

CARBON  
TRANSITION

# Q2 2022 Earnings Release

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# 1 CEO statement

Oil and gas prices remained high during the quarter, and we do not expect prices to moderate materially in the near term although recession fears have resulted in a recent easing. The conflict in the Ukraine is continuing to put pressure on energy prices and has also increased the focus on energy security. The higher energy prices and the growing focus on secure energy supply is expected to increase oil sector spending which is positive for the value of Carbon Transition's seismic multi-client assets. Investments in infrastructure-led exploration and production monitoring are likely to be prioritized by the oil companies and should benefit both our multi-client surveys, which are in prolific energy areas in or around existing oil and gas production and infrastructure.

Over the past several years, oil companies have substantially underinvested, and the reserve replacement ratio has been markedly low. We believe this will result in catch-up spending that not only will benefit our multi-client business but will also result in an increase in seismic surveys. The earn-out agreement we have with Magseis Fairfield related to the sale of our node deployment assets earlier this year should benefit from any potential increase in ocean-bottom seismic activity.

During the quarter we reported one multi-client late sale. Albeit timing of multi-client late sales is generally less predictable, we do expect additional late sales from the Utsira survey in the second half of this year. The Gulf of Suez survey will now be actively marketed after processing is completed, but we do not expect sales from this survey until 2023.

With respect to the investment portfolio, we have seen increased price pressure in the face of growing market uncertainty. In accordance with IFRS accounting principles, we mark financial securities to market and increases or decreases in fair market value are reported as gains or losses in the income statement under the change in fair value of investments line. For the quarter, we took a non-cash write-down of USD 4.5 million. Approximately USD 1.4 million of this write-down is a result of the significant strengthening of the US dollar. Excluding the effects of foreign currency adjustments, the entire write-down is related to the change in the stock price of CO2 Capsol (Euronext Growth Oslo) from NOK 16.59 per share as of 31 March 2022 to NOK 9.18 per share as of 30 June 2022. Subsequent to the period, CO2 Capsol has traded in the range of NOK 11 to NOK 12 per share. Moreover, the recent increase in the EU ETS carbon price to the high EUR 90s per tonne as well as the passing of the US Inflation Reduction Act should be positive for the carbon capture and storage sector. The value of the investment portfolio at quarter end was USD 12.5 million relative to the USD 9.9 million initially invested.

In regard to the company's cost structure, we have completed all the major cost reduction efforts at this point and are now operating with a highly cost-efficient structure. We do still have some expenses related to discontinued operations which will be eliminated over time.

Cash earnings for the period was USD 1.2 million. Cash earnings is defined as revenues less operating costs in the quarter. This illustrates how our company now is in a position to generate positive cashflow as a result of its multi-client library and low operating costs. The company's net asset value was NOK 1.94 per share at the end of the quarter.

Nils Haugestad, interim CEO

## 2 Events during the quarter

- One multi-client late sales of USD 1.8 million
- Fair value of multi-client assets of USD 33.2 million
- Fair value of investments of USD 12.5 million relative to USD 9.9 million initial investment
  - Non-cash write-down of USD 4.5 million in the period
  - Stronger US dollar accounting for USD 1.4 million of reduction
  - Excluding foreign exchange effects, the full write-down is related to the change in the stock market price of CO2 Capsol from NOK 16.59 per share at 31 March 2022 to NOK 9.18 per share at 30 June 2022
- Cash earnings of USD 1.2 million as a result of USD 1.8 million in revenues and USD 0.5 million in operating costs in the quarter
- No financial indebtedness
- Bank deposits of USD 2.7 million. Bank deposits including trade receivables from multi-client sales in the quarter were USD 4.9 million. These receivables have been collected in Q3 2022
- Bank deposits plus trade receivables and marketable securities (defined as investments listed on a stock exchange) were USD 8.3 million
- Cost cutting effort largely completed
- Net asset value of NOK 1.94 per share
- Carbon Transition now has a robust financial position which enables it to make additional investments or to consider share repurchases and/or dividends if we believe this is more attractive for our shareholders

## 3 Subsequent events after the quarter

The General Meeting elected new chair and new board member 18 August.

## 4 Key financial indicators

USD thousands

	Q2 2022	Q2 2021	YTD Q2 2022	YTD Q2 2021
<b>Profit and loss</b>				
Revenue	1 768	432	3 136	1 198
Changes in fair value for investments	(4 478)	-	(5 753)	-
Other gains and losses	-	-	666	-
Selling, general and administrative expenses	(525)	(2 212)	(1 401)	(3 913)
Reverse impairment multi-client	-	-	5 618	-
Net profit (loss)	(4 041)	15 038	353	8 467
Basic earnings (loss) per weighted average shares (in USD)	(0.02)	0.35	0.00	0.22
<b>Financial position</b>	<b>30.06.2022</b>	<b>31.12.2021</b>		
Bank deposits	2 718	4 005		
Bank deposits, trade receivables, marketable securities	8 300	14 232		
Total assets	53 778	54 775		
Total equity	47 076	46 709		
<b>Ratio analysis</b>	<b>30.06.2022</b>	<b>31.12.2021</b>		
Equity ratio	87.5 %	85.3%		
Net asset value per share (NOK)*	1.94	1.72		

\* Net asset value per share; total assets – total liabilities divided by number of shares

## 5 Business overview

### 5.1. Multi-client

The seismic multi-client data business model is frequently the preferred way to access seismic data for petroleum exploration and production (E&P) companies. The seismic data is licensed by E&P companies to assist in the discovery and development of petroleum resources. The Group's return on investment from its multi-client library is seen through the life span of the data; from its early stage with revenues coming from the pre-funding by E&P companies during the execution of the program, through subsequent late sales after the seismic images are processed and available.

The Group's multi-client data is targeting near-field exploration, where production infrastructure is in place and where E&P companies need high-quality seismic data to

unlock existing resources. In these production fields, oil and gas can be developed with low cost, low environmental impact and low emissions.

### **Norwegian North Sea – Utsira**

The Utsira ocean bottom node multi-client survey is located to the west of the Utsira high in the Norwegian North Sea and covers an area of approximately 2,000 square kilometers of highly prospective acreage with high-definition 3D seismic ocean bottom node data.

The survey was acquired during 2018 and 2019 with support from AkerBP, Equinor and TGS. The Utsira area holds several important fields, including Edvard Grieg, Ivar Aasen, Balder, Gina Krog, Gudrun and Johan Sverdrup, along with a number of undeveloped discoveries and prospects. The data has extremely high sampling density. This helps our clients obtain new information and aids in making new discoveries previously unavailable with legacy broad band streamer data.

During the second quarter, we entered into a data transfer agreement with an undisclosed customer relating to M&A activity reported as late sales. During the first part of the year, we have seen increased farm-in and M&A activity among the North Sea players, and new and incumbent E&P companies are increasing their footprint in the Utsira area. The increased activity among the E&P companies is expected to yield positive impact on our multi-client business.

### **Egypt – Gulf of Suez**

The Gulf of Suez is a mature petroleum basin which has been in production since the 1980s. Exploration in the area has traditionally been impeded by complex geology and the presence of salt bodies that complicate seismic imaging. The Gulf of Suez multi-client data was acquired during 2019 with support from Neptune Energy and Schlumberger (WesternGeco) and cover an area of approximately 300 square kilometers. The multi-client survey was acquired in a hybrid survey configuration, combining high-density ocean bottom nodes with short 3D streamers for near-surface imaging. The multi-client area is near the Ramadan oil fields and several drilling campaigns are planned during the coming years.

Recent highlights from the Gulf of Suez area were the 200 million barrels discovery in the Abu Rudeis Sidri development lease by ENI in 2019 and the 100 million barrels discovery in the North Ramadan area operated by Dragon Oil in Q2 2022.

The Gulf of Suez survey will now be actively marketed after processing is completed, and highlights from the survey has been published by Neptune Energy in a renowned E&P publication. We do not expect sales from this survey until 2023.

## 5.2. Investments

### New investments

The Group did not make any changes in the investments during the second quarter of 2022.

### Development in current investments

#### CO2 Capsol AS

The Group participated with USD 4.7 million (NOK 40.0 million) in CO2 Capsol AS' equity private placement in October 2021. The Group acquired 3,636,363 shares at a price of NOK 11.00 per share.

The shares of CO2 Capsol were listed on Euronext Growth in Oslo in December 2021. The closing share price at the end of June 2022 was NOK 9.18, which values the Group's investment at USD 3.4 million (NOK 33.4 million).

#### Britishvolt

In August 2021, the Group invested approximately USD 1.7 million (NOK 15.2 million) to acquire 100,000 shares in the Series B equity private placement in the UK-based company, Power by Britishvolt Limited. In addition, Carbon Transition secured an option to acquire an additional 100,000 shares at the same price per share. This option is valid until, and must be exercised in conjunction with, an initial public offering of the company.

The Group is currently valuing Britishvolt at GBP 30.08 per share which is based on share transactions in the quarter. Comparably, the Group's entry price into Britishvolt as well as the exercise price on the Group's Britishvolt options is GBP 12.68 per share.

The estimated fair value of the Group's investment in Power by Britishvolt Limited is USD 5.8 million (NOK 57.0 million) at the end of June 2022.

#### Arbaflame

The Group participated in Arbaflame AS' convertible bond offering in July 2021, with a total investment of USD 3.4 million (NOK 30.0 million). In December 2021, the convertible bonds were converted to 3,920,294 common shares in the company.

In early April, the company completed a NOK 75 million equity private placement at NOK 8.50 per share. Based on this valuation, the estimated fair value of the Group's investment in Arbaflame was USD 3.4 million (NOK 33.3 million) at the end of June 2022.

The Group classifies its investments as non-current assets. Total initial invested capital was USD 9.9 million (NOK 85.2million). The fair value of the total investments was USD 12.5 million (NOK 123.7 million) at the end of June 2022:

CO2 Capsol AS	USD 5.8 million
Power by Britishvolt Limited	USD 3.4 million
Arbaflame AS	USD 3.4 million

Changes in fair value relative to Q1 2022 resulted in a non-cash loss of USD 4.5 million (NOK 44.3 million) in Q2 2022 and USD 5.7 million (NOK 54.6 million) relative to the first six months of 2022.

## 6 Outlook

The conflict in the Ukraine and the increased focus on energy security is expected to keep the upward pressure on energy prices. This is likely to increase capital spending by oil companies, which should positively impact multi-client late sales and overall seismic survey activity. However, oil companies have so far been slow to implement new production plans and we therefore believe it is prudent to expect a lag effect as it relates to revenues in the oil services sector.

Market volatility is expected to remain high and the possibility of financial recessions in major economies around the world will increase uncertainty. This period of high market volatility does pose an increased risk to the growth companies we have invested in. At the same time, the global push for energy transition will remain a central theme and we also expect to continue to see new investment opportunities within the segment of carbon reducing technologies. Nevertheless, given the current market outlook, we are likely to take a cautious approach to new investments.

Following the repayment of the financial indebtedness in Q1 2022, the company is now debt free. Future multi-client late sales will therefore increase cash balances and investable capital. The company has a robust financial position which enables it to invest into new companies if it sees attractive opportunities. However, we will also be considering potential share repurchases and/or dividends if we believe this is more attractive for our shareholders. Note, in this respect, that the newly elected board on 18 August 2022, announced that it will commence a review of the company's strategy.

## 7 Board of director's financial review

The financial review is prepared according to the IFRS accounting principles.

### REVENUE

Revenue for the second quarter of 2022 was USD 1.8 million compared to USD 0.4 million for the second quarter of 2021. The revenue in Q2 2022 is related to late sales from Utsira multi-client survey whereas the revenue in Q2 2021 was to Covid-19 compensation from the Norwegian government

The revenue for the first six months of 2022 was USD 3.1 million compared to USD 1.2 million for the same period 2021. The revenue for the first half of 2022 was related to late sales from Utsira multi-client survey whereas the revenue for the first six months of 2021 was due to Covid-19 compensation from the Norwegian government

### CHANGES IN FAIR VALUE FOR INVESTMENTS

Changes in fair value of investments in second quarter 2022 was a non-cash loss of USD 4.5 million compared to zero in second quarter of 2021.

The changes in fair value for the first six months of 2022 was a non-cash loss of USD 5.7 million and zero for the same period in 2021.

### OTHER GAINS AND LOSSES

There were no other gains to report this quarter or for the comparable quarter.

Other gain for the first six months of 2022 was USD 0.7 million and zero for same period in 2021.

### COST OF SALE (COS)

COS in the second quarter of 2022 represented the reversal of previously booked cost and therefore a revenue of USD 0.1 million compared to COS of USD 0.7 million in the second quarter of 2021. COS as revenue was mainly related to the settlement of a node rental agreement as well as the closing of the Group's Indonesian subsidiary. COS for Q2 2021 was mainly associated with Neptune Naiad warm stack cost.

COS for the first six months of 2022 was USD 0.2 million compared to USD 1.4 million for the first six months of 2021. The first six months of 2022 was related to smart-stack expense for the node business. COS for the first six months of 2021 was mainly associated with Neptune Naiad warm stack cost.

#### SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (SG&A)

SG&A in the second quarter of 2022 amounted to USD 0.5 million compared to USD 2.2 million in the second quarter of 2021. Personnel and related costs have decreased due to downscaling. Advisers used for the Groups legal reconstruction process in Q2 2021 amounted to USD 0.7 million and severance settlement amounted to USD 0.5 million.

SG&A for the first six months of 2022 was USD 1.4 million compared to USD 3.7 million for the first six months of 2021. Personnel and related costs have decreased due to downscaling. Legal fee and use of external consultants have decreased with USD 1.3 million compared to the first six months of 2021, where the Group was in a legal restructuring process.

#### DEPRECIATION OF TANGIBLE ASSETS

Depreciation was zero during the second quarter of 2022 compared to depreciation of USD 4.6 million in the second quarter of 2021. There were no investments made in the second quarter of 2022 or 2021.

Depreciation for the first six months of 2022 was USD 0.6 million compared to USD 5.9 million for the first six months of 2021. There were no investments made in the first half of 2022 or 2021. The seismic node business was sold to Magseis Fairfield in the first quarter of 2022.

#### AMORTIZATION OF INTANGIBLE ASSETS

The straight-line amortization of the Utsira multi-client survey was changed from 4 to 10 years from 1 January 2022, which gives 8.5 years remaining amortization. The new amortization for Q2 2022 was USD 0.7 million compared to amortization of USD 1.8 million in Q2 2021 for the Utsira survey.

The amortization for first six months of 2022 was USD 1.3 million compared to USD 3.6 million for the first six months of 2021 for the Utsira survey. The data processing for the multi-client survey in Egypt was not completed by June 2022

#### IMPAIRMENT AND REVERSE OF IMPAIRMENT

No impairment charges have been made in 2022 of the Utsira multi-client survey or the Gulf of Suez multi-client survey in Egypt.

During the first quarter of 2022, the Group reversed a portion of the 2019 and 2021 impairment and increased the Utsira survey carrying value with USD 5.6 million based on expectation for future late sales.

#### FINANCIAL ITEMS

Net financial expense was USD 0.3 million during the second quarter of 2022, compared to net financial income of USD 23.3 million in the second quarter of 2021 due to gain on debt restructuring of USD 24.6 million. The net financial expense in the second quarter of 2022 is mainly due to a net loss on currency exchange.

Net financial expense for the first six months of 2022 as USD 0.3 million, compared to net financial income of USD 21.5 million in the first six months of 2021 due to gain on debt restructuring of USD 24.6 million. The net financial expense in the first half of 2022 is mainly related to net loss on currency exchange and financial expense.

#### INCOME TAX (EXPENSE)

The corporate income tax in Norway is 22% in 2022. Income tax revenue for the second quarter of 2022 amounted to USD 72 thousand compared to income tax revenue of USD 0.7 million for the same period in 2021. The tax revenue in Q2 2022 is related to updated corporate tax in Egypt and UK. The tax revenue in Q2 2021 is mainly related to taxes in Egypt.

Income tax revenue for the first six months of 2022 amounted to USD 0.4 million compared to income tax revenue of USD 0.6 million for the first six months of 2021. The tax revenue in first half of 2022 is related to updated corporate tax in Egypt and UK and receiving cash payment for previous paid withholding tax when operating in India. The tax revenue in first half of 2021 is mainly related to taxes in Egypt and year-end adjustment for one of the subsidiaries.

The Company has no deferred tax assets booked as of 30 June 2022. Tax loss carried forwards by year-end 2021 was estimated at USD 60 million.

#### RESULT FOR THE PERIOD

The Company had a loss of USD 4.0 million for the second quarter of 2022 compared to a gain of USD 15.0 million for the second quarter of 2021.

The Company has a profit of USD 0.4 million for the first six months of 2022 compared to a profit of USD 8.5 million for the first six months of 2022.

#### FINANCIAL POSITION AND CASH FLOW

As of 30 June 2022, the Company had total assets of USD 53.8 million, compared to total assets of USD 54.8 million as of 31 December 2021.

Total non-current assets of USD 48.8 million as of 30 June 2022 compared to USD 50.5 million as of 31 December 2021. This is attributed to multi-client library and financial assets adding USD 7.4 million offset by decrease in investment during the first six months of 2022 of USD 5.8 million and a decrease of USD 3.4 million in fixed assets which includes the sale of the node business. There was no new investment or disposal in 2022.

Total current assets increased from USD 4.2 million as of 31 December 2021 to USD 5.0 million as of 30 June 2022. The increase is driven by an increase in trade receivable by USD 2.2 million related to Utsira lates sales, offset by reduction in cash by USD 1.3 million and in other current assets by USD 0.1 million. The Company's cash balance ended at USD 2.7 million per 30 June 2022.

The Group's equity was USD 47.1 million at the end of June 2022, representing a increase of USD 0.4 million compared to 31 December 2021. The equity ratio is 87.5% as of 30 June 2022 compared to 85.3% as of 31 December 2021.

Total non-current liabilities decreased from USD 0.9 million as of 31 December 2021 to zero as of 30 June 2022, following the full repayment of the company's TGS loan during the first quarter of 2022.

Total current liabilities decreased from USD 7.2 million as of 31 December 2021 to USD 6.7 million as of 30 June 2022. Taxes payables is related to corporate tax in Egypt of USD 2.3 million. Additionally, other current liabilities decreased by USD 0.2 million in 2022. Other current liabilities include project related accruals for taxes in Egypt of USD 3.8 million.

Cash outflow from operating activities in the first six months of 2022 was negative USD 0.9 million compared to negative USD 8.8 million in the same period in 2021, mainly due to the Groups legal reconstruction process.

Cash inflow from investment activities in the first six months of 2022 was positive USD 0.5 million due to the sale of the node business, compared to zero in the same period for 2021.

Cash outflow from financing activities in the first six months of 2022 was negative USD 0.9 million compared to positive USD 11.5 million in the same period in 2021. Repayment of the TGS loan during the first six months of 2022 was USD 0.9 million. Cash outflow from financing activities for the same period of 2021 is mainly from new equity due to the Groups legal reconstruction process of USD 15.5 million offset by repayment of debt by USD 2.3 million and interest paid of USD 1.7 million.

## 8 Financial statements

### 8.1. Interim consolidated statement of comprehensive income

USD thousands	Note	Q2 2022	Q2 2021	YTD Q2 2022	YTD Q2 2021
Revenue	1	1 768	432	3 136	1 198
Other income					
<b>Changes in fair value of investments</b>	2	<b>(4 478)</b>	-	<b>(5 753)</b>	-
<b>Other gains and losses</b>		-	-	<b>666</b>	-
Cost of sales	2	112	(714)	(189)	(1 392)
Selling, general and administrative expenses	2	(525)	(2 212)	(1 401)	(3 913)
Amortization multi-client	3	(708)	(1 828)	(1 246)	(3 656)
Reverse impairment multi-client		-	-	5 618	-
Depreciation & impairment		-	(4 580)	(559)	(5 860)
<b>Operating profit (loss)</b>		<b>(3 830)</b>	<b>(8 902)</b>	<b>272</b>	<b>(13 623)</b>
Gain on debt restructuring		-	24 648	-	24 648
Financial income	3	0	0	46	0
Financial expenses		(47)	(770)	(129)	(2 543)
Currency exchange gain (loss)		(240)	(608)	(220)	(616)
<b>Profit (loss) before tax</b>		<b>(4 113)</b>	<b>14 368</b>	<b>(32)</b>	<b>7 866</b>
Income tax (expense)		72	670	384	600
<b>Profit (loss) for the period</b>		<b>(4 041)</b>	<b>15 038</b>	<b>353</b>	<b>8 467</b>
Currency translation adjustments		-	-	-	-
<b>Other comprehensive income (loss) for the period</b>		-	-	-	-
<b>Total comprehensive income (loss) for the period</b>		<b>(4 041)</b>	<b>15 038</b>	<b>353</b>	<b>8 467</b>
<b>Earnings (loss) per share</b>					
Basic earnings per average share		(0.02)	0.35	0.00	0.22
Diluted earnings per average share		(0.02)	0.35	0.00	0.22

## 8.2. Interim consolidated statement of financial position

USD thousands	Note	30.06.2022	31.12.2021
<b>Assets</b>			
<b>Non-current assets</b>			
Multi-client library	3	33 229	28 856
Property, plant and equipment		-	3 423
Investments	2	12 515	18 268
Financial assets		3 029	-
<b>Total non-current assets</b>		<b>48 773</b>	<b>50 548</b>
<b>Current assets</b>			
Trade receivables		2 206	-
Other current assets		82	222
Bank deposits, cash in hand		2 718	4 005
<b>Total current assets</b>		<b>5 005</b>	<b>4 227</b>
<b>Total assets</b>		<b>53 778</b>	<b>54 775</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital and other paid in capital		79 909	79 909
Other reserves		(32 833)	(33 200)
<b>Total equity</b>		<b>47 076</b>	<b>46 709</b>
<b>Non current liabilities</b>			
Interest bearing debt		-	896
<b>Total non current liabilities</b>		<b>-</b>	<b>896</b>
<b>Current liabilities</b>			
Trade payables		101	333
Taxes payables		2 282	2 362
Other current liabilities		4 319	4 475
<b>Total current liabilities</b>		<b>6 702</b>	<b>7 170</b>
<b>Total liabilities</b>		<b>6 702</b>	<b>8 065</b>
<b>Total equity and liabilities</b>		<b>53 778</b>	<b>54 775</b>

### 8.3. Interim consolidated statement of changes in equity

USD thousands	Share capital	Additional paid- in capital	Accumulated earnings	Other equity/ Share based programme	Total equity
<b>Balance as of 01.01.2022</b>	<b>28 739</b>	<b>51 170</b>	<b>(33 611)</b>	<b>411</b>	<b>46 709</b>
Profit (loss) for the period			353		353
Other comprehensive income (loss)					-
Share based payment				14	14
<b>Balance as of 30.06.2022</b>	<b>28 739</b>	<b>51 170</b>	<b>(33 258)</b>	<b>425</b>	<b>47 076</b>

USD thousands	Share capital	Additional paid- in capital	Accumulated earnings	Other equity/ Share based programme	Total equity
<b>Balance as of 01.01.2021</b>	<b>840</b>	<b>38 453</b>	<b>(47 546)</b>	<b>400</b>	<b>(7 852)</b>
Profit (loss) for the period			8 467		8 467
Other comprehensive income (loss)					-
New shares issued - cash settled	17 356				17 356
Cost for new shares issued		(1 809)			(1 809)
Capital increase - debt conversion	5 099	13 920			19 019
Share based payment				1	1
<b>Balance as of 30.06.2021</b>	<b>23 295</b>	<b>50 564</b>	<b>(39 079)</b>	<b>402</b>	<b>35 182</b>

## 8.4. Interim consolidated statement of cash flow

USD thousands	Note	YTD Q2 2022	YTD Q2 2021
<b>Cash flow from operating activities</b>			
Profit (loss) before tax		(32)	7 866
Taxes (paid)/ received		264	(28)
Depreciation, amortization and write-down	3	(3 814)	9 516
Changes in fair value for investments	2	5 753	-
Changes in other gains and losses		(666)	-
Gain on debt restructuring		-	-
Currency (gain)/loss without cash flow effects		1	(66)
Interest expense		122	1 673
Share based payment cost		14	1
Reconstruction payments		-	(5 077)
Other working capital changes		(2 476)	(22 658)
<b>Net cash flow from operating activities</b>		<b>(832)</b>	<b>(8 771)</b>
<b>Cash flow from investing activities</b>			
Investment in property, plant and equipment		-	-
Disposal of property, plant and equipment		500	-
<b>Net cash flow from investment activities</b>		<b>500</b>	<b>-</b>
<b>Cash flow from financing activities</b>			
Repayment of interest bearing debt		(896)	(2 295)
Payment of lease liabilities (recognized under IFRS 16)		-	(73)
Net proceeds from new equity		-	15 547
Interest paid lease liabilities		-	(1)
Interest paid		(59)	(1 672)
<b>Net cash flow from financial activities</b>		<b>(955)</b>	<b>11 506</b>
<b>Net change in cash and cash equivalents</b>		<b>(1 287)</b>	<b>2 735</b>
Cash and cash equivalents balance 01.01		4 005	5 873
<b>Cash and cash equivalents balance 30.06</b>		<b>2 718</b>	<b>8 608</b>

# 9 Notes to the interim consolidated financial statements

## Note 1 Segment

USD thousands Q2 2022/2021	Segment reporting				Unallocated		Total	
	Axis		Investment		Q2 2022	Q2 2021	Q2 2022	Q2 2021
	Q2 2022	Q2 2021	Q2 2022	Q2 2021				
<b>Income statement</b>								
<b>Total revenue</b>	<b>1 768</b>	<b>432</b>	-	-	-	-	<b>1 768</b>	<b>432</b>
Changes in fair value of investments	-	-	(4 478)	-	-	-	(4 478)	-
Other gain and losses	-	-	-	-	-	-	-	-
Total cost of sales	112	(714)	-	-	-	-	112	(714)
Selling, general and administrative expenses	(189)	(288)	-	(2)	(336)	(1 922)	(525)	(2 212)
Amortization multi-client	(708)	(1 828)	-	-	-	-	(708)	(1 828)
Reverse impairment multi-client	-	-	-	-	-	-	-	-
Depreciation & impairment	-	(4 565)	-	-	-	(15)	-	(4 580)
<b>Operating profit (loss)</b>	<b>984</b>	<b>(6 964)</b>	<b>(4 478)</b>	<b>(2)</b>	<b>(336)</b>	<b>(1 937)</b>	<b>(3 830)</b>	<b>(8 902)</b>

USD thousands YTD Q2 2022/2021	Segment reporting				Unallocated		Total	
	Axis		Investment		YTD Q2 2022	YTD Q2 2021	YTD Q2 2022	YTD Q2 2021
	YTD Q2 2022	YTD Q2 2021	YTD Q2 2022	YTD Q2 2021				
<b>Income statement</b>								
<b>Total revenue</b>	<b>3 136</b>	<b>1 198</b>	-	-	-	-	<b>3 136</b>	<b>1 198</b>
Changes in fair value of investments	-	-	(5 753)	-	-	-	(5 753)	-
Other gain and losses	666	-	-	-	-	-	666	-
Total cost of sales	(189)	(1 392)	-	-	-	-	(189)	(1 392)
Selling, general and administrative expenses	(384)	(505)	(3)	(2)	(1 013)	(3 406)	(1 401)	(3 913)
Amortization multi-client	(1 246)	(3 656)	-	-	-	-	(1 246)	(3 656)
Reverse impairment multi-client	5 618	-	-	-	-	-	5 618	-
Depreciation & impairment	(548)	(5 807)	-	-	(11)	(53)	(559)	(5 860)
<b>Operating profit (loss)</b>	<b>7 052</b>	<b>(10 162)</b>	<b>(5 757)</b>	<b>(2)</b>	<b>(1 024)</b>	<b>(3 459)</b>	<b>272</b>	<b>(13 623)</b>

## Note 2 Investment

USD thousands			
<b>Non-current assets</b>	<b>30.06.2022</b>	<b>Change quarter</b>	<b>31.03.2022</b>
<b>Listed securities</b>			
CO2 Capsol AS	3 377	(3 553)	6 930
Listed securities	3 377	(3 553)	6 930
<b>Unlisted securities</b>			
Arbaflame AS	3 371	(456)	3 827
Power By Britishvolt Limited			
- Common shares	3 654	(297)	3 951
- Options	2 114	(172)	2 285
	5 767	(468)	6 236
<b>Unlisted securities</b>	9 138	(925)	10 063
<b>Total non-current assets</b>	<b>12 515</b>	<b>(4 478)</b>	<b>16 993</b>

### CO2 Capsol AS

The investment in CO2 Capsol is valued based on Level 1 inputs, quoted prices in active markets. Closing price 30 June 2022 was NOK 9.18 per share.

### Arbaflame AS

The investment in Arbaflame is measured based on Level 3 inputs. The company completed an equity private placement in early April 2022 at a share price of NOK 8.50. This share trade is used as the basis for the Group's carrying value at the end of Q2 2022.

### Power by Britishvolt Limited

The investment in Britishvolt is measured based on Level 3 inputs. The Group is currently valuing Britishvolt at GBP 30.08 per share which is based on share transactions in the quarter.

### Note 3 Multi-client library

#### **Norwegian North Sea – Utsira**

The Group's amortization of Utsira was USD 0.7 million during the second quarter.

Further, the Group has during the second quarter had one late sale of data licenses from the Utsira seismic node survey of USD 1.8 million, which is a net cash contribution to the Group.

#### **Egypt – Gulf of Suez**

The Group has capitalized USD 10.6 million in investment for the Egypt survey.

Final processed data is expected to be available very soon. The amortization of the survey will commence once data processing is completed.

No change in net book value as of June 2022.

#### Note 4 General information

Carbon Transition ASA (“CARBN” or the “Company”) is a public company listed on Euronext Expand Oslo and traded under the ticker CARBN. The address of its registered office is Askekroken 11, 0277 Oslo, Norway. For more information, please see [www.carbn.no](http://www.carbn.no).

#### Note 5 Basis for preparation

The interim consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting as approved by EU and additional requirements in the Norwegian Securities Trading Act. The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual report for 2021 which is available at [www.carbn.no](http://www.carbn.no). The same accounting policies and methods of computation are followed in the interim financial statements as in the annual financial statements for 2022, except for the adoption of new standards effective as of 1 January 2022.

The notes are an integral part of the consolidated financial statements.

The financial statements for Q2 2022 are based on the assumption of going concern.

### ***Responsibility statement***

We confirm that, to the best of our knowledge, the condensed set of interim financial statements for period of 1 January to 30 June 2022, which has been prepared in accordance with IAS 34 Interim Financial Reporting gives a true and fair view of the Group's consolidated assets, liabilities, financial position and result of operations, and that the period of 1 January to 30 June 2022 interim report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

**Oslo, 25 August 2022**

The Board of Directors and CEO of Carbon Transition ASA

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Nina Skage  
Chair

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Ketil Skorstad  
Director

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Torstein Sannes  
Director

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Nils Haugestad  
Interim CEO

## **About Carbon Transition**

Carbon Transition ASA ("CARBN") is an investment company listed on Euronext Expand Oslo. CARBN has a strategy to invest in companies and technologies which contribute to significant reductions of carbon emissions. The company may also invest more broadly in the energy transition space. CARBN has a legacy seismic business operating under the name Axxis Geo Solutions, with a multi-client data library.

More information on [www.carbn.no](http://www.carbn.no).

*The information included herein contains certain forward-looking statements that address activities, events, or developments that the Company expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, which are beyond its control and are subject to certain additional risks and uncertainties. The Company is subject to a large number of risk factors including but not limited to the demand for data from our multi-client data library, the attractiveness of our technology, unpredictable changes in governmental regulations affecting our markets. For a further description of other relevant risk factors, we refer to our Annual Report for 2021. As a result of these and other risk factors, actual events and our actual results may differ materially from those indicated in or implied by such forward-looking statements. The reservation is also made that inaccuracies or mistakes may occur in the information given above about current status of the Company or its business. Any reliance on the information above is at the risk of the reader and the Company disclaims any and all liability in this respect.*

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