

CARBON
TRANSITION

Q4 2021

Earnings

Release

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1 CEO statement

In the fourth quarter we continued to make strides in developing and executing on the company's new strategy. Following our restructuring last year, we refocused our business model to become a listed investment company with the goal to invest in companies and technologies which contribute to significant reduction of carbon emissions.

Since we announced our new business focus in July 2021, we have made three investments in the carbon emissions reduction and energy transition sectors. We have invested a total of USD 9.9 million with a fair market value at the end of the year of USD 18.3 million.

In October, we made a USD 4.7 million (NOK 40.0 million) investment in CO2 Capsol AS to help accelerate the company's growth efforts. The investment in CO2 Capsol marked our first investment into the carbon capture segment, a growth sector with a substantial high value addressable market. CO2 Capsol's patented carbon capture technology is an internationally leading technology solution based on Hot Potassium Carbonate technology ("HPC technology"). The HPC technology offers the uniqueness of not having to use amine in the carbon capture process which is attractive for health reasons. In addition, CO2 Capsol's patented system offers an estimated 40% cost advantage relative to alternative processes.

In July 2021, Stockholm Exergi, Stockholm's waste-to-energy company, announced its decision to start the front-end-engineering-and-design («FEED») phase for a bio-carbon capture facility at one of its heat and power plants. This bio-CCS facility is the only project of its kind which has received a financial grant from the EU Innovation Fund. CO2 Capsol's end of pipe solution was selected as the carbon capture technology for this facility. In addition, the company announced that it had signed collaboration agreements with Petrofac Limited, WOIMA Finland and Hitachi Zosen Inova. The company also announced the decision to produce a mobile carbon capture unit, CapsolGo™. The first test campaign for this product is planned for Q3 2022.

Power by Britishvolt Limited provided our entry into the electric vehicle battery segment. In August 2021, we invested approximately USD 1.7 million (NOK 15.2 million) in the company. We acquired 100,000 shares at GBP 12.68 per share and were granted 100,000 options with a strike price of GBP 12.68 per share. In this Series B investment round, we joined forces with a solid investment group including Glencore, Cathexis Venture II and NG Bailey. Britishvolt is a UK developer, and future manufacturer, of lithium-ion cell chemistries and batteries for the rapidly accelerating electric car market. In January 2022, the company announced a very substantial in-principle grant from the UK government via the UK Automotive Transformation Fund. In addition, the company announced a private debt funding agreement of GBP 1.7 billion with Tritax and abrdn for the building of the Northumberland Gigaplant shell and core and the associated supplier park. Subsequently, the company has entered into a memorandum of understanding with the British performance car manufacturer Lotus.

Finally, Britishvolt has announced a joint venture with Glencore to develop a world-leading ecosystem for battery recycling in the UK.

In July 2021, we invested USD 3.4 million (NOK 30.0 million) in a convertible loan in Arbaflame AS. The convertible loan was converted to common shares in December 2021. Arbaflame has spent a decade and invested approximately NOK 550 million in developing a patented technology which enables the production of black pellets from bio waste (“ArbaCore”). ArbaCore can fully replace coal in coal-fired power plants worldwide. When replacing coal with ArbaCore, Co2 emissions are reduced by approximately 90%. Coal-fired power plants can utilize ArbaCore in their existing plants with only minimal adjustments to the plants and related infrastructure, which also makes ArbaCore the superior economic choice. Through the same process of making ArbaCore pellets from bio waste, Arbaflame’s technology is also able to extract high value biochemicals with significant positive environmental impact and high earnings potential.

Arbaflame has recently completed construction of its first production facility in Kongsvinger, Norway (ArbaOne). The facility has an annual production capacity of 70,000 tons of ArbaCore pellets.

In November 2021, Arbaflame announced a letter of intent with the Ministry of Energy of Romania for a verification test program scheduled for the first half of 2022. Subject to a successful test program, the Ministry of Energy of Romania will grant Arbaflame a 10-year offtake agreement for 100,000 tonnes per year of ArbaCore pellets to be produced by a new Arbaflame production facility to be built in Romania. The agreement provides for further capacity expansion of two million tonnes per year (representing 20 ArbaNEXT plants), sufficient to replace approximately 10% of Romania’s coal consumption.

The three investments made to date all fit the company’s investment criteria of significantly contributing to the reduction of carbon emissions. They offer unique and proven technology for a scalable business model with high barriers to entry. Target geographic markets are substantial, and we are entering the investments in the pre-IPO rounds.

With respect to our legacy business, we saw a strong improvement in the seismic multi-client market in the fourth quarter. We are currently experiencing a more positive and balanced market sentiment which we believe will benefit our investments in the seismic multi-client area. We feel very comfortable with the potential in the Utsira survey and believe this survey will provide attractive cash flow to the company over time. It is still a bit early for the survey in the Gulf of Suez, but we expect to see late sales from this asset in 2023.

In the fourth quarter, we reported multi-client late sales of USD 5.5 million. Since cash costs associated with multi-client assets have been incurred in past periods, all late sales are net cash to the company. The three late sales were used to repay the substantial majority of all our outstanding financial debt and the company is therefore almost debt free at this point.

As a result of the gains in the investment portfolio, the solid performance of the multi-client library as well as the reduced financial debt, we are reporting a net asset value

per share of NOK 1.72 at quarter end. We feel very positive about the significant improvements to our balance sheet and believe this will position us well for further growth.

During the fourth quarter, the company completed a downsizing to right size the company to match the new strategy.

Going forward, we will continue to target investment opportunities in carbon reducing technologies. We will focus on opportunities where we believe we can add value to the growth and positioning of these companies and play an active role in the green shift.

Nils Haugestad, interim CEO

2 Events during the quarter

- Revenues of USD 5.6 million
- Net increase in fair value of investments of USD 8.4 million
- EBITDA of USD 12.0 million
- Financial indebtedness reduced by USD 5.5 million; CARBN almost fully debt free following repayment
- Completed corporate downsizing
- Third investment completed; NOK 40 million pre-IPO financing into CO2 Capsol AS
- NOK 35.0 million equity private placement successfully oversubscribed
- Resignation of CEO

3 Key financial indicators

USD thousands

	Q4 2021	Q4 2020	Full Year 2021	Full Year 2020
Profit and loss				
Revenue	5 631	14	15 816	92 790
Changes in fair value for investments	8 404	-	8 404	-
EBITDA (loss)	11 953	(5 154)	7 205	33 399
EBIT (loss)	9 543	(8 550)	(7 136)	5 845
Net profit (loss)	8 777	(8 488)	13 935	(3 133)
Basic earnings (loss) per weighted average shares (in USD)	0.04	(1.44)	0.11	(0.53)
Financial position				
Total assets			54 775	54 452
Total equity			46 709	(7 852)
Ratio analysis				
Equity ratio			85.3 %	-14.4%
Net asset value per share (NOK)*			1.72	-

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

4 Business overview

4.1. Investments

New investments

The Group participated with USD 4.7 million (NOK 40.0 million) in CO2 Capsol AS' equity private placement on 12 October 2021. The Group acquired 3,636,363 shares at a price of NOK 11.00 per share.

The shares of CO2 Capsol AS were listed on Euronext Growth in Oslo on 20 December 2021. The year-end closing price per share was NOK 24.795, which values the Group's investment at USD 10.3 million (NOK 90.2 million).

The valuation of traded shares is based on quoted prices in active markets. Market price changes subsequent to quarter end may have a significant impact on overall fair value of investments.

Changes in investments

The Group participated in Arbaflame AS' convertible bond offering on 14 July 2021 with a total investment of USD 3.4 million (NOK 30.0 million). On 17 December 2021, the convertible bonds were converted to 3,920,294 common shares in the company. The estimated fair value of the Group's investment in Arbaflame AS was USD 3.4 million (NOK 30 million) at the end of the fourth quarter.

On 31 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 as the subscription price in the Series B round. This option is valid until, and must be exercised in conjunction with, an IPO of the company. The estimated fair value of the Group's investment in Power by Britishvolt Limited was USD 4.6 million (NOK 40.9 million) at the end of the fourth quarter.

No disposals were made during the quarter.

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 18.3 million (NOK 161.0 million) at the end of December 2021:

Arbaflame AS	USD 3.4 million
Power by Britishvolt Limited	USD 4.6 million
CO2 Capsol AS	USD 10.2 million

Changes in fair value resulted in a gain of USD 8.4 million (NOK 75.9 million) for Q4 2021.

4.2. 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 Company'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 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 OBN 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 which helps our clients obtain new information and to make new discoveries and development of oil and gas deposits previously unavailable with legacy broad band streamer data.

The cost of acquiring and processing the Utsira data was capitalized during the second half of 2020 and currently, after amortization, has a net book value of USD 18.3 million.

During the quarter, three late sales of data licenses from the Utsira seismic node survey were made for a total of USD 5.5 million to the Group.

Egypt – Gulf of Suez

The Gulf of Suez is a mature petroleum basin that has been in production since the 1980s. The area has traditionally been regarded as a prolific petroleum basin where exploration has been impeded by complex geology and 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 MBOE discovery in the Abu Rudeis Sidri development lease by ENI in 2019 and the 100 MBOE discovery in the North Ramadan area operated by Dragon Oil in 2022.

The Group has capitalized USD 10.6 million in investment in the Egypt survey. Final processed data is expected to be available during the first quarter of 2022. The amortization of the library will commence at the completion date of final processing.

5 Outlook

The focus on reducing carbon emissions and developing new energy technologies is continuing to gain momentum internationally. Governmental policies are also forcing the transition to new energy sources as well as the creation of alternatives to curb carbon emissions. As a result, we are experiencing an increase in new green-technology companies and we are seeing a solid flow of investment opportunities which fit well with the company's investment strategy.

Having repaid almost all the company's indebtedness, we have substantially strengthened our balance sheet. Going forward, we also expect material cash flow from the multi-client library which will support our future investment efforts. We therefore believe we are positioned well to play a meaningful role in the carbon transition shift.

We have recently experienced an uptick in the demand for seismic data in the Utsira area. The demand increase was largely driven by the higher oil and gas prices as well as operators increasing development and drilling activity in the Utsira area. Looking forward, we expect this trend to continue and we also expect to see revenues from mergers and acquisition activity in the survey area.

6 Going concern

The financial statement for Q4 2021 is based on the assumption of going concern. The board of directors and management believe that the Company has sufficient working capital for continued operation.

7 Board of director's financial review

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

REVENUE

Revenue for the fourth quarter of 2021 was USD 5.6 million compared to USD 14 thousand for the fourth quarter of 2020. The revenue in Q4 2021 is related to late sales from Utsira multi-client survey whereas the revenue in Q4 2020 was related to reimbursable cost.

CHANGES IN FAIR VALUE FOR INVESTMENTS

Change in fair value for investment in fourth quarter 2021 was gain of USD 8.4 million compared to zero in fourth quarter of 2020.

OPERATIONAL COST

Cost of sales (COS) in the fourth quarter of 2021 was USD 0.5 million compared to USD 3.8 million in the fourth quarter of 2020. COS for Q4 2021 was mainly associated with smart-stack expenses of USD 0.2 million, UK cost related to the seismic survey executed in the North Sea of USD 0.2 million and cost for data processing of USD 0.1 million. USD 3.8 million COS for Q4 2020 was significantly impacted by a number of non-recurring and non-cash charges. An effect of USD 1.2 million non-cash charge reflected the reversal of previously capitalized costs related to the Egypt multi-client survey. Further, non-recurring costs of USD 0.9 million were recognized to complete the Utsira multi-client processing and USD 0.5 million related to seismic survey operations completed in earlier quarters were incurred. In addition, USD 0.6 million related to the redelivery of chartered vessels and leased nodes were incurred.

Personnel expenses and other operating expenses in the fourth quarter of 2021 amounted to USD 1.6 million compared to USD 1.4 million in the fourth quarter of 2020. Personnel and related costs have been increased due to restructuring charges of USD 0.4 million related to downsizing.

DEPRECIATION OF TANGIBLE ASSETS

Depreciation was USD 0.6 million during the fourth quarter of 2021 compared to depreciation of USD 1.6 million in the fourth quarter of 2020. There were no investments made in the fourth quarter of 2021 or 2020. During 2021, the vessel Neptune Naiad has been sold.

AMORTIZATION OF INTANGIBLE ASSETS

According to IFRS, multi-client surveys are not amortized until the data is ready for sale. The data processing of the multi-client 3D ocean bottom node Utsira survey was completed in Q4 2020, which initiated a linear amortization over 4 years. The straight-line amortization of the Utsira multi-client survey was USD 1.8 million for the fourth quarter of 2021. The data processing for the multi-client survey in Egypt was not completed by Q4 2021.

IMPAIRMENT

No impairment charges have been made in the fourth quarter of 2021 for the node handling systems or seismic equipment. There has not been any impairment of the Utsira multi-client survey or the multi-client survey in Egypt in the quarter.

EBITDA AND EBIT

The EBITDA was USD 12.0 million in the fourth quarter of 2021 compared to EBITDA of USD -5.2 million in the fourth quarter of 2020. The increase in EBITDA is due to late sales from Utsira and gain in changes of fair value adjustment for investments during Q4 2021 compared to revenue of USD 14 thousand and downscaling of operations during Q4 2020.

EBIT (operating profit) was USD 9.5 million in the fourth quarter of 2021 compared to EBIT of USD -8.6 million during the same period in 2020. The decrease in EBIT relates to the same factor as the decrease in EBITDA described above.

FINANCIAL ITEMS

Net financial income was USD 56 thousand during the fourth quarter of 2021 compared to net financial expense of USD 2.8 million in the fourth quarter of 2020. The net financial income in the fourth 2021 is related to the reversal of financial

expense from previous quarters, compared to higher currency loss and higher financial expense fourth quarter 2020.

INCOME TAX (EXPENSE)

The corporate income tax in Norway is 22% in 2021. Income tax expense for the fourth quarter of 2021 amounted to USD 0.8 million compared to income tax revenue of USD 2.9 million for the same period in 2020. The tax expense in Q4 2021 is related to reversal of tax income from previous quarter and corporate tax in UK and US with USD 80 thousand. The tax revenue in Q4 2020 represents reversal of withholding tax with a lower rate offset by corporate tax related to the Middle East contract Q4 2020.

The Company has no deferred tax assets booked as of 31 December 2021. Tax loss carried forwards for 31 December 2021 is estimated at USD 60 million.

PROFIT FOR THE PERIOD

The Company had a profit of USD 8.8 million for the fourth quarter of 2021 compared to a loss of USD 8.5 million for the fourth quarter of 2020.

FINANCIAL POSITION AND CASH FLOW

As of 31 December 2021, the Company had total assets of USD 54.8 million, compared to total assets of USD 54.5 million as of 31 December 2020.

Total non-current assets of USD 48.0 million in Q4 2020 increased to USD 50.5 million in Q4 2021. This is attributed to investments adding USD 18.3 million offset by amortization of multi-client survey of USD 7.3 million and a decrease of USD 8.4 million in fixed assets which includes the sale of the vessel Neptune Naiad. Under its new strategy, the Company made one new investment during the quarter, totalling USD 4.7 million.

Total current assets decreased from USD 6.5 million in Q4 2020 to USD 4.2 million in Q4 2021. The decrease is driven by other current asset and inventories reduced by USD 0.4 million and a decrease in cash by USD 1.9 million. The Company's cash balance ended at USD 4.0 million per 31 December 2021.

The Group's equity was USD 46.7 million at the end of Q4 2021 versus negative of USD 7.9 million as of 31 December 2020. The increase in equity is due to the completion of the reconstruction and the equity private placements during 2021. The equity ratio is 85.3% as of 31 December 2021 compared to negative equity of USD 7.9 million (-14.4%) in the same period in 2020.

Total non-current liabilities decreased from USD 17.4 million as of December 2020 to USD 0.9 million as of December 2021 due to the completion of the reconstruction process. There is one loan to TGS which matures 23 March 2023.

Total current liabilities decreased from USD 44.9 million as of 31 December 2020 to USD 7.2 million as of 31 December 2021. All loans related to the bond loan and

unsecured loan agreements were settled in the reconstruction. The Eksportkreditt loan was settled as part of the sale of the vessel Neptune Naiad. As a result, interest bearing debt current is zero as of 31 December 2021.

Additionally, trade payables were reduced by USD 11.9 million to USD 0.3 million as of 31 December 2021. Other current liabilities decreased by USD 9.2 million in 2021. Other current liabilities include project related accruals for taxes in Egypt of USD 6.1 million.

Cash inflow from operating activities in the fourth quarter of 2021 was negative USD 4.6 million compared to negative USD 0.2 million in the same period in 2020.

Cash outflow from investment activities in the fourth quarter of 2021 was USD 4.7 million in new investments, compared to positive USD 1.2 million due to reversal of capitalized internal margin in multi-client Egypt in the fourth quarter 2020.

Cash inflow from financing activities in the fourth quarter of 2021 was USD 4.1 million compared to USD 26 thousand in the same period in 2020. The impact from the new equity during the quarter of USD 3.9 million and reversal of interest by USD 0.2 million from previous quarter in 2021. Cash inflow from financing activities for the same period of 2020 is mainly from net proceeds of interest-bearing debt by USD 0.1 million offset by reversal of interest from previous period in 2020 by USD 0.2 million.

8 Financial statements

8.1. Interim consolidated statement of comprehensive income

USD thousands	Note	Q4 2021	Q4 2020	Full year 2021	Full year 2020
Revenue	1/2	5 631	14	15 816	92 790
Changes in fair value for investments	5	8 404	-	8 404	-
Cost of sales	2	(479)	(3 790)	(10 381)	(52 313)
Personnel expenses	2	(1 040)	(661)	(3 469)	(3 388)
Other operating expenses	2	(563)	(716)	(3 165)	(3 691)
Amortization & impairment multi-client & goodwill	3	(1 828)	(1 828)	(7 312)	(21 620)
Depreciation & impairment		(581)	(1 568)	(7 029)	(5 934)
Operating profit (loss) (EBIT)		9 543	(8 550)	(7 136)	5 845
Restructuring		3	-	24 667	-
Financial income		1	0	2	3 848
Financial expenses		194	(2 119)	(2 610)	(5 315)
Currency exchange gain (loss)		(142)	(674)	(836)	(424)
Profit (loss) before tax		9 599	(11 343)	14 087	3 953
Income tax (expense)		(822)	2 854	(152)	(7 086)
Profit (loss) for the period		8 777	(8 488)	13 935	(3 133)
Currency translation adjustments		-	-	-	-
Other comprehensive income (loss) for t		-	-	-	-
Total comprehensive income (loss) for t		8 777	(8 488)	13 935	(3 133)
Earnings (loss) per share					
Basic earnings per ordinary share		0.04	(1.44)	0.06	(0.53)
Diluted earnings per average share		0.04	(1.44)	0.11	(0.53)

8.2. Interim consolidated statement of financial position

Carbon Transition Group

USD thousands	Note	31.12.2021	31.12.2020
Assets			
Non-current assets			
Multi-client library	3	28 856	36 168
Property, plant and equipment		3 423	11 794
Investments	5	18 268	-
Total non-current assets		50 548	47 963
Current assets			
Inventories		-	85
Trade receivables		-	-
Other current assets		222	531
Bank deposits, cash in hand		4 005	5 873
Total current assets		4 227	6 490
Total assets		54 775	54 452

USD thousands	Note	31.12.2021	31.12.2020
Equity and Liabilities			
Equity			
Share capital and other paid in capital	4	79 909	39 293
Other reserves		(33 200)	(47 145)
Total equity		46 709	(7 852)
Non current liabilities			
Interest bearing debt		896	17 417
Total non current liabilities		896	17 417
Current liabilities			
Interest bearing debt current		-	16 562
Trade payables		333	12 251
Other current liabilities		6 837	16 075
Total current liabilities		7 170	44 887
Total liabilities		8 065	62 305
Total equity and liabilities		54 775	54 452

8.3. Interim consolidated statement of changes in equity

Carbon Transition Group

USD thousands	Share capital	Additional paid-in capital	Accumulated earnings	Other equity/ Share based programme	Total equity
Balance as of 01.01.2021	840	38 453	(47 546)	400	(7 852)
Profit (loss) for the period			13 935		13 935
Other comprehensive income (loss)			-		-
New shares issued - cash settled	22 800	961			23 760
Cost for new shares issued		(2 163)			(2 163)
Capital increase - debt conversion	5 099	13 920	-		19 019
Capital reduction					-
Share based payment				11	11
Balance as of 31.12.2021	28 739	51 170	(33 611)	411	46 709

USD thousands	Share capital	Additional paid-in capital	Accumulated earnings	Other equity/ Share based programme	Total equity
Balance as of 01.01.2020	11 718	38 453	(55 291)	397	(4 723)
Profit (loss) for the period			(3 133)		(3 133)
Other comprehensive income (loss)			-		-
Cost for new shares issued					-
Write down of par value	(10 878)		10 878		-
Share based payment				3	3
Balance as of 31.12.2020	840	38 453	(47 546)	400	(7 852)

8.4. Interim consolidated statement of cash flow

USD thousands	Note	Q4 2021	Q4 2020	Full Year 2021	Full Year 2020
Cash flow from operating activities					
Profit (loss) before tax		9 599	(11 343)	14 087	3 953
Taxes paid		0	(111)	(147)	(2 116)
Depreciation and amortization	3	2 410	3 396	14 341	27 554
Changes in fair value for investments	5	(8 404)	-	(8 404)	-
Gain reconstruction		-	-	(24 667)	-
Currency (gain)/loss without cash flow effects		(2)	(53)	(67)	(81)
Interest expense		(197)	1 485	1 730	3 995
Share based payment cost		9	1	11	3
Reconstruction payments		-	-	(5 077)	-
Change in trade receivables		276	4 992	-	12 291
Change in trade payables		(2 621)	808	(2 631)	(29 396)
Change in inventories		-	80	85	676
Change in other current assets		160	1 549	309	13 884
Change in contract liabilities		-	-	-	(22 729)
Change in accrued interest		(35)	-	(142)	-
Other working capital changes		(5 815)	(1 038)	927	10 827
Net cash from operating activities		(4 621)	(234)	(9 645)	18 863
Cash flow from investing activities					
Investment in property, plant and equipment		-	-	-	(62)
Disposal of property, plant and equipment		-	-	-	204
Investment in multi-client library	3	-	1 224	-	(10 576)
Cash received/paid from investments	5	(4 693)	-	(9 864)	-
Net cash flow from investment activities		(4 693)	1 224	(9 864)	(10 434)
Cash flow from financing activities					
Net proceeds from interest bearing debt		-	(49)	-	-
Repayment of interest bearing debt		-	(57)	(2 295)	(1 440)
Payment of lease liabilities (recognized under IFRS 16)		-	(30)	(73)	(220)
Net proceeds from new equity		3 921	-	21 597	-
Interest paid lease liabilities		-	(1)	(1)	(10)
Interest paid		233	163	(1 587)	(2 321)
Net cash flow from financial activities		4 154	26	17 641	(3 991)
Net change in cash and cash equivalents		(5 160)	1 016	(1 868)	4 438
Cash and cash equivalents balance 01.10/01.01		9 165	4 857	5 873	1 435
Effects of exchange rate changes on cash and cash equivalents		-	-	-	-
Cash and cash equivalents balance 31.12		4 005	5 873	4 005	5 873

9 Notes to the interim consolidated financial statements

Note 1 Revenue

USD thousands	Segment reporting		IFRS reporting	
	Q4 2021	Q4 2020	Q4 2021	Q4 2020
Q4 2021/2020				
Operating Revenue				
Contract revenue	-	14	-	14
Multi-client pre-funding revenue	-	-	-	-
Multi-client late sales	5 535	-	5 535	-
Other revenue	96	-	96	-
Total revenue	5 631	14	5 631	14

USD thousands	Segment reporting		IFRS reporting	
	Full year 2021	Full year 2020	Full year 2021	Full year 2020
Full Year 2021/2020				
Operating Revenue				
Contract revenue	8 983	64 325	8 983	64 325
Multi-client pre-funding revenue	-	798	-	27 404
Multi-client late sales	5 535	1 060	5 535	1 060
Other revenue	1 297	-	1 297	-
Total revenue	15 816	66 183	15 816	92 790

Note 2 Segment reporting

USD thousands Q4 2021/2020	Segment reporting				Adjustments		IFRS reporting	
	Axis		Investment		Q4 2021	Q4 2020	Q4 2021	Q4 2020
Income statement	Q4 2021	Q4 2020	Q4 2021	Q4 2020				
Total revenue	5 631	14	-	-	-	-	5 631	14
Changes in fair value for investments	-	-	8 404	-	-	-	8 404	-
Total cost of sales	(479)	(3 790)	-	-	-	-	(479)	(3 790)
Personnel expenses	(1 040)	(661)	-	-	-	-	(1 040)	(661)
Other operating expenses	(563)	(775)	-	-	-	58	(563)	(716)
Total Operating Expenses	(2 083)	(5 227)	8 404	-	-	58	6 321	(5 168)
Operating profit (loss) before depreciation and amortization (EBITDA)	3 548	(5 213)	8 404	-	-	58	11 953	(5 154)
Depreciation & Amortization	(2 410)	(3 340)	-	-	-	(56)	(2 410)	(3 396)
Operating profit (loss) (EBIT) Segment	1 139	(8 553)	8 404	-	-	3	9 543	(8 550)

USD thousands Full Year 2021/2020	Segment reporting				Adjustments		IFRS reporting	
	Axis		Investment		Full Year 2021	Full Year 2020	Full Year 2021	Full Year 2020
Income statement	Full Year 2021	Full Year 2020	Full Year 2021	Full Year 2020				
Total revenue	15 816	66 184	-	-	-	26 606	15 816	92 790
Changes in fair value for investments	-	-	8 404	-	-	-	8 404	-
Total cost of sales	(10 381)	(52 557)	-	-	-	245	(10 381)	(52 313)
Personnel expenses	(3 469)	(3 388)	-	-	-	-	(3 469)	(3 388)
Other operating expenses	(3 239)	(3 919)	-	-	74	229	(3 165)	(3 691)
Total Operating Expenses	(17 088)	(59 865)	8 404	-	74	473	(8 610)	(59 392)
Operating profit (loss) before depreciation and amortization (EBITDA)	(1 273)	6 319	8 404	-	74	27 079	7 205	33 399
Depreciation & Amortization	(14 272)	(9 870)	-	-	(69)	(17 685)	(14 341)	(27 554)
Operating profit (loss) (EBIT) Segment	(15 544)	(3 550)	8 404	-	5	9 395	(7 136)	5 845

Note 3 Multi-client library

USD thousands	Segment reporting		IFRS reporting	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Cost as of 01.01	92 881	82 306	92 881	82 306
Capitalized costs	-	10 576	-	10 576
Cost as of 31.12	92 881	92 881	92 881	92 881
Accumulated amortization and impairment as of 01.01	(56 713)	(52 554)	(56 713)	(35 093)
Amortization for the period	(7 312)	(4 159)	(7 312)	(3 656)
Impairment for the period	-	-	-	(17 964)
Accumulated amortization and impairment as of 31.12	(64 025)	(56 713)	(64 025)	(56 713)
Carrying value at 01.01	36 168	29 752	36 168	47 213
Carrying value at 31.12	28 856	36 168	28 856	36 168

According to IFRS, multi-client surveys are not amortized until the data is ready for sale. The data processing of the multi-client 3D OBN Utsira survey was completed in Q4 2020, which initiated a linear amortization over 4 years.

The multi-client survey in Egypt is not processed and ready for sale.

Note 4 Shareholders

The Company's share capital per 31.12.21 include the following:

	Number of shares	Par Value per share	NOK
Ordinary shares (one share = one vote)	239 760 117	1.00	239 760 117

Largest shareholders per 31 December 2021:

Name	Number of shares	Ownership share
1 INVESTERINGSFONDET VIKING AS	28 000 000	11.68%
2 MIDDELBOG INVEST AS	14 538 461	6.06%
3 TIGERSTADEN AS	13 760 459	5.74%
4 ALDEN AS	11 265 384	4.70%
5 SPAREBANK 1 MARKETS AS	11 180 000	4.66%
6 F2 FUNDS AS	9 250 000	3.86%
7 BECK ASSET MANAGEMENT AS	9 012 307	3.76%
8 F1 FUNDS AS	8 427 223	3.51%
9 URTIVEN AS	8 230 770	3.43%
10 GINNY INVEST AS	6 250 230	2.61%
11 DNB BANK ASA	6 225 280	2.60%
12 PHILIP HOLDING AS	5 750 230	2.40%
13 Q CAPITAL AS	5 619 230	2.34%
14 REDBACK AS	5 000 000	2.09%
15 TTC INVEST AS	4 000 000	1.67%
16 Nordnet Bank AB	3 758 002	1.57%
17 LIVERMORE INVEST AS	3 079 615	1.28%
18 Skandinaviska Enskilda Banken AB	2 500 000	1.04%
19 NORDNET LIVSFORSIKRING AS	2 089 077	0.87%
20 CITADELL AS	2 000 000	0.83%
Total	159 936 268	66.71%
Total other shareholders	79 823 849	33.29%

A 10:1 reverse split of the shares was performed 9 August 2021.

Note 5 Non-current assets

USD thousands

Non-current assets	31.12.2021	31.12.2020
Listed securities		
CO2 Capsol AS	10 228	-
Listed securities	10 228	-
Unlisted securities		
Arbaflame AS	3 403	-
Power By BritishVolt Limited		
- Common shares	3 175	-
- Options	1 462	-
	4 637	
Unlisted securities	8 040	-
Total non-current assets	18 268	-

CO2 Capsol AS

The investment in CO2 Capsol is valued based on Level 1 inputs, quoted prices in active markets. Year-end closing price was NOK 24.795 per share. The Group held 3,636,363 shares with a total value of USD 10.3 million (NOK 90.2 million).

Arbaflame AS

The investment in Arbaflame is measured based on level 3 inputs. The company is not listed, and management has therefore evaluated all available information and news from the company after the investment was made. Management considers that the fulfilment or failure to fulfil a defined production milestone is the most important driver for changes in value for this type of company. In the period after the investment, the development of the company has been more or less as expected, and the estimated effect of information shared by the company is perceived as neutral. The production at the Kongsvinger facility is still in ramp-up mode and we are therefore keeping the valuation at historical cost of USD 3.4 million (NOK 30.0 million).

Power by Britishvolt Limited (Britishvolt)

The investment in Britishvolt is measured based on Level 3 inputs. The company is not listed, and the management has based fair value on comparable companies, analysis from financial advisors and information from the company. The Group values the investment at USD 4.6 million (NOK 40.9 million).

Note 6 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.

Note 7 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 2020 which is available at 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 2021, except for the adoption of new standards effective as of 1 January 2021.

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

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. The financial statements of the subsidiaries have been prepared for the same reporting year as the Company, using consistent accounting policies.

The consolidated financial statements are presented in thousands of USD.

Presentation and functional currency

The Group presents its consolidated financial reports in USD. For presentation in consolidated accounts, the monetary assets and liabilities have been converted and translated into USD at the rate of exchange prevailing at the reporting date each quarter and historical value has been used for all other balance sheet items. The statement of comprehensive income is converted and translated into USD at the average exchange rate for each quarter, except for depreciation and amortization at historical values. Exchange rate differences arising from the translation to presentation currency are recognized in Other Comprehensive Income.

Going concern

The financial statement for Q4 2021 is based on the assumption of going concern. The board of directors and management believe that the Company with sufficient working capital for continued operation.

Note 8 Changes in accounting standards

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the Company’s interim condensed consolidated financial statements.

New accounting principal

Investment in financial assets at fair value through profit or loss

Financial assets are classified at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or at fair value through profit or loss, whereas the latter acquired principally for the purpose of generating a profit from fluctuation in prices is the most crucial for the Group. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group indulges in investment in financial assets as part of its core business. The Group's non-current financial investments are characterised in addition to the Groups intention of sale, that this sale could typically be expected to occur within a two-year time frame. The non-current financial investments are therefore treated at fair value through profit or loss.

All such instruments are classified as non-current financial investments, unless the Group exercises significant influence of the investment, in which case the investment will be classified as associate.

Current investments are considered part of a held for trading portfolio if they are acquired for the purpose of selling or repurchasing in the near term. These investments are subsequently measured at fair value in the statement of financial position with net changes in fair value recognized in the statement of profit and loss.

Investments subsequently measured at fair value over profit and loss in accordance with the fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Net unrealised and realized gain/losses on the portfolio of investments is classified as operating income, while net unrealized and realized losses is classified as operating expenses.

In cases where an investment changes classification between associate and non-current financial investment either way, the investment is derecognized and recognized in its new classification based on its fair value as of time of derecognition/recognition. The highest level achievable according to the IFRS fair-value hierarchy will be applied.

Note 9 Definition of APM (Alternative Performance Measures)

The European Securities and Markets Authority (“ESMA”) issued guidelines on Alternative Performance Measures (“APMs”) that came into force on 3 July 2016. The Company has defined and explained the purpose of the APMs in the paragraphs below.

The alternative performance measures presented by CARBN may be determined or calculated differently by other companies.

EBITDA

EBITDA means earnings before interest, taxes, amortization, depreciation, and impairments. The Group uses EBITDA because it is useful when evaluating operating profitability as it excludes amortization, depreciation and impairments related to investments that occurred in the past. Also, the measure is useful when comparing the Company’s performance to other companies.

USD thousands	Segment reporting		IFRS reporting	
	Q4 2021	Q4 2020	Q4 2021	Q4 2020
Profit (loss) for the period	8 777	(8 489)	8 777	(8 488)
Income tax (expense)	(822)	2 854	(822)	2 854
Net financial items	56	(2 791)	56	(2 793)
Depreciation & impairment PPE	(581)	(1 512)	(581)	(1 568)
Amortization & impairment of multi-client and goodwill	(1 828)	(1 828)	(1 828)	(1 828)
Operating profit (loss) before depreciation and amortization (EBITDA)	11 953	(5 213)	11 953	(5 154)

USD thousands	Segment reporting		IFRS reporting	
	Full Year 2021	Full Year 2020	Full Year 2021	Full Year 2020
Profit (loss) for the period	13 927	(12 373)	13 935	(3 133)
Income tax (expense)	(152)	(7 086)	(152)	(7 086)
Net financial items	21 220	(1 737)	21 222	(1 891)
Depreciation & impairment PPE	(6 960)	(5 711)	(7 029)	(5 934)
Amortization & impairment of multi-client and goodwill	(7 312)	(4 159)	(7 312)	(21 620)
Operating profit (loss) before depreciation and amortization (EBITDA)	7 132	6 319	7 205	33 399

For full overview of Segment vs IFRS see note 2 Segment Reporting.

The segment reporting is based on the accounting principles used in the internal reporting and deviates from IFRS. In the segment reporting, multi-client pre-funding revenues are recognized based on the percentage of completion method, compared to delivery of processed data according to IFRS. In the segment reporting, there is amortization for the multi-client library equal to percentage of recognized revenue

according to budget, while the financial statements are based on a principle where amortization begins when the library is completed.

EBIT (Operating Profit)

Earnings before interest and tax is an important measure for the Group as it provides an indication of the profitability of the operating activities. The EBIT margin presented is defined as EBIT (Operating Profit) divided by net revenues.

Multi-client prefunding percentage

The multi-client prefunding percentage is calculated by dividing the multi-client prefunding revenues, as per segment reporting, by the operational investments in the multi-client library, excluding investments related to projects where payments to the vendors are contingent on sales (risk-sharing investments). The multi-client prefunding percentage is considered an important measure as it indicates how the Company's financial risk is reduced by multi-client investments.

Backlog

Backlog is defined as the total value of future segment revenue on signed customer contracts, letter of awards or where all major contracts terms are agreed. The Group believes that the backlog figure is a useful measure in that it provides an indication of the amount of customer backlog and committed activity in the coming periods.

Oslo, 24 February 2022

The Board of Directors and CEO of Carbon Transition ASA

Gisle Grønlie
Chairman

Nina Skage
Director

Torstein Sannes
Director

Nils Haugestad
Interim CEO

About Carbon Transition

Carbon Transition ASA ("CARBN") is an investment company listed on Euronext Expand. 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 both an ocean-bottom seismic contract business and a multi-client data library.

More information on 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 seismic services, the demand for data from our multi-client data library, the attractiveness of our technology, unpredictable changes in governmental regulations affecting our markets and extreme weather conditions. For a further description of other relevant risk factors, we refer to our Annual Report for 2020. 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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