fertilizers and in chemicals industries, new markets are developing for use of ammonia as marine fuels and power generation. In addition, ammonia has a notable potential as an efficient carrier of hydrogen for energy use. Programmes such as RePower EU, EU Maritime Fuel initiative, the Carbon Border Adjustment Mechanism (CBAM), and other regulations is intended to cater for such use of ammonia. EU targets a clean ammonia production level of 100 million tonnes per year by 2030 and 200 million tonnes per year by 2050. Barents Blue is intended to contribute to achieving this target.

The expressed need for carbon neutral energy supply should pave the way for ambitious plans

such as Barents Blue. In a recently signed declaration, Norway and Germany expressed an intent to join efforts in developing green industries, including hydrogen value chain. The two countries further pointed to the importance of blue hydrogen to realise high-volumes zero or low-emission hydrogen. The joint intent calls for the use of hydrogen produced from natural gas with CCS during a transitional period until green hydrogen can replace the blue.

Horisont Energi agrees with the intentions expressed by the two countries and intends to be part of achieving these ambitions.

Horisont Energi's Barents Blue project at Markoppneset in Finnmark is Europe's first industrial scale clean ammonia facility. Combined with the Polaris CCS project, Barents Blue plans to offer a best-in-class lifecycle carbon footprint, with more than 99% CO<sub>2</sub> capture and limited need for electricity off the public grid. The project has received a conditional grant of NOK 482 million from Enova, as part of the IPCEI Hydrogen programme.

In February 2023, the experienced ammonia producer Fertiberia entered into a cooperation agreement which transition into a partnership

with Horisont Energi on Barents Blue. Clarification is expected before end 2nd quarter 2023.

Going forward, Horisont is working to simplify and reduce project costs. Focus is now on the first production line (train) of 1 million tonnes ammonia per year, which also reduces complexity. A second train will be evaluated at a later stage. This should make it easier to secure power supply from the power grid and sufficient gas supply.

Some uncertainty arose early 2023 concerning power capacity in the electricity grid for Barents Blue. With the revised plan for one train initially, we expect this issue to be resolved. Alternatively, the plant may easily be adapted for own, clean power generation.

Horisont Energi in parallel is in dialogue to onboard a new operator and licensee for the Polaris exploration licence. The aim is for one or more companies to become a licensee by year-end 2023. Although CO<sub>2</sub> from the ammonia production at Barents Blue is the main intent of Polaris, the potential for the reservoir as third-party CO<sub>2</sub> storage will also be explored in 2023.







# Financial review

## Profit and loss

Horisont Energi is still in a pre-commercial phase with no revenue-generating activities. There was no operating income in 2022, compared to NOK 0.4 million in 2021.

Operating expenses amounted to NOK 143.5 million in 2022, compared to NOK 53.3 million in 2021. The significantly higher expense level reflects the phasing and development of the company's main projects. Net of partner reimbursements, salary and personnel costs accounted for NOK 41.2 million or 27 percent of operating expenses in 2022, up from NOK 9.0 million or 17 percent in 2021. The number of employees increased to 44 from 19 at the end of 2021. Research and development ("R&D") accounted for NOK 38.0 million of operating expenses.

Depreciation increased to NOK 2.7 million from NOK 1.3 million, whereas other operating

costs increased to NOK 99.6 million from NOK 43.0 million in 2021. The latter primarily reflects higher activity on projects.

The operating loss hence increased to NOK 143.5 million from NOK 53.0 million in 2021.

Net financial income amounted to NOK 9.7 million for 2022, up from NOK 0.7 million in 2021. This mainly reflects higher interest income on the company's net cash position.

As a result, the loss before tax increased to NOK 133.8 million in 2022 from a loss of NOK 52.3 million in 2021. Net loss amounted to NOK 133.8 million, up from a loss of NOK 52.3 million in 2021.

## Cash flow

Net cash flow used in operating activities was NOK 115.2 million in 2022, compared to a

negative NOK 52.5 million in 2021. This mainly reflects operating expenses in the period due to higher activity level.

Cash flow used in investing activities was NOK 0.5 million, reflecting some smaller investments in fixed assets, whereas the company made no such investments in 2022.

Cash flow from financing was a positive NOK 416.9 million, compared to NOK 141.8 million in 2021, reflecting mainly proceeds from equity issues net of fees. Payments of lease debt amounted to NOK 3.0 million including interest, up from NOK 1.2 million in 2021.

The cash position at the end of the year was NOK 392.8 million, up from NOK 91.7 million at the end of 2021. This provides good liquidity for the current phase of operations, and the company will evaluate several options for financing of the next investment rounds as required for any large industrial-scale projects brought forward.

## Balance sheet and liquidity

Total assets amounted to NOK 444.7 million at the end of 2022, compared to NOK 143.7 million at the end of 2021. Total current assets amounted to NOK 435.0 million, comprising NOK 42.2 million in receivables and NOK 392.8 million in cash. This compares to NOK 140.9 million at the end of 2021, including NOK 49.2 million in receivables and NOK 91.7 million in cash. Total non-current assets amounted to NOK 9.1 million, up from NOK 2.8 million at the end of 2021.

Equity amounted to NOK 383.2 million at the end of 2022, up from NOK 95.9 million at the end of 2021, with the equity ratio increasing to 86% from 67% at the end of 2021. The increase mainly reflects equity issues in the first quarter 2022, partly offset by the losses in the period. E.ON invested a total of NOK 371 million in a private placement at NOK 65 per share in January 2022, with a subsequent share offering generating proceeds of NOK 83 million.

Total liabilities amounted to NOK 61.5 million at the end of 2022, up from NOK 47.8 million at the end of 2021. Interest bearing debt amounted to NOK 2.4 million, unchanged from the end of 2021, with the remainder split between accounts payables, public duties payable, and other current liabilities.

## Events after the balance date

On 1 February 2023, Equinor and Vår Energi announced that they will discontinue their participation in the Barents Blue clean ammonia project and the associated Polaris CCS project. At the same time, Horisont Energi presented the ammonia and fertilizer producer Fertiberia as a potential new 50/50 partner on Barents Blue, with a formalisation of the partnership to be decided by May 2023.

On 2 February 2023, Mr. Øystein Stray Spetalen resigned from the Board of Directors with immediate effect.

On 3 February 2023, Mr. Lars Foss-Skiftesvik resigned from his position as an observer to the Board on behalf of the shareholder QVT.

On 20 February 2023, Horisont Energi, Neptune Energy and E.ON signed an MoU for the realization of a European CCS value chain. The Errai project was intended as the first joint project.

On 31 March, Ministry of Petroleum and Energy announced that Horisont Energi and partner Neptune Energy were not awarded the CO<sub>2</sub> exploration licence required to pursue the Errai project.

## Risk factors

Horisont Energi is an innovative company in project development phase in new and immature industries. This involves both technological, technical, commercial, political, regulatory, and financial risks, many of which are beyond the company's control.

Horisont Energi has a short operating history. Given that it still is in a pre-commercial phase, the company has limited revenue and is loss-making. The company has sufficient funding and liquidity for its current stage of business development and has also received grants supporting the funding of the projects as well as conditional grants triggered if certain milestones are reached. However, realization of the projects will require significant additional funding in the form of both equity and debt financing, and no guarantees can be given with respect to the availability of such funding at competitive terms. In addition, projects are subject to the award of licences, permits and authorisation by local and national authorities. Thus, no guarantees can be made that these will be received. Further, the company is dependent upon retaining and attracting employees that contribute to the project developments and the management of the company.

## The company has limited market risks in terms of interest or currency risk

The company is or may be exposed to currency risk, credit risk, interest rate risk, liquidity risk and price risk. Identifying and managing risks is performed in our projects and through our corporate governance structures.

The company has currently one loan of NOK 2.4 million. The loan carries no interest and there is no exchange rate risk. The company currently has limited exposure to currency risk on its transactions.

The company's accounts receivables at year end (NOK 30.9 million) are against our project partners (including exiting), which are major energy companies with low credit risk.

Horisont Energi's future business activities will involve exposure to several risks such as uncertainty related to natural gas feedstock prices, ammonia sales prices and CO<sub>2</sub> storage contracts. There will also be risks linked to the cost of the company's projects due to fluctuating prices on steel and other materials. Delays of when projects become operational are also a risk factor.



In addition to market and price risk the company will see growing exposure vs. costs of capital and foreign exchange fluctuations as the projects go into development and execution phase.

Horisont Energi put strong emphasis on establishing a solid project development model where risk identification, monitoring, and control is central.

The company is operating in the sustainability energy market where we experience remarkably high attention and activity. Although we currently see volatility regarding energy, Horisont Energi regards its business as becoming ever more relevant for meeting the demand for clean energy at scale.

### Organisation, Sustainability and Environment

Horisont Energi grew in 2022 as the number of employees increased from 19 in 2021 to 44 at the end of 2022. Of these 44 employees 26 were male and 18 were female. There were two part-time employees. The working environment is considered good, with a low level of sick leave at 1,59%. No work-related injuries were reported.

Sustainability is at the core of Horisont Energi's strategy, with a mission to accelerate the transition to carbon neutrality through large-scale pioneering projects. Horisont Energi's own organization is in a project development phase and does not pollute the external environment to any material degree.

Horisont Energi's sustainability report for 2022 is presented as part of this annual report, and please refer to the sustainability report for detail of the organization, sustainability, and environment.

### Corporate governance

In 2022 the Board of Directors adopted new board instructions governing Board responsibilities, authority, and procedures. Together with the Board instructions, the board adopted a CEO instruction that governs the responsibilities and authority of the CEO on a daily basis, at defined times throughout the calendar year and in particular circumstances. The board has also adopted an authorisation matrix defining responsibilities, accountabilities, and consultation and information duties for the board, the chairperson of the board, the CEO, and authorised members of management alone or in combination with others. The authority of the Board and the CEO are clearly defined,

with the CEO entitled to delegate authority to management and employees.

A code of conduct governs the ethical rules and principles applicable to conduct of the company employees and stakeholders contractually involved with the company. The corporate governance also includes procedures and rules related to being a listed company.

Horisont Energi's corporate governance principles are designed to create a sound, effective corporate culture that promotes trust, clarifies the division of roles between the shareholders, the auditor, the Board of Directors, and the CEO, and safeguards the interests of various stakeholders and society at large.

The Board of Directors and CEO are covered by liability insurance.

### R&D

Horisont Energi engages in several R&D activities, some involving external parties and others being internally focused. The company has applied for a credit of NOK 4.75 million under the SkatteFUNN scheme for 2022. Total costs related to SkatteFUNN projects were NOK 38.0 million in 2022, down from NOK 53.9 million in 2021.

44

employees at the  
end of 2022

0

serious work-  
related accidents

1.59%

sick leave

## Outlook

As summarised initially, the company's strategy remains to develop industrial scale projects within CCS and clean ammonia.

Horisont Energi is in the process of screening new areas for CO<sub>2</sub> injections on the Norwegian Continental Shelf. Work that was put into the CCS project Errai can be adapted to new projects and contribute to new developments becoming more cost and time efficient. This, combined with the strategic cooperation with E.ON, gives Horisont Energi a competitive advantage that we expect to attract new partners and suppliers moving us towards a net zero future.

Sufficient work is in progress to realize the clean ammonia project Barents Blue in a cost-efficient way together with a new potential partner, the Spanish ammonia specialist Fertiberia. Horisont Energi plans to sign a new operating partner for the CO<sub>2</sub> storage Polaris in 2023.

## Allocation of profits

**Dividend:** NOK 0

**Transferred from other equity:** NOK -133.8 million

**Total allocations:** NOK -133.8 million

## Going concern

The board confirms that the conditions for the going concern assumption are satisfied and that the financial statements for 2022 have been prepared based on this assumption.

## Responsibility statement

We confirm, to the best of our knowledge, that the set of financial statements for the period 1 January to 31 December 2022 has been prepared in accordance with the Accounting Act 3-9 and Simplified IFRS and gives a true and fair view of the Company's assets, liabilities, financial position and profit or loss. We also confirm, to the best of our knowledge, that the management report includes a fair review of major events that have occurred during the fiscal year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties, and major related parties' transactions.

**Sandnes 19 April 2023**

*This document has been signed digitally  
and is kept on file by the company.*

*Sign.*

**Rob Matheus Maria Stevens**  
Chairperson

*Sign.*

**Rolf Magne Larsen**  
Board member

*Sign.*

**Beatriz Malo de Molina**  
Board member

*Sign.*

**Dr. Gabriël Clemens**  
Board member

*Sign.*

**Björgulf Haukelidsæter Eidesen**  
Chief Executive Officer



# Financial statements

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## Income statement

All amounts in NOK	Notes	2022	2021
<b>Other income</b>			
Other income		0	375 000
<b>Total other income</b>		<b>0</b>	<b>375 000</b>
<b>Operating costs</b>			
Salary and personnel costs	1	41 181 811	9 039 262
Depreciation	2, 3	2 658 681	1 254 329
Other operating costs	1, 4, 5	99 662 203	43 064 695
<b>Total operating costs</b>		<b>143 502 696</b>	<b>53 358 286</b>
<b>OPERATING PROFIT (LOSS)</b>		<b>-143 502 696</b>	<b>-52 983 286</b>
<b>FINANCIAL INCOME AND EXPENSES</b>			
Interest income	6	10 223 871	894 479
Interest expenses	2	-212 196	-245 956
Other financial income		638 059	300 546
Other financial expenses		-932 432	-276 403
<b>Net financial income (expenses)</b>		<b>9 717 302</b>	<b>672 666</b>
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>		<b>-133 785 393</b>	<b>-52 310 620</b>
Income tax expense	7	0	-14 904
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>		<b>-133 785 393</b>	<b>-52 295 716</b>



## Balance sheet

All amounts in NOK	Notes	31.12.2022	31.12.2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right-of-use assets	2	9 147 749	2 759 525
<b>Total non-current assets</b>		<b>9 147 749</b>	<b>2 759 525</b>
<b>Machines, furnishings and fittings</b>			
Furnitures & fixtures	3	492 991	0
<b>Total machines, furnishings and fittings</b>		<b>492 991</b>	<b>0</b>
Total fixed assets		9 640 740	2 759 525
<b>Current assets</b>			
<b>Receivables</b>			
Accounts receivables		30 974 756	26 698 986
Other receivables	8	11 225 517	22 526 803
<b>Total receivables</b>		<b>42 200 273</b>	<b>49 225 789</b>
<b>Cash and cash equivalents</b>	9	<b>392 827 162</b>	<b>91 689 113</b>
<b>Total current assets</b>		<b>435 027 434</b>	<b>140 914 902</b>
<b>TOTAL ASSETS</b>		<b>444 668 174</b>	<b>143 674 427</b>

All amounts in NOK	Notes	31.12.2022	31.12.2021
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Paid-in equity</b>			
Share capital	10, 11	223 259	158 502
Share premium	10	566 687 897	146 877 649
Other paid-in equity	10	7 083 954	5 916 653
<b>Total contributed equity</b>	10	<b>573 995 110</b>	<b>152 952 804</b>
<b>Retained earnings (deficit)</b>			
Retained earnings (deficit)	10	-190 816 736	-57 031 342
<b>Total retained earnings (deficit)</b>		<b>-190 816 736</b>	<b>-57 031 342</b>
<b>Total equity</b>	10	<b>383 178 375</b>	<b>95 921 462</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Other long term liabilities	2, 12	4 518 497	840 586
Liabilities to financial institutions	12	2 400 000	2 400 000
<b>Total non-current liabilities</b>		<b>6 918 497</b>	<b>3 240 586</b>
<b>Current liabilities</b>			
Accounts payables		16 014 563	16 615 320
Public duties payable		5 289 281	5 309 249
Other current liabilities	2, 13	33 267 460	22 587 811
<b>Total current liabilities</b>		<b>54 571 304</b>	<b>44 512 380</b>
<b>Total liabilities</b>		<b>61 489 801</b>	<b>47 752 966</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>444 668 174</b>	<b>143 674 427</b>

**Sandnes 19 April 2023**

*This document has been signed digitally and is kept on file by the company.*

*Sign.*

**Rob Matheus Maria Stevens**  
Chairperson

*Sign.*

**Rolf Magne Larsen**  
Board member

*Sign.*

**Beatriz Malo de Molina**  
Board member

*Sign.*

**Dr. Gabriël Clemens**  
Board member

*Sign.*

**Björgulf Haukelidsæter Eidesen**  
Chief Executive Officer

## Cash flows

All amounts in NOK	2022	2021
<b>Cash flow from operating activities</b>		
Profit (loss) before income tax	-133 785 393	-52 310 620
Negative instalments tax	-	14 904
Tax refund received	-	7 280 355
Depreciations	2 658 681	1 254 329
Cost related to employee share options	1 248 947	143 754
Change in accounts receivables	-4 275 770	-26 698 986
Change in accounts payables	-600 757	15 974 294
Change in other short term receivables and payables	19 517 837	1 843 334
<b>Net cash flow from operating activities</b>	<b>-115 236 454</b>	<b>-52 498 636</b>
<b>Cash flow from investing activities</b>		
Investments in fixed assets	-547 974	-
<b>Net cash used in investing activities</b>	<b>-547 974</b>	<b>-</b>
<b>Cash flow from financing activities</b>		
Capital contribution net of fees	419 875 005	142 931 952
Financing from financial institutions	-	-
Payments of lease debt including interest	-2 952 528	-1 183 840
<b>Net cash from financing activities</b>	<b>416 922 477</b>	<b>141 748 112</b>
Net cash flow from discontinued operations		
Net change in cash and cash equivalents	301 138 049	89 249 476
Cash/cash equivalents at the beginning of period	91 689 113	2 439 637
<b>Cash/cash equivalents at the end of period</b>	<b>392 827 162</b>	<b>91 689 113</b>



# Accounting principles and basis for preparation

The Company was established 27.08.2019.

The Company converted to Simplified IFRS in 2021. This means that measurement and recognition criterias comply with international accounting standards (IFRS) and disclosure notes are in accordance with Norwegian Accounting Act and generally accepted accounting principles.

Horisont Energi’s main activity in 2022 has been to mature the Blue Ammonia plant in Finnmark towards concept selection together with the project partners. In addition the Company has developed plans for a new carbon storage project, Errai, in the North Sea. In order to support these activities, the Company has further strengthen its organisation. Funding activities are an important part of the project activities going forward.

## Cost sharing in accordance with cooperation agreements

The cooperation agreement between Horisont Energi, Equinor and Vår Energi is a cost sharing agreement covering all necessary work to bring the Barents Blue Project to FEED phase. The partners have covered 70% of cost for Polaris and 60% of cost for Ammonia Plant. Their share are booked as reduction of salary and other operating

cost. On 31.01.2023 the partners announced that the cooperation agreement was ended. Similarly, cooperation agreement between Horisont Energi and Neptune was entered into in 2022. The companies have established a joint team conducting studies for developing an offshore CO<sub>2</sub> storage. Neptune has covered 40% of the cost of this work in line with its participating interest.

## Going concern

The annual accounts are prepared on the assumption of a going concern. This assumption is based on the Company’s budget for the year 2023 including the Business Plan and the cash flow forecast.

## Estimates

The preparation of financial statements is in compliance with Simplified IFRS. The application of the company’s accounting principles require management to apply assessments. Areas which to a great extent contain such assessments, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, are described in the notes.

## Revenue/other revenue

Income consists of a grant from Innovasjon

Norge. All recharges in accordance with the cooperation agreement is booked as a cost reduction for salaries and other expenses.

## Defined contribution plan

With a defined contribution plan the company pays contributions to an insurance company. After the contribution has been made the company has no further commitment to pay. The contribution is recognised as payroll expenses.

## Employee share options

Employee share options and other equity instruments granted to employees are measured by reference to the fair value of the warrants or other equity instruments at the date on which they are granted. The fair value of the warrants or other equity instruments is estimated on the grant date and expensed over the vesting period with a corresponding increase in equity. The vesting period is the period in which the performance conditions are fulfilled, ending on the date on which they become entitled to the award (‘vesting date’).

## Classification of balance sheet items

Assets intended for long term ownership or use have been classified as fixed assets. Assets

relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year’s instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

## Debtors

Trade debtors are recognised in the balance sheet after provision for bad debts. The bad debts provision is made on basis of an individual assessment of each debtor and an additional provision is made for other debtors to cover expected losses. Significant financial problems at the customers, the likelihood that the customer will become bankrupt or experience financial restructuring and postponements and insufficient payments, are considered indicators that the debtors should be written down.

Other debtors, both current and long term, are recognised at fair value and subsequently measured at amortised cost less provision for impairment.

**Foreign currencies**

Assets and liabilities in foreign currencies are valued at the exchange rate on the balance sheet date. Exchange gains and losses relating to sales and purchases in foreign currencies are recognised as operating income and cost of goods sold.

**Loans and borrowings**

All loans and borrowings are initially recognised at cost as represented by the fair value of the consideration received net of issue costs and transaction costs associated with the borrowing. Following initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

**Provisions**

A provision is recognised when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable (i.e. more likely than not) that an outflow of resources

embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date. The amount of the provision is the present

value of the risk adjusted cost expected to be required to settle the obligation, and is discounted by the estimated risk-free interest rate.

**Taxes**

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carryforward losses for tax purposes at the year-end. Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority/tax regime. Timing differences are considered.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

**Cash flow statement**

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, and bank deposits.







### **Government grants**

Government grants are recognized based on the attributed cost. If the grant are linked to operation the grant is recognized in the P/L. If the grants are linked to an asset the deduction are recognized in the balance sheet.

### **Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to

impairment or adjusted for any remeasurement of lease liabilities.

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and value in use (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the value in use. Previous impairment charges, except writedown of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

### **Lease liabilities**

Lease liabilities are measured at the present value of remaining lease payments, discounted using

the interest rate implicit in the lease contract, or if this is not available, the company's calculated borrowing rate per lease object. Lease payments are recognised as interest expense and a reduction of lease liabilities.

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

### Payroll expenses

All amounts in NOK	2022	2021
Salaries/wages	43 848 396	15 262 766
Social security fees	6 615 362	2 419 663
Pension expenses	5 124 029	1 557 224
Other remuneration	2 910 819	1 375 855
<b>Gross employee benefits expenses</b>	<b>58 498 606</b>	<b>20 615 508</b>
The number of employees 31.12	44	19
Reimbursed from partners	-17 316 795	-11 576 247
<b>Salary and personnel costs</b>	<b>41 181 811</b>	<b>9 039 261</b>

The company has a defined contribution scheme which covers all the employees. Total expensed in pension cost is NOK 5 124 029 (NOK 1 557 224 in 2021).

The company is liable to maintain an occupational pension scheme under the Mandatory Occupational Pensions Act. The company's pension schemes satisfy the requirements of this Act.

### Remuneration to executives

All amounts in NOK	General manager	Board
<b>Salaries/board fee</b>	1 648 522	1 659 167
Pension expenses	189 584	0
Other remuneration	19 198	0
<b>Total</b>	<b>1 857 304</b>	<b>1 659 167</b>

The general manager has no option agreement or any severance pay agreement.

No board members have any bonus agreement, option agreement or any severance pay agreement.

### Expensed audit fee

All amounts in NOK	2022	2021
Statutory audit (incl. technical assistance with financial statements)	342 463	232 320
Other assurance services	425 000	70 235
Tax advisory fee (incl. technical assistance with tax return)	117 780	349 497
Other services	1 525 390	433 203
<b>Total audit fees</b>	<b>2 410 633</b>	<b>1 085 255</b>



**Employee share options scheme 2022:**

The Company has a employee share options program for some of its employees. A total of 86 000 options have been granted in 2022.

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 5.06 and NOK 8.32 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 42.24 and NOK 157.80
- Share price at grant date between NOK 38.40 and NOK 78.90
- Expected volatility 40%
- Risk free interest rate 1%
- Term of options between 1,5 - 5 years

NOK 1 167 302 have been reconised as salary costs in 2022 related to employee share options.

Overview of outstanding warrants in connection with share based payment:

**Employee share options scheme 2021:**

The Company has a employee share options program for some of its employees. A total of 340 000 options have been granted in 2021.

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 69
- Expected volatility 40%
- Risk free interest rate 1%
- Term of options between 1,5 - 4 years

NOK 143 754 have been reconised as salary costs in 2021 related to employee share options.

All amounts in NOK	2022	2021
Outstanding warrants at 1 January	340 000	-
Warrants granted	86 000	340 000
Warrants forfeited	-	-
Warrants exercised	-	-
Warrants expired	-	-
<b>Outstanding warrants at 31 December</b>	<b>426 000</b>	<b>340 000</b>
Of which exercisable	-	-

## Note 2 Leases IFRS 16

### Right-of-use assets

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

All amounts in NOK	2022 Offices	2021 Offices
Aquisition cost as at 01.01.	4 013 854	-
Addition of use-of-rights	9 677 265	4 013 854
Termination of use-of-rights	-685 343	
<b>Aquisition cost 31.12.</b>	<b>13 005 776</b>	<b>4 013 854</b>
Depreciation and write-downs as at 01.01.	1 254 329	-
Depreciation for the year	2 603 698	1 254 329
Write-downs for the year	-	-
<b>Depreciation and write-downs as at 31.12.</b>	<b>3 858 027</b>	<b>1 254 329</b>
<b>Book value right-of-use assets at 31.12.</b>	<b>9 147 749</b>	<b>2 759 525</b>
Economic lifetime	12-50 months	24 months
Depreciation method	Linear	Linear

### Lease liability

All amounts in NOK	2022 Offices	2021 Offices
Liabilities and payment schedule		
Less than 1 year	4 221 217	2 127 721
1-2 years	1 976 850	812 674
2-3 years	1 165 436	-
3-5 years	1 266 654	-
More than 5 years	-	-
<b>Total lease liabilities at 31.12.</b>	<b>8 630 157</b>	<b>2 940 395</b>
Changes in lease liabilities	-	
Lease liabilities at 01.01.	2 940 395	-
New/recalculated liabilities this period	9 677 265	4 013 854
Termination of lease	-1 221 202	
Downpayments of liabilities	-2 952 528	-1 183 840
Interest payments	-	
Interest on lease liabilities	186 227	110 381
<b>Total lease liabilities at 31.12.</b>	<b>8 630 157</b>	<b>2 940 395</b>



### Note 3 Non-current assets

All amounts in NOK	Fixtures and fittings	Total
Acquisition cost 01.01.22	-	-
Additions	547 974	547 974
<b>Acquisition cost 31.12.22</b>	<b>547 974</b>	<b>547 974</b>
Accumulated depreciation 31.12.22	54 983	54 983
<b>Book value 31.12.22</b>	<b>492 991</b>	<b>492 991</b>
This year's ordinary depreciations	54 983	54 983
Economic life	3 years	

### Note 4 Other operating costs

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

All amounts in NOK	2022	2021
Office rentals and other office expenses	3 835 104	2 890 484
Consultants fee, studies etc.	179 552 911	87 634 234
Reimbursed from partners	-72 224 149	-58 221 230
Grant from Enova	-	-4 000 000
Skattefunn	-4 750 000	-4 750 000
Licenses, patents and royalties	7 510 084	16 566 772
Other expenses	-14 261 747	2 944 436
<b>Total</b>	<b>99 662 203</b>	<b>43 064 695</b>

Cost related to maturing the projects have been expensed in 2022. 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 5 Government grants - SkatteFunn

The SkatteFUNN R&D tax incentive scheme is a government program designed to stimulate research and development (R&D) in Norwegian trade and industry. The incentive is a tax credit and comes in the form of a possible deduction from a company's payable corporate tax.

In order to be eligible, the company also needs to be incorporated in Norway and liable to pay corporate tax to Norway. If the tax credit for the R&D expenses is greater than the amount the firm is liable to pay in tax, the remainder will be paid out in cash to the firm. If the applying company does not generate a taxable income, the entire SkatteFUNN credit is paid out in cash.

The actual tax credit for costs associated with a given SkatteFUNN project is assessed and granted by the Norwegian Tax Administration.

The deduction/credit rate is 19 percent for all enterprises.

Total cost related to SkatteFUNN project in 2022 has been NOK 38.0 million. The SkatteFUNN R&D cost ceiling for R&D projects using in-house R&D resources is NOK 25 million per year. The company will apply for a possible credit of NOK 4.75 million in 2022.

## Note 6 Interest income

<i>All amounts in NOK</i>	2022	2021
Interest earnings, tax-free	10 049	0
Interest earnings, bank	10 155 150	894 479
Interest earnings, customers	58 672	0
<b>Interest income</b>	<b>10 223 871</b>	<b>894 479</b>

## Note 7 Taxes

### This year's tax expense

All amounts in NOK	2022	2021
Entered tax on ordinary profit/loss:		
Payable tax	-	-14 904
Changes in deferred tax assets	-	0
<b>Tax expense on ordinary Profit/loss</b>	<b>-</b>	<b>-14 904</b>
Taxable income:		
Result before tax	-133 785 393	-52 310 620
Permanent differences	-5 590 029	-11 902 102
Changes in temporary differences	495 873	352 536
<b>Taxable income</b>	<b>-138 879 550</b>	<b>-63 860 186</b>
Payable tax in the balance:		
Payable tax on this year's result	-	-
<b>Total payable tax in the balance</b>	<b>-</b>	<b>-</b>

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences:

All amounts in NOK	2022	2021	Difference
Tangible assets	54 612	0	-54 612
Lease agreements brought to the balance	517 592	-180 870	-698 462
Other provisions	-1 420 613	-171 666	1 248 947
<b>Total</b>	<b>-848 409</b>	<b>-352 536</b>	<b>495 873</b>
Accumulated loss to be brought forward	-204 829 640	-65 950 090	138 879 550
<b>Not included in the deferred tax calculation</b>	<b>-205 678 049</b>	<b>-66 302 626</b>	<b>139 375 423</b>
Deferred tax assets (22 %)	0	0	0

Deferred tax not included in the balance sheet.



## Note 8 Other receivables

<i>All amounts in NOK</i>	2022	2021
Receivable Skattefunn	4 750 000	4 750 000
Prepaid costs	2 301 329	7 252 470
Settlement account for VAT	957 680	-
Recharge to partners	3 216 507	10 524 333
Other receivables	11 225 517	22 526 803

## Note 9 Cash and cash equivalents

Restricted cash related to tax withholding accounts amounts to NOK 3 237 839 (NOK 1 183 262 in 2021).

## Note 10 Share capital

<i>All amounts in NOK</i>	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 E.ON Energy Projects GmbH	57 065	369 865 111			369 922 176
Share issue related to repair issue	7 692	49 945 136			49 952 828
Cost related to employee share options			1 167 302		1 167 302
Net profit (loss) for the period				-133 785 393	-133 785 393
<b>Balance 31.12.</b>	<b>223 259</b>	<b>566 687 897</b>	<b>7 083 954</b>	<b>-190 816 735</b>	<b>383 178 375</b>

The company has a share option programme for all employees. NOK 1 167 302 has been expensed related to the Company's share options programme in 2022.

## Note 11 Share capital, subscription rights and shareholder information

The share capital consists of one class only:

All amounts in NOK	Number	Par value	Share capital
Ordinary shares	22 325 980	0.01000	223 259

The 10 largest shareholders pr 31.12:

All amounts in NOK	Shares	Ownership
E.ON Energy Projects GMBH	5 706 495	25,59%
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	1 416 743	6,35%
FERNCLIFF LISTED DAI AS	1 121 888	5,02%
DJ ADVISORS AS	552 515	2,47%
EITOR AS	550 000	2,46%
ZEVS HOLDING AS	280 875	1,25%
MOSOL INVEST AS	256 000	1,14%
Others	2 862 723	12,82%
<b>Total number of shares</b>	<b>22 325 980</b>	<b>100,00%</b>

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

The company's management and board members controls Føniks Inovasjon As, DJ Advisors AS, ZEVS Holding AS, Mosol Invest AS and Nelle Management AS. There has been no material transactions between the company and the shareholders. There are no loans/debt between the company and the shareholders.

## Note 12 Other long term liabilities

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

All amounts in NOK	2022	2021
2) Debt to Innovasjon Norge	2 400 000	2 400 000
3) Other long-term liabilities	4 518 497	840 586
<b>Total</b>	<b>6 918 497</b>	<b>3 240 586</b>

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.

## Note 13 Other current liabilities

All amounts in NOK	2022	2021
Due holiday pay	4 372 314	1 619 766
Incurred costs	24 673 929	18 840 325
Other lease obligation with due date within 12 months	4 221 217	2 127 721
<b>Other current liabilities</b>	<b>33 267 460</b>	<b>22 587 811</b>



### Note 14 Financial market risk

The company is or may be exposed to currency risk, credit risk, interest rate risk, liquidity risk and price risk. Identifying and management of financial risks is performed in our projects.

The company has currently one loan of MNOK 2.4. The loan carries no interest and there is no exchange rate risk. Company has currently limited exposure to currency risk on its transactions.

The company's accounts receivables at year end (MNOK 30.9) are against our project partners, which are major energy companies with low credit risk.

Horisont Energi's future business activities will involve exposure to several risks such as uncertainty related to natural gas feedstock prices, ammonia sales prices and CO<sub>2</sub> storage contracts. There will also be risks linked to the cost of the company's projects due to

fluctuating prices on steel and other materials. Risk of project delays when projects become operational may also occur. In addition to market and price risk the company will see growing exposure vs. cost of capital and foreign exchange fluctuations as the projects go into execution phase.

Horisont Energi put strong emphasis on establishing a solid project development model where risk identification, monitoring and control is central.

The company is operating in the sustainable energy market where we experience very high attention and activity. Although we currently see volatile energy prices, Horisont Energi regard it's business as becoming ever more relevant for meeting the demand for clean energy at scale.

### Note 15 Subsequent events and going concern

31 January 2023 it was announced that Equinor and Vår Energi withdraws from the cooperation on developing the ammonia plant in Finnmark called Barents Blue. At the same date it was announced that the Spanish industry group Fertiberia signed an Cooperation Agreement for the purpose to join as 50% partner. The final decision is expected before summer 2023.

This announcement about change of partners triggered a sharp reduction of the share price. However, the lower market value has no direct impact on the financial status for Horisont.

The future solidity of the company will depend on the development of its projects. Updates are shared with the market in notices to the stock exchange.

The annual accounts are prepared on the assumption of a going concern. This assumption is based on the Company's budget for the year 2023 including the Business Plan and the cash flow forecast.

Our application to the Ministry of Petroleum and Energy for the CCS project Errai was not awarded. Horisont Energi and partner. Horisont Energi is working on new opportunities within the CCS business.





# Sustainability report



# About this report

This is Horisont Energi's second sustainability report and applies to the reporting period January 1st to December 31st 2022. Entities included in this report is Horisont Energi.

The report is issued annually together with the company's financial reporting. The last sustainability report was published in April 2021. No restatements of information have been done from previous reporting periods.

The sustainability report has been prepared in accordance with the 2021 Global Reporting Initiative (GRI) Standard, and the Euronext Guidelines for sustainability reporting.

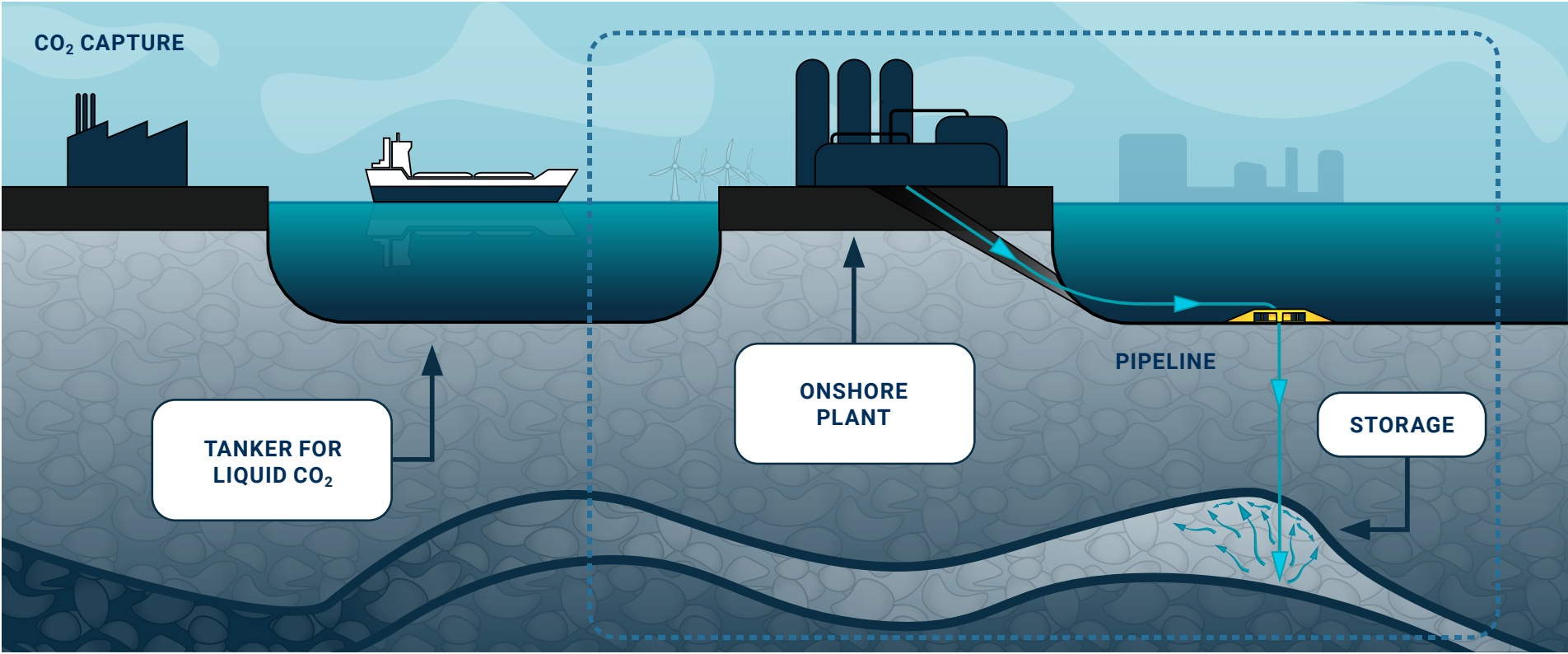
The sustainability report has been reviewed and approved by the Board of Directors (the Board). The claims and data in this report have not been audited by a third-party.

For information about the sustainability report and its content, please contact Chief HSSE Officer Malene Sandøy at [mas@horisontenergi.no](mailto:mas@horisontenergi.no). Comments and feedback are welcomed.



# Horisont Energi's approach to sustainability

Horisont Energi provides clean energy and carbon transport and storage services. We will transform natural gas, water and renewable energy into cost-leading clean ammonia and hydrogen and offer CO<sub>2</sub> transportation and storage services using proprietary technology, paving the way for a low-carbon economy.



Our value chain entails CO<sub>2</sub> storage and ammonia production. CO<sub>2</sub> storage value chain is shown in the figure above.

At Horisont Energi, sustainability stands at the core of our mission and our business strategy. Our sustainability strategy is centred around our overarching goal to be the preferred provider of low-carbon technology solutions, to be profitable and to be pluralistic, celebrating diversity.

One of our short-term goals is that ESG should be adopted as a screening criterion for every investment decision and into ERM (risk management), and this has been included as part of our company's Safety and Sustainability Policy.

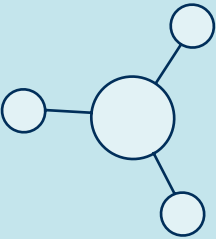
Horisont Energi is a member of several industry associations for example NHO and Offshore Norge. Our Chief Commercial Officer is also a board member in the Ammonia Energy Association. For information about relevant business relationships, please refer to our annual report.

Horisont Energi is a publicly listed company on Euronext Growth (legal name: Horisont Energi, ticker: HRGI). The company is headquartered in Sandnes, Norway. The company is currently only present in Norway.

There have been no changes to Horisont Energi's sectors, value chain, or other relevant business relationships from prior reporting periods.

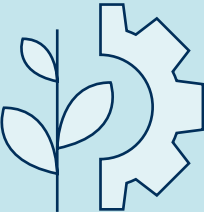
## Our purpose

To accelerate the transition to a carbon-neutral economy through the production of carbon-neutral ammonia and the provision of CO<sub>2</sub> storage.



## Our mission

Being an enabler, supporting our customers on their journey towards developing sustainable business models for the future.





# Corporate governance approach

As Horisont Energi grows, we strive to continuously improve our corporate governance performance accordingly. Although not subjected to the Norwegian Code of Practice for Corporate Governance (NUES), we aim to comply with the principles of these recommendations. Our corporate governance statement can be found in the annual report, and we have also established our own ethical guidelines (Code of Conduct), available on our website.

The General Meeting ("GM") is Horisont Energi's highest governing body, and where shareholders can influence our strategic development. The Board of Directors of Horisont Energi ("the Board") is the highest governance body of the company and is responsible for the supervision of the company, including corporate governance. The Chief Executive Officer ("CEO") is responsible for day-to-day management and responsible towards the Board.

Together with the management team, the CEO is responsible for proposing strategy development to the Board and implementing it once approved, and day-to-day management. The CEO with management ensures that the company operates in accordance with applicable laws and regulations, as well as internal and external governance documents.

Horisont Energi's governance structure is described above and in the company's annual report. In addition, Horisont Energi has a nomination committee proposing the board composition to the GM. (Board committees responsible for managing impacts on the economy, environment, and people specifically has not been established).

Information about the composition of the Board, including executive and non-executive members, can be found on the company's website. All members are independent, and other significant positions and commitments held by board members, the nature of these commitments, gender and competencies relevant to the impacts of the organisation, can be found in brief in the annual report. Tenure of Board members are included in the annual report (Board's CVs). Due to legal constraints, Horisont Energi does not collect or report information about under-represented social groups.

The nomination and selection processes for the Board is described in the "Articles of association" which can be found on Horisont Energi's website. The criteria used for nominating and selecting Board members are not described in detail.

## The Board's role

Horisont Energi's Board and the CEO with management are responsible for approving the company's goals related to sustainable development and values, vision and mission

**Horisont Energi's corporate governance approach is supported by the relevant policies and procedures, including:**

- Code of conduct
- ESG Policy
- HSEQ Policy
- Audit and verification plan
- Emergency preparedness plan
- Employee handbook in our HR tool, Evolution
- Stakeholder management plan
- Modern Slavery Statement

statements, but not the sustainability policy. The Board does not directly oversee Horisont Energi's due diligence and other processes to identify and manage our impacts on the economy, environment, and people. This responsibility has been delegated to the CEO with management and to other relevant persons in the organisation.

The Board regularly receives updates on sustainable development in Board meetings, including when reviewing and approving the annual sustainability report. Measures taken to advance the collective knowledge, skills, and experience of the Board on sustainable development includes briefs by members of the company's management on inclusion of sustainability objectives in ongoing project developments.

**Conflicts of interest  
and critical concerns**

The Chair of the Board is not a senior executive in the organisation. Regarding conflicts of interests, the Board has established processes to ensure that these are prevented and mitigated by stating conflict of interest rules, beyond company law requirements, in the Board Instructions. To assist the Chair of the board with all regulatory requirements applicable to the Board, a qualified lawyer has been appointed by the Chair as secretary of the board. More information about how conflicts of interest within the Company should be handled can be found in the Employee

handbook whereas handling of conflicts of interest externally are described in Horisont Energi's Code of Conduct. Stakeholders with right of access to such information are informed about internal and external conflicts of interest through Board minutes, or through direct communication from the CEO or management representative.

Making sure that the company has full overview of any critical concerns is essential. Critical concerns can be reported through Horisont Energi's internal reporting system and, starting in 2023, an external whistleblowing channel. The Board receives notifications in cases where reports are considered significant, and no critical concerns were communicated in 2022.

**Remuneration policies  
and compensation ratio**

Remuneration procedures for members of Horisont Energi's Board and the CEO is provided in the annual report. We do not report information regarding sign-on bonuses or recruitment incentive payments and claw backs as of today. All employees, including the CEO, are covered by

the same pension arrangement which is a defined contribution scheme. The Board members are not entitled to pension benefits. The CEO does not receive severance payments . A description of the process to determine remuneration to the management team is currently not available. The nomination committee proposes the remuneration for the Board members and submits the proposal to the general meeting for approval. Independent remuneration consultants were involved in the process. The notice of general meeting and the minutes of the general meeting are available on Horisont Energi's website and the company information page on Euronext Growth.

Horisont Energi has not yet established procedures for evaluating the performance of the highest governance body in overseeing the organisation's impact on the economy, environment and people, and remuneration for the Board is currently not linked to their sustainability performance.

Information regarding the annual total compensation for Horisont Energi's CEO is provided in the annual report, including the percentage increase from prior reporting periods.

Due to confidentiality constraints, we are not reporting the total annual compensation of the highest paid individual. Although we are not reporting the median annual total compensation for employees, their average is reported in the Diversity, equality and non-discrimination section of this report.



# UN Sustainable Development Goals


The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

Horisont Energi supports the UN SDGs and has identified five goals where we can contribute through our business activities.

**Goal nr. 7:**  
**Ensure access to affordable, reliable, sustainable and modern energy for all**

**Target 7.2:**  
By 2030, increase substantially the share of renewable energy in the global energy mix

7 AFFORDABLE AND CLEAN ENERGY




**Goal nr. 8:**  
**Decent work and economic growth**

**Target 8.5:** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

**Target 8.8:** Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

8 DECENT WORK AND ECONOMIC GROWTH



**Goal nr. 9:**  
**Industry, innovation and infrastructure**

**Target 9.4:** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE




**Goal nr. 12:**  
**Responsible consumption and production**

**Target 12.2:**  
By 2030, achieve the sustainable management and efficient use of natural resources

**Target 12.5:**  
By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

12 RESPONSIBLE CONSUMPTION AND PRODUCTION




**Goal nr. 13:**  
**Climate action**

**Target 13.2:**  
Integrate climate change measures into national policies, strategies and planning

**Target 13.3:**  
Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

13 CLIMATE ACTION



# Stakeholder dialogue

In a 2021 workshop, Horisont Energi defined the following five stakeholder groups as having a significant impact on the company and its operations: Employees, customers, suppliers, investors / shareholders, governmental authorities and civil society.

The first stakeholder dialogue for Horisont Energi was undertaken in 2021, where representatives from key stakeholder groups were interviewed about their expectations towards Horisont Energi's work and reporting on sustainability topics. Systematic stakeholder dialogue is key to ensure that the company is operating within the expectations of its stakeholders.

In addition to the systematic stakeholder dialogue, other key inputs from key stakeholder groups include:

- Employee surveys
- Customer surveys and customer dialogue
- Community grievance mechanisms
- Whistleblowing channel

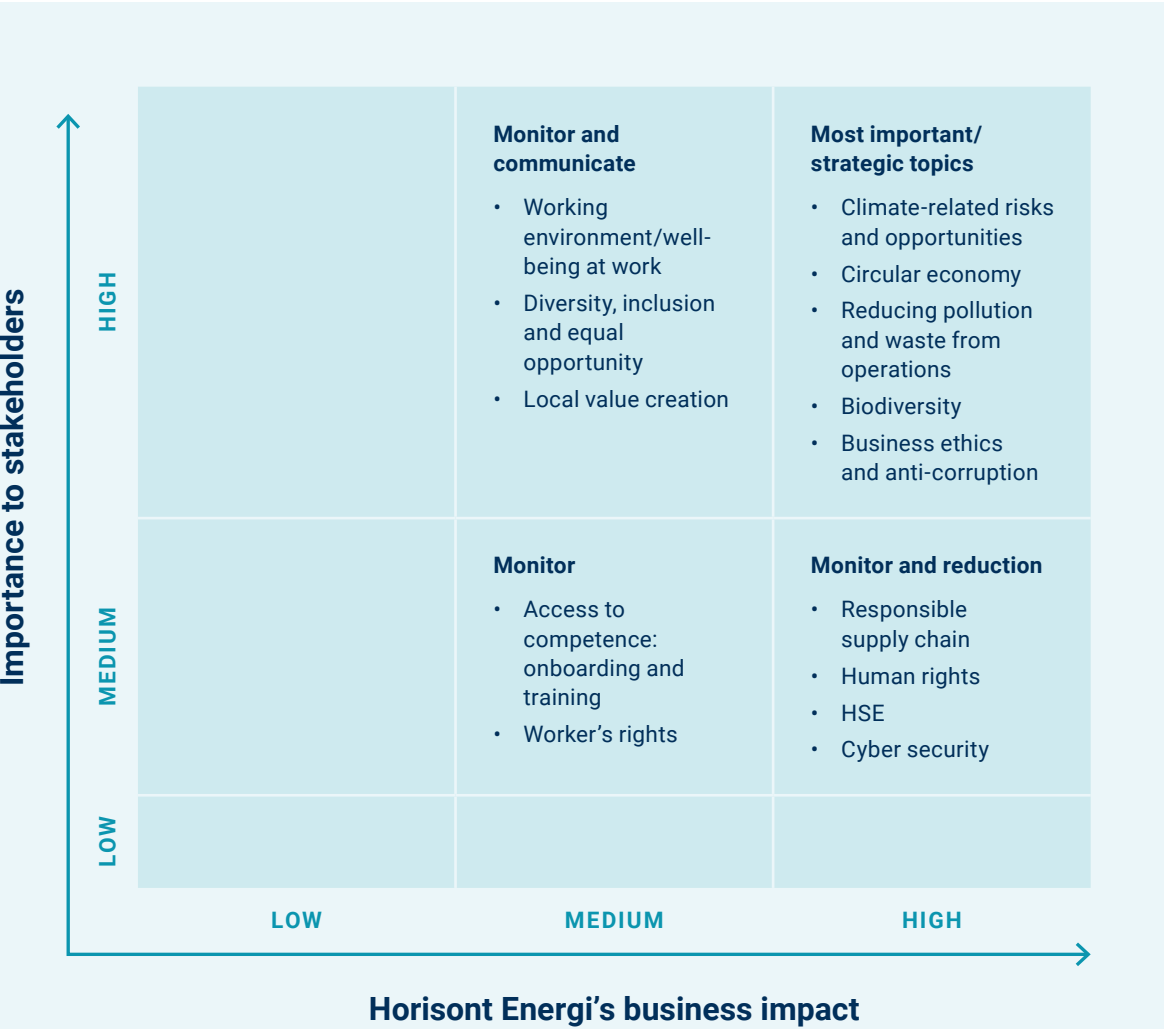
On the company and project level, environmental impact assessments and sustainability risk were also considered.

Going forward, Horisont Energi will seek to maintain meaningful dialogue with key stakeholders on topics related to sustainability and the impact of our operations.





# Materiality assessment



Our ESG reporting and sustainability strategy aim to reflect our most material sustainability impacts across the value chain, and topics that are significant to Horisont Energi, our industry and stakeholders.

Through a double materiality assessment, we have evaluated our actual and potential impact (both positive and negative) across our own activities and business relationships. This includes not only topics that may affect Horisont Energi (inward impact), but also our impact on people, the environment, society, and the economy (outward impact).

The first materiality assessment for Horisont Energi was undertaken during the fall of 2021, and the results are presented in the below materiality matrix, with topics considered material for Horisont in the upper right section.

Based on the systematic stakeholder dialogue process in 2021, Horisont Energi compiled a list of relevant sustainability topics, which again was prioritised based on their perceived significance.

Relevant disclosure standards and reporting frameworks have also informed our assessment, such as the GRI Standards,

the Recommendations of the Task Force on Climate-related Financial Disclosures and the SASB Standards. The Paris Agreement and the United Nations Sustainable Development Goals, as well as the EU Taxonomy Regulations are the key external frameworks we use.

**List of material topics:**

- Climate change
- Circular economy, waste and pollution
- Biodiversity
- Well-being at work
- Business ethics and anti-corruption

We regularly engage with stakeholders regarding our progress on each of the selected material topics, for example through this sustainability report.

The materiality assessment will be updated whenever the company strategy, the sustainability context or our defined business areas significantly change and should be reviewed at least every three years.

There have been no changes to the material topics from previous reporting periods, however, more information is provided for each material topic in the 2022 sustainability report.



# Targets, activities and results 2022





# Business ethics and anti-corruption

Horisont Energi is committed to operate our business in a way that will deliver lasting benefit to all stakeholders, including the communities and environments where we work, our shareholders, employees and contractors. Compliance with all applicable legal and internal requirements as well as industry best practice are critical to our success.

Horisont Energi can have an actual and potential positive and negative impact on business ethics and anti-corruption. Horisont Energi is directly and indirectly exposed to risks through our business operations. By having a high focus on conducting our business in an ethical and transparent way, and by committing to local and industry specific norms, as well as adhere to Horisont Energi's core values, anti-corruption guidelines and human rights policies, we seek to impact this topic positively.

Horisont Energi continuously strive to be an ethical and responsible company and applies the precautionary principle. Our CEO, management and compliance team are the main responsible for business ethics and anti-corruption on a management level. All employees are responsible for following the company's ethical guidelines and values, identify potential conflicts of interest, and otherwise practice good corporate governance in their everyday work.

We take several actions to manage this topic and related impacts, of which you can read more about in this chapter.

## Ethical guidelines

Our Business Management System (BMS) provides both the framework and mechanism for setting, monitoring, and measuring sustainable health, safety and environmental objectives as well as ensuring their continual improvement.

Horisont Energi's ethical guidelines are outlined in our [Code of Conduct](#), which provides a framework to ensure that the company complies with relevant local and international legislation and acts in accordance with internal policies. The Code of Conduct builds on the OECD guidelines for multinational enterprises and relevant UN Conventions and has been approved by the Board and senior management.

The Code of Conduct is available on our website and is communicated to the Board and all employees as part of the onboarding process. The Code of Conduct is also part of employees' contracts. Horisont Energi aims to regularly train employees in business ethics and has appointed a compliance officer. Due to the company still being in a start-up phase, we did not arrange such training in 2022, but plan to do so in 2023.

The Code of Conduct is also communicated to our suppliers and business partners through our contracts, and we plan to establish a separate Supplier Code of Conduct in 2023, which will apply to all suppliers and business partners.

Horisont Energi is not currently a member of any external initiatives regarding ethical business conduct but will consider such initiatives in 2023.

## Human rights

Horisont Energi aims to conduct our business with respect for human rights and the dignity of people. We support international regulations on human rights, children rights and labour conventions, including the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the International Labour Organisation's Declaration of Fundamental Principles and Rights at work.

We have not yet established our own policy regarding human rights specifically, but our commitment to human rights is embedded in Horisont Energi's internal company policies, such as the company Code of Conduct, and is also clearly communicated to our suppliers and business partners through relevant documents.

Our commitment to human rights has been read and approved by our Board, and our CEO and Horisont Energi's compliance officer are responsible for monitoring, communicating and periodically reviewing our efforts relating to human50rights.

## Anti-corruption

Corruption is broadly linked to negative impacts, such as poverty in transition economies, damage to the environment, abuse of human rights, abuse of democracy, misallocation of investments, and undermining the rule of law.

Horisont Energi does not tolerate and works against corruption in all its forms. We do not offer, give, accept, request or receive bribes or other improper advantages, whether directly or indirectly, for business or private gain, whether for ourselves or for others. Further to this, we do not permit facilitation payments being paid.

Horisont Energi prohibits the offer or acceptance of business courtesies – gifts, hospitality, expenses or any benefit – where they could constitute, or appear to constitute, an undue influence. In addition, business courtesies can only be accepted or offered if they are modest, both with respect to value and frequency, and if the time and place are appropriate. We exercise increased caution when business courtesies involve public officials.

We operate in accordance with national and international laws and regulations including, but not limited to, the Norwegian Anti-Money Laundering Act and the Penal Code with related regulations. Horisont Energi has not established a separate anti-corruption policy, but our anti-corruption guidelines are included in the company Code of Conduct. We operate in Norway, where risk of corruption is considered to be low according to the Corruption Perception Index (CPI).

We aim to regularly train Board members in our anti-corruption guidelines. Due to the company still being in a start-up phase, we did not arrange such training in 2022, but plan to do so in 2023.

## Risk assessments

Horisont Energi evaluates possible adverse impacts relating to business ethics, human rights and anti-corruption as part of the project and enterprise risk assessments. Risk assessments are performed in the projects and on the enterprise level on a quarterly basis. Social and governmental issues are raised in these meetings. Project teams participate in the project risk assessment and Management participate in the enterprise risk assessments.

## Whistleblowing

It is the responsibility of all Board members, officers, employees, and consultants to report concerns about violations of Horisont Energi's Code of Conduct or suspected violations of law or regulations that govern our operations. When unsure, we encourage stakeholders to seek advice regarding the organisation's policies and practices for responsible business conduct and to raise potential concerns about the organisation's business conduct.

Horisont Energi has established a Whistle Blower Policy, stated in the Employee Handbook and company Code of Conduct. The Whistle Blower Policy is intended to encourage and enable employees and others to raise serious concerns internally so that the company can address and correct inappropriate conduct and actions. Such issues can for example include:

- Breach of Horisont Energi's Code of Conduct
- Breach of law
- Discrimination, bullying, harassment
- Corruption
- Health and safety breaches

Our Whistle Blower Policy will apply in cases where an employee genuinely and in good faith believes that one of a set of circumstances is occurring, has occurred or may occur within the company. We are also in process of updating our website, where we will launch the possibility to request information in accordance with the new Transparency Act.

## Breaches

There were no significant instances of non-compliance with laws and regulations during the reporting period, and the company were not fined for instances of noncompliance with laws and regulations in 2022.

There were no confirmed incidents of corruption in 2022. Zero contracts were terminated or not renewed due to corruption-related violations. We are not aware of any legal proceedings concerning business ethics or corruption being brought against Horisont Energi or its employees in the reporting period.



# Membership associations

Horisont Energi aims to be an engaged corporate citizen that takes social responsibility in the communities where we operate.

During 2022, we have been involved in several initiatives in the communities where we operate, including:

## Karriere Nord

Karriere Nord ("Career North") is a project aimed at increasing activities in Hammerfest municipality. Horisont Energi has, together with other companies in the region, participated in visits to high schools and universities where we inform about the opportunities that comes with living and working in Hammerfest.

- **Tromsø University:** Horisont Energi supports two students at Tromsø University with their bachelor's thesis on CO<sub>2</sub> capturing. We are currently working to expand the cooperation with the University of Tromsø, and are also mentoring PhD students.
- **Hammerfest High School:** Horisont Energi makes regular visits to Hammerfest High School where we present our company to young people and educate them on the green shift. Several of the senior students have also contributed with our digital marketing and communications.

## Hammerfest Næringsforening (Hammerfest Chamber of Commerce)

Horisont Energi works together with Hammerfest Chamber of Commerce to expand the Hammerfest business day. The focus is to show students and pupils at high school the opportunities that exist in the area.

## Kreftkompasset

Kreftkompasset is a non-profit organisation that supports cancer patients after medical treatment has ended. The aim is to get them back to work according to their rest work capacity. An employee in Horisont Energi has during 2022 mentored a cancer survivor, on behalf of the company. This person has been successful and secured a 20% paid position.



# Climate change

When we develop our projects, Horisont Energi aim to set the standard for blue and green ammonia and carbon storage. Our clear goal is to develop the most carbon- and energy efficient plant in the world, which means we must focus on sustainable solutions and circular practices in design from the drawing board to the end of life for our projects.

Horisont Energi has both an actual and potential positive and negative impact on climate change. Our positive impact is related to our sustainable solutions and circular practices, while our negative impact is linked to the company’s emissions and waste.

## Carbon accounting

Greenhouse gas (GHG) emissions are a major contributor to climate change. Climate action by storing CO<sub>2</sub> and supplying clean energy is a part of our mission as a company – paving the way to a carbon neutral future. We are contributing to creating new industry based on hydrogen and ammonia and are looking to remove and store 10-12 million tons of CO<sub>2</sub> per 2030.

We will introduce carbon accounting for all our operations, and are currently reporting on Scope 1, Scope 2 and Scope 3 for business operations located in Sandnes, Oslo and Hammerfest, Norway.

For 2022 we have no Scope 1 and 2 emissions due to the fact that Horisont Energi is still in the start-up phase and our organisation works from leased offices which means that electricity is accounted for as Scope 3 emissions. Scope 3 emissions are estimated based on a spend-based method. Emissions for goods and services are estimated by collecting data on the economic value of goods and services purchased and multiplying it by relevant secondary (e.g., industry average) emission factors<sup>1</sup> (e.g., average emissions per

Table 1: Greenhouse gas (GHG) emissions

GHG Scope & Category		2021 GHG Emissions (tCO <sub>2</sub> e)	2022 GHG Emissions (tCO <sub>2</sub> e)
Purchased goods and services	Scope 3 Upstream Category 1	1821	5174

Greenhouse gas (GHG) emissions (in CO<sub>2</sub>-equivalents) calculated by Variable tool (<https://variable.co>), in accordance with the GHG Protocol.

monetary value of goods). The emission factor is expressed in CO<sub>2</sub> equivalents and accounts for CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, NO<sub>x</sub> and CO. Biogenic CO<sub>2</sub> emissions are not included in the spend-based estimate and were not calculated separately. Horisont Energi's activities were reviewed and no significant source of biogenic carbon emissions was found.

The base year for the calculations is 2021, as this was the first year that Horisont Energi started carbon accounting. We expect emissions and sources of emissions from our operations to change as the company grows and develops.

<sup>1</sup> Source emission factors: Corsatea T.D., Lindner S., Arto, I., Román, M.V., Rueda-Cantuche J.M., Velázquez Afonso A., Amores A.F., Neuwahl F.; World Input-Output Database Environmental Accounts. Update 2000-2016, Publications Office of the European Union, Luxembourg, 2019, ISBN 978-92-79-64439-9, doi:10.2791/947252, JRC116234. GWP factors by IPCC 2007.



# The EU Taxonomy

The EU Taxonomy, a classification system establishing a list of environmentally sustainable economic activities, plays an important role in helping the EU scale up sustainable investment and implement the European Green Deal.

Horisont Energi plans to implement relevant EU Taxonomy criteria in project and plant design specifications. When in operations, we will report on relevant technical criteria for each applicable technology:


- Manufacturing of hydrogen
- Manufacturing of ammonia
- Transport of CO<sub>2</sub>
- Underground permanent geological storage of CO<sub>2</sub>

In 2021/2022, we undertook a comprehensive Taxonomy assessment for our projects and activities which was subject to a second-party independent review by DNV-GL. All of Horisont Energi's projects were assessed to be taxonomy eligible and the Opex 100% aligned.

DNV has created an EU Taxonomy alignment protocol that integrates the technical screening and minimum safeguards criteria which is developed for assessing the appropriateness of existing and planned documentation; to what extent they meet the technical screening criteria and the general requirements for minimum safeguards. DNV assessed that the combination of existing documentation and the provision of planned documentation will enable our projects to meet the technical screening criteria.

As part of our project planning and supplier screening process, the significant contribution criteria, the thresholds given in the EU Taxonomy as well as the "do no significant harm" principle guides our technology and supplier choices.





In December 2021, Horisont Energi announced that Barents Blue, the EU's first world-scale clean ammonia plant, was awarded a NOK 482 million grant from Enova SF to participate in the Important Projects of Common European Interest (IPCEI) Hydrogen, subject to final approval by the EFTA Surveillance Authority (ESA).

**The Barents Blue project** is a world-scale clean ammonia project in Finnmark, Northern Norway, which will include planned CO<sub>2</sub> storage offshore.

"Being selected for IPCEI is a testimony to the significant potential, ambition and innovative nature of the Barents Blue project, which we aim to make the most environmentally-friendly, cost-efficient and energy-efficient ammonia plant in the world. Barents Blue can serve as a major contributor to achieving European technological leadership in hydrogen and allowing European companies to take the lead in the emerging global market for hydrogen," says Bjørgulf Haukelidsæter Eidesen, CEO of Horisont Energi.

The European Union's IPCEI programme will provide Horisont Energi with a unique opportunity to link the Barents Blue project to other projects and value chains in the 23 participating European countries, to create positive spillover effects and benefit from possible knowledge transfer, financing, market size and other economies of scale. Norway is part of IPCEI Hydrogen, and Enova manages the participation of Norwegian companies in the initiative. Barents Blue is one of two IPCEI Hy2Use wave projects selected among others from Norway.





# Circular economy, waste and pollution

Waste can have significant negative impacts on the environment and human health when inadequately managed. These impacts often extend beyond locations where waste is generated and discarded.

## Waste

When in operation, Horisont Energi may have actual and potential waste-related impacts that are negative. Therefore, it is of high importance that we have an overview of the inputs, activities and outputs that lead or could lead to such impacts and this overview will be established as part of the project engineering. By taking a proactive approach to waste management, the company seeks to have positive influence on this topic.

As Horisont Energi does not yet have any operations, waste generated in the organisation's own activities or upstream or downstream in its

value chain is non-existent. Waste generated at our offices in Sandnes, Norway (typically paper and food waste) is considered minimal. The company did not dispose of any hazardous waste in the reporting period.

## Circularity and life cycle assessments

In our project planning, we have high focus on circularity and minimising waste generated from our operations, and will implement actions, including circularity measures, to prevent waste generations and to otherwise manage significant impacts from waste generated when relevant.

## Other forms of pollution

As we are not yet in operations, other types of pollution, including sound/noise pollution, are also not relevant for the time being. However, we will look into this as part of the impact assessment and will seek to avoid and minimise such impact. The company will focus on openness and communication with impacted parties and will seek to remediate negative impacts where feasible.

# Biodiversity

Protecting biological diversity is important for ensuring the survival of plant and animal species, genetic diversity, and natural ecosystems. Natural ecosystems provide clean water and air and contribute to food security and human health. Biodiversity also contributes directly to local livelihoods, making it essential for achieving poverty reduction, and thus sustainable development.

Horisont Energi's operations may have actual and potential positive and negative impact on biodiversity. Negative impact can for example occur during the construction phase, transportation to and from the sites, and/or during operations.

As the company is not yet in operations, we do not have significant impact on biodiversity today but minimising possible negative impacts will be a top priority for the company going forward. During the project development phase, the company seeks to avoid any impacts on biodiversity, and remaining potential impacts are also being assessed.

## Impact assessments

Horisont Energi is currently conducting an impact assessment together with Multiconsult, Akvaplan,

Niva and NINA. The impact assessment looks at species affected by the company's operations, extent of areas impacted, duration of impacts and reversibility or irreversibility of the impacts.

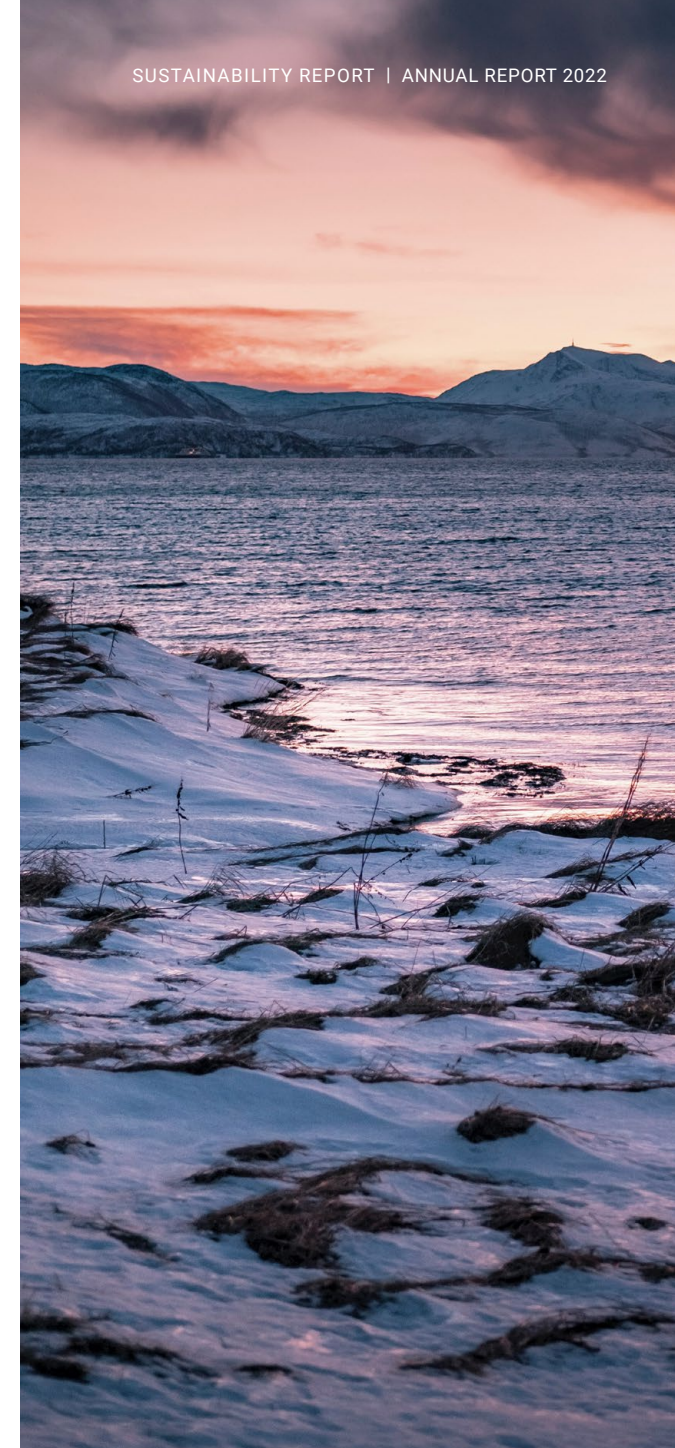
The company's planned ammonia factory ("Barents Blue") is located in Markoppnes in Hammerfest municipality, Norway, nearby Repparfjorden, which is a national salmon fjord due to the importance of its Atlantic salmon spawning grounds. Indigenous Sami people also herd reindeer in this area.

In the impact assessment, biodiversity in sea and reindeer herding for the Barents Blue ammonia plant are being looked at specifically. The impact assessment will be sent for public consultation before it is approved by the municipality.

## Remediation

We are committed to provide for or cooperate in the remediation of negative impacts that the organisation has caused or contributed to and will focus on openness and communication with impacted parties where relevant. Clear guidelines will be established, and a grievance mechanism implemented in early 2023 to identify and address possible adverse impacts.

The company plans to track the effectiveness of the grievance mechanisms and other remediation processes once established, and report examples of their effectiveness, including stakeholder feedback.





# Well-being at work

Our people are essential to our success, and our skilled, ambitious, and dedicated employees are the foundation of our work and our growth strategy.

The ability to both attract and retain competent people as well as creating a safe and healthy working environment for our employees is crucial to both Horisont Energi and our stakeholders. If not managed correctly, Horisont Energi can have an actual or potential negative impact on this topic, with dissatisfied employees, high turnover and absence rate.

Horisont Energi aims to have a positive impact on its workers and the working environment and does this by nurturing our talent through personal training and development programmes and fostering a culture of diversity, equality, and inclusion. To be able to deliver on our sustainability goals, we are aiming towards a “sustainability culture” across all levels of our organisation.

Horisont Energi is currently developing from a start-up company to a scaleup company, and during 2022 the number of employees has grown accordingly. Today we are 44 employees in

total, with 25 new employees joining the company in 2022. Turnover and absence due to illness is low. Three employees resigned from the company in 2022 and absence due to illness was 1.59 % in the reporting period. The company has no non-guaranteed hours employees, nor does it have any worker’s who are not employees.

The quality of benefits is a key factor in retaining employees, and at Horisont Energi, permanent employees have life insurance, health care, disability and invalidity coverage, as well as the right to parental leave, retirement provision and stock option ownership. The company did not have any temporary employees in the reporting period.

As a company located in Norway, Horisont Energi operates according to the Norwegian Working Environment Act with related regulations. The company has not established a working environment committee but will do so before the company turn 50 employees. The company

has appointed an employee representative as well as a safety delegate.

In our Business Management System (BMS) we have developed a Code of Conduct, a Safety and Sustainability Policy, a Risk Management Policy, an Ethical Policy and a Whistleblowing Policy. “Evolution” from Azets is chosen as our employee handbook.

None of our employees are covered by collective bargaining agreements for determining terms of employment. Horisont Energi follows terms and conditions based on national benchmark using the HAY methodology where the level of role is determining a salary scale.

Table 2: **Absence due to illness**

	2021	2022
Absence due to illness	0.68%	1.59%

Table 3: **Part-time employees, turnover and parental leave**

Region: Norway	Men	Women	2020 Total	Men	Women	2021 Total	Men	Women	2022 Total
<b>Organisation</b>									
Total	8 (73%)	3 (27%)	11 (100%)	12 (63%)	7 (37%)	19 (100%)	26 (59%)	18 (41%)	44 (100%)
Permanent employees	8 (73%)	3 (27%)	11 (100%)	12 (63%)	7 (37%)	19 (100%)	26 (59%)	18 (41%)	44 (100%)
Temporarily hired	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Full time employees	7 (70%)	3 (30%)	10 (91%)	11 (61%)	7 (39%)	18 (95%)	24 (57%)	18 (43%)	42 (95%)
Part time employees	1 (100%)	0 (0%)	1 (9%)	1 (100%)	0 (0%)	1 (5%)	2 (100%)	0 (0%)	2 (5%)
Involuntary part time employees	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
<b>Newly Hired</b>									
Total number of newly hired employees	N/A	N/A	N/A	4 (50%)	4 (50%)	8 (42%)	14 (56%)	11 (44%)	25 (57%)
<b>Employee turnover</b>									
Number of employees who have left the company	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	1 (100%)	0 (0%)	1 (2%)
<b>Parental leave</b>									
Number of employees on parental leave	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)



## Our values are:

### Brave

- Innovation and results are central to all that we do.

### Open

- We have high ethical standards for ourselves and our suppliers.
- Integrity and transparency are core principles for our business conduct.

### Responsible

- Our activities shall be safe for people and the environment, and shall contribute to a better climate.
- We support the UN Sustainability Development Goals.

### Empowered

- A trust-based culture where we care about development of people.
- An organisation focused on diversity and equality.

## Working environment

By encouraging a culture of openness within our organisation we aim to prevent malpractice. Horisont Energi has an open-door policy which ensures a good dialogue between employees and management. The company has established a set of values that we expect all employees, management and Board to live by.

Horisont Energi has also implemented an annual employee survey to gain insights to the working environment. The results from the survey in 2022 were overall positive where the vast majority of employees agree that Horisont Energi is a great place to work. 78% of the employees responded to the survey. Healthy worklife balance and clear roles and responsibilities also received good scores. The key challenge identified through the survey was communication and information. Identified challenges, but also positive findings that we would like to maintain, are addressed through ongoing initiatives and a follow up survey will be carried out in 2023.

## Training and development

Horisont Energi is committed to a policy of continuous learning and development of all members of our staff. We encourage all employees to take responsibility for their own development by discussing training opportunities with their line managers.

Senior personnel facilitate training for less experienced personnel.

New employees undergo training as part of the onboarding process to ensure that they are equipped to perform their respective duties and tasks. During 2022 all staff received training in the company OKR framework (Objectives and Key Results) and in IT security. This training will be continued and extended in 2023. As we are in a scale-up phase we have not yet implemented a formal training programme but will investigate this in 2023.

Horisont Energi operates according to the “70-20-10” Model. This entails a 70% focus on job learning and job-related skills (including stretch assignments and projects), 20% focus on social learning (mentoring, coaching, feedback and appraisal, and formal training), and 10% focus on courses, development programs and similar.

## Health and safety

The safety of our employees is our highest priority, and we aim to constantly reinforce the principle of safety first in our culture, among ourselves and our partners. Healthy and safe work conditions involve both prevention of physical and mental harm.

Horisont Energi currently only perform office work which means that risk is considered to

be low. An occupational health service will be established after DG3 for the first project.

Horisont Energi has a zero vision for incidents and serious accidents, and no incidents have been reported in 2022.

## Diversity, equality and non-discrimination

To us, diversity is a goal, as well as a key enabler for the level of innovation and performance that we seek to deliver. Horisont Energi has high focus on, and actively promotes, diversity and equality at work. By gaining access to a larger and more diverse set of potential workers, we can promote social stability and support further economic development.

Our company operates in accordance with the Norwegian Equality and Anti-Discrimination Act, and diversity is implemented in our ethical guidelines and is considered in recruitment processes. We always choose the best candidate, and we also look for people with various industry backgrounds, aiming to develop a strong culture based on a broad range of competencies.

In all our activities we aim for gender balance, and the female representation in the company is 41%. In 2022 the Management Team was 33% female, and in the Board 20%. To date, Horisont Energi have employees from six different countries.

Table 4: Breakdown of employees and board members by gender

	2020		2021		2022	
	Men	Women	Men	Women	Men	Women
Organisation total	8 (67%)	3 (27%)	12 (63%)	7 (37%)	26 (59%)	18 (41%)
Board of directors	3 (100%)	0 (0%)	5 (100%)	0 (0%)	4 (80%)	1 (20%)
Executive level management	5 (83%)	1 (17%)	5 (83%)	1 (17%)	6 (67%)	3 (33%)
Non-executive level management	0 (0%)	0 (0%)	0 (0%)	0 (0%)	1 (50%)	1 (50%)

Table 5: Breakdown of employees and board members by age

	2020			2021			2022		
	< 30	30-49	50+	< 30	30-49	50+	< 30	30-49	50+
Organisation total	2 (18%)	2 (18%)	7 (64%)	2 (11%)	10 (53%)	7 (36%)	3 (7%)	24 (55%)	17 (39%)
Board of directors	0 (0%)	1 (33%)	2 (67%)	0 (0%)	1 (20%)	4 (80%)	0 (0%)	0 (0%)	5 (100%)
Executive level management	0 (0%)	1 (17%)	5 (83%)	0 (0%)	1 (17%)	5 (83%)	0 (0%)	1 (13%)	8 (87%)
Non-executive level management	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	2 (100%)

Table 6: Payroll<sup>2</sup>

	2020			2021			2022		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Organisation total	685 000	871 875	643 333	1 030 531	1 121 945	886 881	1 216 461	1 321 813	1 075 989
FTE	4.55	3.73	0.82	13.5	9.9	3.6	38.0	23.9	14.1
Board of directors	-	-	-	212 500	-	-	237 024	-	-
	-	-	-	0.9	0.9	-	1.3	-	-
Executive level management	916 667	-	-	1 193 093	-	-	1 446 725	-	-
	3.6	-	-	6.6	-	-	7.9	-	-
Non-executive level management	-	-	-	0	0%	0%	1 179 500	-	-
	-	-	-	-	-	-	-	-	-

Less than five is marked with a line.

Horisont Energi offers equal pay for equal work and operate with a flat bonus to all employees. Information regarding remuneration can be found both in internal systems and externally through the remuneration report.

We have a zero tolerance for discrimination, whether this is based on gender, age, nationality, religious belief, disabilities, or the like. Employees are encouraged to report incidents of discrimination to their nearest line manager or through the company's whistle blowing system. There were no incidents of discrimination during the reporting period.

<sup>2</sup> Location: Norway (significant location of operation).



## Appendix I

# Goals and targets for 2023

## The following goals and targets have been set for business ethics in 2023:

- Establish a Supplier Code of Conduct
- Ensure involvement of the indigenous sami people in connection with the impact assessment for Barents Blue
- Arrange ethical and anti-corruption training for all employees (KPI: 100% participation rate)
- Publicly disclose information regarding due diligence of suppliers on human rights, ref. the Norwegian Transparency Act
- Arrange anti-corruption training for Board members (KPI: 100% participation rate)
- Compliance officer to present Code of Conduct internal review (in compliance) to Board of Directors annually

## The following goals and targets have been set for climate change in 2023:

- Establish carbon footprint analysis for our projects
- Map and report climate related risks (regulatory, physical, transitional and liability risks) and opportunities

## The following goals and targets have been set for biodiversity for 2023:

- Complete the impact assessment for the Barents Blue project
- Include target to minimize light and noise pollution in the Safety and Sustainability Policy
- Establish clear guidelines and a grievance / feedback mechanism to identify and address possible adverse impacts

## The following goals and targets have been set for well-being at work in 2023:

- Establish a working environment committee when company turns 50 employees
- Conduct a new working environment survey (KPI: participation rate 80%)
- Look at ways to improve communication and information internally (KPI: improved score in 2023 survey)
- Look at ways to improve training/development for employees
- Maintain our zero-accident track-record

## Other goals related to sustainability:

- Establish the Safety and Sustainability Policy
- Consider to conduct a limited 3rd party assurance of Horisont Energi's sustainability report

## Appendix II

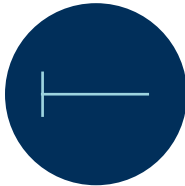
# Sustainability roadmap

In 2021, Horisont Energi developed a Sustainability Roadmap towards 2030, which sets out the actions we will take in the short, medium and long-term to achieve our sustainability ambitions and deliver material growth in a safe, sustainable and responsible way.

These actions were reviewed in 2022, taking account of portfolio changes, stakeholder expectations, technological advances, regulatory changes and other factors.

Our roadmap is ambitious and to achieve it will require that we collaborate with governments, customers, partners, associations and industry sectors to speed up the pace of the energy transition and deliver solutions at scale.

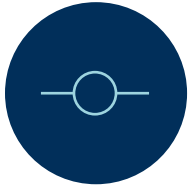




# Short-term sustainability goals and targets

By end of 2023, Horisont Energi aims to achieve the following goals:

- Barents Blue will have been notified as a project admitted into the European Union's IPCEI Hydrogen program.**  
Horisont Energi was admitted into European Union's IPCEI Hydrogen program in December 2021 and in September 2022 EFTA Surveillance Authority (ESA) approved the grant of NOK 482 million for the Barents Blue project under the IPCEI Hydrogen program, Hy2Use wave.
- Horisont Energi will have implemented a sustainability framework.**  
Work in progress. To be further developed during 2023 through amongst others a new Safety and Sustainability Policy.
- Processes for conducting life-cycle assessments for projects will be introduced.**  
Work in progress. Requirement to perform life-cycle assessments for projects will be included in the Safety and Sustainability policy.
- All relevant policies and work processes for employees, suppliers and partners will be in place, including Suppliers' Code of Conduct.**  
Developing a Supplier Code of Conduct has been included as a target for 2023.
- Training of staff in relevant processes will have been initiated.**  
Training has taken place as part of the on-boarding process. Further training is planned for 2023.
- ESG will have been adopted as a screening criterion for every investment decision.**  
In progress. To be included as part of the project stage gate process.
- The company will initiate ESG reporting from 2021 based on established international reporting standards.**  
The first Horisont sustainability report according to GRI requirements was published in 2021, and the report was updated to match the 2021 GRI Standard for 2022.
- The company will build a pluralistic organisation with a diverse workforce in an engaging working environment.**  
Horisont Energi currently have a good gender balance in the organisation, with 59% men and 41% women in total.
- The company will be an engaged corporate citizen that takes social responsibility in the communities where we operate.**  
Please refer fact box in this report for a description of actions taken.



## Mid-term sustainability goals and targets

In 2026, Horisont Energi aims to have achieved the following goals:

- **Together with relevant partners, Horisont Energi will be a driving force in developing a commercial and regulated carbon marketplace for trading of carbon removal credits in Europe.**  
Horisont has initiated a project on the basis that capture and storage of CO<sub>2</sub> subject to the EU's emissions trading scheme (EU ETS) is not enough to achieve the EU's climate goals and that negative emissions from sustainable CO<sub>2</sub> is needed. Horisont also sees an opportunity to establish a commercial business based on negative emissions. The purpose of the project is to establish a value chain around the sale of negative emissions. The value chain will comprise the source of the emission, the capture operator, the transporter, and the storage operator.
- **Horisont Energi will be actively reducing its environmental footprint.**  
Carbon footprint estimated for all our projects. Requirement will be included as part of our Safety and Sustainability Policy.
- **Horisont Energi will have introduced climate accounting for all its operations.**  
We use a carbon accounting system for reporting scope 3 emissions. A fit for purpose climate accounting system will be established in due time prior to start-up of operations.
- **We will have developed Science-Based targets, setting targets to reduce Scope 1,2 and 3 GHG emissions.**
- **EU taxonomy goals climate goal for hydrogen production and production of anhydrous ammonia – 70% lower than the taxonomy requirements (per carbon footprint (kg CO<sub>2</sub>e /kg NH<sub>3</sub> produced and per kg CO<sub>2</sub> stored)), 50gr/kg ammonia equivalent.**
- **Horisont Energi will actively engage our organization across all levels and functions in our sustainability work.**
- **Training and awareness program for all employees with focus on continuous improvements in safety and sustainability.**
- **Ensure a digitally supported management system is in place to enable safe and secure operations and reduce the risk of unwanted incidents.**
- **Implement data security and data protection measures through technological and human factors and trainings.**
- **Horisont Energi will maintain dialogue with the society where we operate to share best practices, knowledge and awareness on sustainable business practices.**
- **The company will share educational content on climate change, CO emissions and the long-term storage of CO<sub>2</sub> as a climate solution.**
- **Horisont Energi will have in place mechanisms to receive feedback from the local communities about expectations, grievances and opportunities.**
- **Support for at least one project every year that has a strategic relevance for our organization in the broader perspective and the opportunity to make a positive contribution to societies where we operate.**





## Long-term sustainability goals and targets

- Horisont Energi will be carbon-neutral energy company by 2030 (net-zero emissions for scope 1, 2 and 3).
- Horisont Energi will be the preferred partner and employer in the communities where we operate.
- The company will have created more than 100 jobs in the communities where we operate.
- We will maintain our zero-accident track-record.
- Sustainability and safety culture will be implemented and measured on all levels in the company – making Horisont Energi an attractive employer with employee well-being and belonging at the heart of our organisation.

# GRI Content Index

Horisont Energi has reported in accordance with the GRI Standards for the reporting period 1 January to 31 December 2022.

Table 7: GRI 2 - General Disclosures 2021

Disclosure	Disclosure description	Omission	Reference
2-1	Organizational details		Horisont Energi's approach to sustainability
2-2	Entities included in the organization's sustainability reporting		About this report
2-3	Reporting period, frequency and contact point		About this report
2-4	Restatements of information		About this report
2-5	External assurance		About this report + Corporate Government Approach
<b>2. Activity and workers</b>			
2-6	Activities, value chain and other business relationships		Horisont Energi's approach to sustainability
2-7	Employees		Breakdown of employees and board members by gender Well-being at work + Table Horisont Energi's employees
2-8	Workers who are not employees		Well-being at work



Disclosure	Disclosure description	Omission	Reference
<b>3. Governance</b>			
2-9	Governance structure and composition	The requirements are met with one exemption: The company does not gather or report information about underrepresented social groups due to legal constraints.	Corporate governance approach + Board of directors
2-10	Nomination and selection of the highest governance body		Corporate governance approach + Articles of association (website)
2-11	Chair of the highest governance body		Corporate governance approach (conflicts of interest and critical concerns) + Board of directors
2-12	Role of the highest governance body in overseeing the management of impacts		Corporate governance approach (The Board's role)
2-13	Delegation of responsibility for managing impacts		Corporate governance approach (The Board's role)
2-14	Role of the highest governance body in sustainability reporting		About this report + Corporate governance approach (The Board's role)
2-15	Conflict of interest		Corporate governance approach (Conflicts of interest and critical concerns)
2-16	Communication of critical concerns		Corporate governance approach (Conflicts of interest and critical concerns)
2-17	Collective knowledge of the highest governance body		Corporate governance approach (The Board's role)
2-18	Evaluation of the performance of the highest governance body	Not applicable: No processes for evaluating the performance of the highest governance body in overseeing the management of the organization's impacts on the economy, environment, and people has been established.	Corporate governance approach (Remuneration policies and compensation ratio)





Disclosure	Disclosure description	Omission	Reference
2-19	Remuneration policies	Information not available: We do not report information regarding sign-on bonuses or recruitment incentive payments and claw backs as of today.  Horisont Energi has not yet established procedures for evaluating the performance of the highest governance body in overseeing the organisation's impact on the economy, environment and people, and remuneration for the Board is currently not linked to their sustainability performance.	Corporate governance approach (Remuneration policies and compensation ratio)
2-20	Process to determine remuneration		Corporate governance approach (Remuneration policies and compensation ratio)
2-21	Annual total compensation ratio	The company does not report the annual total compensation for the highest paid individual due to confidentiality constraints, thus, the percentage increase cannot be disclosed. Instead of reporting the median annual total compensation for all employees, we report the average.	Corporate governance approach (Remuneration policies and compensation ratio) + Remuneration report (website)
<b>4. Strategy, policies and practices</b>			
2-22	Statement on sustainable development strategy		CEO letter (annual report)
2-23	Policy commitments		Business ethics and anti-corruption (Ethical guidelines, Human rights)
2-24	Embedding policy commitments		Business ethics and anti-corruption (Ethical guidelines)
2-25	Processes to remediate negative impacts	Clear guidelines will be established, and a grievance mechanism implemented in early 2023 to identify and address possible adverse impacts.	Biodiversity
2-26	Mechanisms for seeking advice and raising concerns		Business ethics and anti-corruption (whistleblowing)

Disclosure	Disclosure description	Omission	Reference
2-27	Compliance with laws and regulations	There were no significant instances of non-compliance with laws and regulations during the reporting period, and the company were not fined for instances of noncompliance with laws and regulations in 2022.	Business ethics and anti-corruption (Breaches)
2-28	Membership associations		Membership associations
<b>5. Stakeholder engagement</b>			
2-29	Approach to stakeholder engagement		Stakeholder dialogue + Materiality assessment
2-30	Collective bargaining agreements		Well-being at work
<b>Material topics</b>			
<b>GRI 3: Material topics 2021</b>			
3-1	Process to determine material topics		Materiality assessment & Stakeholder dialogue
3-2	List of material topics		Materiality assessment
<b>Business ethics and anti-corruption</b>			
3-3	Management of material topics		Business ethics and anti-corruption Stakeholder dialogue + Materiality assessment
<b>Anti-corruption</b>			
<b>GRI 205: Anti-corruption</b>			
205-1	Operations assessed for risks related to corruption		Anti-corruption (Table Anti-corruption assessment) + Risk assessments
205-2	Communication and training about anti-corruption policies and procedures	Not employee category	Anti-corruption (Table Anti-corruption training and communications)
205-3	Confirmed incidents of corruption and actions taken		Anti-corruption (breaches) + Table Anti-corruption assessment



Disclosure	Disclosure description	Omission	Reference
<b>Human rights</b> <b>GRI 414: Supplier social assessment</b>			
414-1	New suppliers that were screened using social criteria		Table Social screening of suppliers
<b>Climate change</b>			
3-3	Management of material topics		Climate change, EU taxonomy, Stakeholder dialogue + Materiality assessment
<b>Emissions</b> <b>GRI 305: Emissions</b>			
305-3	Other indirect (scope 3) GHG emissions		Climate change (carbon accounting)
<b>Circular economy, waste and pollution</b>			
3-3	Management of material topics		Circular economy, waste and pollution Stakeholder dialogue + Materiality assessment
<b>Own KPI</b>			
KPI	Waste		Circular economy, waste and pollution (waste)
<b>Biodiversity</b>			
3-3	Management of material topics		Biodiversity Stakeholder dialogue and materiality assessment
<b>Own KPI</b> <b>Well-being at work</b>			
3-3	Management of material topics		Well-being at work Stakeholder dialogue and materiality assessment





Disclosure	Disclosure description	Omission	Reference
<b>Own KPI</b>			
Absence due to illness			Well-being at work (table Absence due to illness)
New hires			Well being at work (table Part-time employees, turnover and parental leave)
Turnover			Well being at work (table Part-time employees, turnover and parental leave)
Parental leave			Well being at work (table Part-time employees, turnover and parental leave)
Employee survey			Well being at work
<b>Equality and diversity GRI 405: Equality and diversity</b>			
405-1	Diversity of governance bodies and employees		Well-being at work (diversity, equality and non-discrimination: Table Breakdown of employees and board members by gender + Table Breakdown of employees and board members by age)
405-2	Ratio of basic salary and remuneration of women to men		Well-being at work (diversity, equality and non-discrimination: Table Payroll)
<b>Non-discrimination GRI 406: Non-discrimination</b>			
406-1	Incidents of discrimination and corrective actions taken		Well-being at work (Diversity, equality and non-discrimination)

# Independent auditor's report



To the General Meeting of Horisont Energi AS

## Independent Auditor's Report

### Opinion

We have audited the financial statements of Horisont Energi AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

### Basis for Opinion

We conducted our audit in accordance with 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 as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

### Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company 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 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.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: <https://revisorforeningen.no/revisjonsberetninger>

Stavanger, 19 April 2023  
PricewaterhouseCoopers AS

Arne Birkeland  
State Authorised Public Accountant



# Board of directors

Tenure of Board members.



**Rob Matheus Maria Stevens**  
Chairperson

Rob Stevens is VP Ammonia Opportunities at Saga Pure, facilitating clean ammonia energy investments. He started his career at Yara in product and technology development for fertilisers. During his time in Yara he has held several management positions related to ammonia production and use (Netherlands, Qatar, Norway, Australia). He brought forward ammonia energy as a General Manager at Yara Pilbara, Western Australia. He executed the clean ammonia energy agenda as VP Technology Scouting and VP Ammonia Energy and Shipping Fuel at Yara HQ (Corporate Innovation, Climate Neutrality), ultimately contributing to the establishment of the Yara Clean Ammonia business unit.

Now, Rob Stevens is VP Ammonia Opportunities at Saga Pure, facilitating clean ammonia energy investments and chairman of the board for Horisont Energi. Rob Stevens is the President of the Ammonia Energy Association.

Mr. Stevens is a Dutch citizen residing in Norway.



**Dr. Gabriël Clemens**  
Board member

Dr. Gabriel Clemens is the CEO of Green Gas, E.ON SE, and Managing Director of E.ON Hydrogen GmbH. He represents E.ON on the board of Horisont Energi.

Dr. Clemens has held a number of senior management and board positions with energy companies such as VSE, RWE and Essent in Germany and the Netherlands. He has also a consultancy background from McKinsey & Co. Dr. Clemens holds a PhD degree in electrical engineering from RWTH Aachen, Germany.

Dr. Clemens is a dutch and German citizen residing in Germany.



**Beatriz Malo de Molina**  
Board member

Beatriz Malo de Molina has held various management and advisory positions, including Head of M&A at Orkla ASA, Investment Director at Kistefos Private Equity, Associate Principal McKinsey & Co., Executive Director and Business Unit Manager at Goldman, Sachs & Co. and Analyst at EY. Ms. Malo de Molina currently chairs the board of Crux AS and Dynea AS, both privately-held companies, and is member of the board of Nel ASA and Electromagnetic Geoservices ASA, both publicly-traded companies, where she is Chair of the Audit Committee. Ms. Malo de Molina is Founder and board member of the Oslo Philanthropic Exchange.

Ms. Malo de Molina graduated summa com laude and Phi Beta Kappa from Georgetown University in Washington D.C., and holds a Master's degree in Philosophy from the University of Oslo's Faculty of Law.

Ms. Malo de Molina is a Spanish citizen residing in Norway.



**Rolf Magne Larsen**  
Board member

Rolf Magne Larsen was for many years head of exploration at Statoil (now Equinor). Heading the company's country risk management and social responsibility unit, he led the work of producing Statoil's first Sustainability Report making the company a global front runner within the area.

Following retirement from Statoil, Rolf Magne Larsen has been advising energy companies through his own company. Today he holds board positions at Wellguard and Drem Investment.

Mr. Larsen is a Norwegian citizen residing in Norway.



**Accelerating the transition  
to carbon neutrality through  
pioneering projects**



**Horisont Energi AS**

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