

CARBON
TRANSITION

Q3 2021

Earnings

Release

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CEO statement

“In the third quarter, the Company continued the implementation of its strategy of investing in companies and technologies which contribute to substantial reduction of CO2 emissions. As the ongoing energy crunch and the recent COP26 summit have clearly demonstrated, accelerating the energy transition into large scale industrialization is now on top of the agenda globally. The critical need for change and the political will to enforce it is going to create massive opportunities in the “carbon transition” space. As a listed investment company with a unique access to deal flow within this space, the Company expects to generate substantial shareholder value going forward.

In July, the Company invested NOK 30 million (USD 3.4 million) into a convertible loan in Arbaflame AS, a highly promising company with a proven technology and substantial backlog for their bio waste-based coal replacement fuel solution (ArbaCore). When replacing coal with ArbaCore in coal fired power plants, Co2 emissions are reduced by approximately 90% compared to coal. With a unique and scalable solution, and a massive need for coal replacement world-wide, we believe that Arbaflame is at the start of a very exciting journey, as recently illustrated by Arbaflames letter of intent with the Ministry of Energy of Romania for a coal replacement verification programme, which might lead to a 10year offtake agreement for 100,000 tonnes per year of Arbacore pellets.

In August, we announced our second investment of approximately GBP 1.3 million (USD 1.7 million) into common shares and options in the UK-based company Power by Britishvolt Limited (“Britishvolt”). Britishvolt is a developer, and future manufacturer, of lithium-ion cell chemistries and batteries for electric cars, established with the aim to meet rapidly accelerating EV demand. Britishvolt is targeting becoming a world leading sustainable, low-carbon battery cell producer. The company has started construction of its first gigafactory in the UK and is experiencing strong political support for its operations.

Carbon Transition has subsequently announced its third investment, and the first strategic entry into the carbon capture market, by investing NOK 40 million (USD 4.7 million) in the leading carbon capture technology company CO2 Capsol AS. The investment offers Carbon Transition shareholders a very attractive exposure to a vast growth sector with a very large global addressable market. With its unique and patented low-cost system and HSE-friendly HPC technology, CO2 Capsol is a highly attractive solution for the carbon capture marketplace.

Looking at the Company’s first three investments, common denominators are typically pre-IPO companies with unique and proven technology, scalable business models, high barriers to entry and a truly global potential. Through our unique network, we are constantly evaluating investment cases which fit the Carbon Transition “bill”.

In the legacy seismic business, the Company successfully completed the previously announced ROV-deployed ocean bottom node survey in the North Sea. Despite the challenges of COVID-19 and associated logistical issues, the survey was completed on time, on budget and without incidents. Although a recovery in the multi-client space is yet to materialize, we are seeing active interest in our “near-field” data libraries and

remain optimistic about potential late sales to support our future investments,” says Ronny Bøhn, CEO of Carbon Transition.

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Events during the quarter

- Change of Company name to Carbon Transition ASA and implementation of new strategic direction
- Two investments made under new strategy
 - NOK 30 million (USD 3.4 million) convertible note in sustainable coal replacement manufacturer Arbaflame AS
 - GBP 1.3 million (USD 1.7 million) common equity and options investment into leading UK battery cell developer Britishvolt Limited
- NOK 20 million repair offering substantially oversubscribed
- New option program initiated
- Reverse share split 10:1
- North Sea seismic node project successfully completed on time and ahead of budget
- Revenue USD 9.0 million; adjusted EBITDA USD (0.1) million ¹⁾

¹⁾Adjusted EBITDA for Q3 2021 is reflecting operational downscaling cost of USD 0.3 million and restructuring and transaction cost of USD 0.2 million.

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Subsequent events

- Third investment – NOK 40 million (USD 4.7 million) in carbon capture technology company CO2 Capsol AS
- NOK 35 million equity private placement successfully oversubscribed
- Resignation of CEO
- Wayne Thomson announced as Strategic Advisor in carbon capture area

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Key financials IFRS reporting

USD thousands

	Q3 2021	Q3 2020	YTD Q3 2021	YTD Q3 2020	Full Year 2020
Profit and loss					
Revenue	8 987	35 043	10 185	92 776	92 790
Cost of sales	(8 510)	(8 986)	(9 902)	(48 522)	(52 313)
EBITDA (loss)	(641)	23 499	(4 747)	38 553	33 399
EBIT (loss)	(3 056)	2 425	(16 679)	14 395	5 845
Net profit (loss)	(3 309)	3 395	5 158	5 356	(3 133)
Basic earnings (loss) per weighted average shares (in USD)	(0.02)	0.58	0.02	0.91	(0.05)
Financial position					
Total assets			49 683	64 448	54 452
Total liabilities			9 413	63 813	62 305
Total equity			34 002	635	(7 852)
Equity ratio			68.4 %	1.0 %	-14.4%
Cash flow					
Net cash flow from operating activities	3 853	(16 922)	(4 918)	(12 408)	18 863

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Outlook

As multiple sectors are going through massive changes in the ongoing energy transition, the Company is continuously evaluating several interesting investment opportunities.

Concerning the legacy seismic multi-client business, the Company is engaged in ongoing discussions with potential clients, and we continue to remain optimistic regarding late sales of the Norway and Egypt data sets. The seismic contract market remains challenging, although an uptick in activity is expected for the 2022 summer season. The Company is therefore continuing its efforts to streamline costs and to seek strategic solutions for its OBN acquisition business.

6 Going concern

The financial statement for Q3 2021 is based on the assumption of going concern.

Following the equity private placement of NOK 35 million completed in October 2021, 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. Following the application of the IFRS 15 accounting standard for revenues, multi-client pre-funding revenues are not recognized under percentage of completion ("PoC") method. Instead, all such revenues are recognized at delivery of the final processed data, which is considerably later than the acquisition of the seismic data. The segment reporting (used for management purposes) in note 1 Revenue, note 2 Segment Reporting, note 3 Multi-client library, and note 8 EBITDA, shows the deviation from IFRS.

REVENUE

Revenue for the third quarter of 2021 was USD 9.0 million compared to USD 35.0 million for the third quarter of 2020. The revenue in Q3 2021 is related to North Sea seismic node contract work whereas the revenue in Q3 2020 was related to seismic node contract work in Egypt.

OPERATIONAL COST

Cost of sales (COS) in the third quarter of 2021 was USD 8.5 million compared to USD 9.0 million in the third quarter of 2020. COS for Q3 2021 was mainly associated with operations in the in North Sea and includes operational downscaling expenses of USD 0.3 million. USD 9.0 million COS for Q3 2020 was related to operations in Egypt, net of USD 0.9 million capitalized to multi-client survey.

Personnel expenses and other operating expenses in the third quarter of 2021 amounted to

USD 1.1 million, compared to USD 2.6 million in the third quarter of 2020. Personnel and related costs have been reduced since third quarter last year in light of the reduced operating activity. Q3 2021 includes restructuring and transaction cost of USD 0.2 million.

DEPRECIATION OF TANGIBLE ASSETS

Depreciation was USD 0.6 million during the third quarter of 2021 compared to depreciation of USD 1.3 million in the third quarter of 2020. There were no investments made in the third quarter of 2021 or 2020. During 2021, the vessel Neptune Naiad was 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 OBN Utsira survey was completed in Q3 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 third quarter of 2021. The data processing for the multi-client survey in Egypt was not completed by Q3 2021.

IMPAIRMENT

No impairment charges have been made in the third 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 -0.6 million in the third quarter of 2021 compared to EBITDA of USD 23.5 million in the third quarter of 2020. The decrease in EBITDA is due to partial operating activity during Q3 2021 compared to full project operations during Q3 2020.

EBIT (operating profit) was USD -3.1 million in the third quarter of 2021 compared to EBIT of USD 2.4 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 expense was USD 0.3 million during the third quarter of 2021 compared to net financial income of USD 1.0 million in the third quarter of 2020. The net financial income in the third quarter last year was related to fair value evaluation of the converted debt booked as a financial gain of USD 3.8 million. Financial expense has

decreased from USD 2.0 million in 2020 to USD 0.3 million in 2021. Financial expense in the third quarter of 2021 relates to the long-term interest-bearing debt due to TGS.

INCOME TAX (EXPENSE)

The corporate income tax in Norway is 22% in 2021. Income tax credit for the third quarter of 2021 amounted to USD 70 thousand compared to income tax expense of USD 15 thousand for the same period in 2020. Both periods are mainly related to taxes in Egypt.

The Company has no deferred tax assets booked as of 30 September 2021. Tax loss carried forwards for 30 September 2021 is estimated at USD 44 million.

PROFIT FOR THE PERIOD

The Company had a loss of USD 3.3 million for the third quarter of 2021 compared to a profit of USD 3.4 million for the third quarter of 2020.

FINANCIAL POSITION AND CASH FLOW

As of 30 September 2021, the Company had total assets of USD 49.7 million, compared to total assets of USD 64.4 million as of 30 September 2020.

Total non-current assets decreased from USD 52.4 million in Q3 2020 to USD 39.9 million in Q3 2021. This is attributed to the amortization of in multi-client survey of USD 8.5 million and a decrease of USD 9.1 million in fixed assets which includes the sale of the vessel Neptune Naiad. Under its new strategy, the Company made two investments in the quarter, totaling USD 5.2 million.

Total current assets decreased from USD 12.1 million in Q3 2020 to USD 9.8 million in Q3 2021. The decrease is driven by trade receivables reduced by USD 4.7 million, other current asset reduced by USD 1.7 million offsets by increase in cash by USD 4.3 million. The Company's cash balance was USD 9.2 million as of 30 September 2021.

The Group's equity was USD 34.0 million at the end of Q3 2021 versus USD 0.6 million as of 30 September 2020. The increase in equity is due to the finalization of the reconstruction process and the equity private placement during 2021. The equity ratio is 68.4% as of 30 September 2021 compared to 1.0% in the same period in 2020.

Total non-current liabilities decreased from USD 19.5 million as of September 2020 to USD 6.3 million as of September 2021 due to the finalization of the reconstruction process. There is one loan to TGS which matures 23 March 2023

Total current liabilities decreased from USD 44.3 million as of 30 September 2020 to USD 9.4 million as of 30 September 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 September 2021.

Additionally, trade payables were reduced by USD 8.5 million to USD 3.0 million as of September 2021. Other current liabilities decreased by USD 13.6 million in 2021. Other current liabilities include project related accruals for taxes in Egypt of USD 5.9 million.

Cash inflow from operating activities in the third quarter of 2021 was USD 3.9 million compared to negative USD 16.9 million in the same period in 2020.

Cash outflow from investment activities in the third quarter of 2021 was USD 5.2 million in new investments, compared to USD 0.9 million invested in multi-client Egypt in the third quarter 2020.

Cash inflow from financing activities in third quarter of 2021 was USD 1.9 million compared to USD 19.7 million in the same period in 2020. The impact from the new equity during the quarter of USD 2.1 million was offset by interest paid by USD 0.32 million. Cash inflow from financing activities for the same period of 2020 is mainly from net proceeds of interest-bearing debt by USD 22.0 million offset by interest and repayment of the debt of USD 2.3 million.

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Operations

The Company's legacy seismic acquisition business (AGS) completed one project in the North Sea in the quarter. AGS transitioned from a smart-stack mode to full mobilization in the prior quarter and completed its first ROV-based node operation in the third quarter of 2021. Despite numerous challenges faced due to the ongoing COVID-19 pandemic, our record of COVID free operations was maintained. Following the completion of the project, AGS has returned to low-cost (smart-stack) mode.

Increased focus on our emissions controls was implemented this quarter with our initial Greenhouse Gas emissions assessment performed through the CDP environmental impact disclosure platform (cdp.net). The Company continues to maintain pre-qualifications with many of the major IOC's and NOC's.

No incidents were recorded in the period, extending our zero harm (zero recordable incidents) record to more than 30 consecutive months of activity.

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Financial statements

9.1. Interim consolidated statement of comprehensive income

Carbon Transition Group

USD thousands	Note	Q3 2021	Q3 2020	YTD Q3 2021	YTD Sep 2020	Full year 2020
Revenue	1/2	8 987	35 043	10 185	92 776	92 790
Cost of sales	2	(8 510)	(8 986)	(9 902)	(48 522)	(52 313)
Personnel expenses	2	(609)	(1 337)	(2 428)	(2 727)	(3 388)
Other operating expenses	2	(508)	(1 222)	(2 602)	(2 974)	(3 691)
Amortization & impairment multi-client & goodwill		(1 828)	(19 792)	(5 484)	(19 792)	(21 620)
Depreciation & impairment		(587)	(1 281)	(6 447)	(4 366)	(5 934)
Operating profit (loss) (EBIT)		(3 056)	2 425	(16 679)	14 395	5 845
EBIT %		-34.0%	6.9%	-163.8%	15.5%	6.3%
Restructuring		16	-	24 664	-	-
Financial income	1	3 847	3 847	1	3 847	3 848
Financial expenses		(261)	(2 048)	(2 804)	(3 196)	(5 315)
Currency exchange gain (loss)		(79)	(814)	(695)	250	(424)
Profit (loss) before tax		(3 379)	3 410	4 487	15 296	3 953
Income tax (expense)		70	(15)	670	(9 941)	(7 086)
Profit (loss) for the period		(3 309)	3 395	5 158	5 356	(3 133)
Currency translation adjustments		-	-	-	-	-
Other comprehensive income (loss) for the period		-	-	-	-	-
Total comprehensive income (loss) for the period		(3 309)	3 395	5 158	5 356	(3 133)
Earnings (loss) per share						
Basic earnings per share		(0.02)	0.58	0.02	0.91	(0.53)
Diluted earnings per share		(0.02)	0.58	0.02	0.91	(0.53)

9.2. Interim consolidated statement of financial position

Carbon Transition Group

USD thousands	Note	30.09.2021	30.09.2020	31.12.2020
Assets				
Non-current assets				
Multi-client library	3	30 684	39 221	36 168
Property, plant and equipment		4 005	13 132	11 794
Investments		5 171	-	-
Total non-current assets		39 860	52 352	47 963
Current assets				
Inventories		-	166	85
Trade receivables		276	4 992	-
Other current assets		382	2 081	531
Bank deposits, cash in hand		9 165	4 857	5 873
Total current assets		9 823	12 095	6 490
Total assets		49 683	64 448	54 452
Equity and Liabilities				
Equity				
Share capital and other paid in capital	5	75 988	39 294	39 293
Other reserves		(41 986)	(38 659)	(47 145)
Total equity		34 002	635	(7 852)
Non current liabilities				
Interest bearing debt		6 268	19 534	17 417
Total non current liabilities		6 268	19 534	17 417
Current liabilities				
Interest bearing debt current		-	12 782	16 562
Trade payables		2 954	11 443	12 251
Other current liabilities		6 459	20 054	16 075
Total current liabilities		9 413	44 279	44 887
Total liabilities		15 681	63 813	62 305
Total equity and liabilities		49 683	64 448	54 452

9.3. 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			5 158		5 158
Other comprehensive income (loss)			-		-
New shares issued - cash settled	19 598				19 598
Cost for new shares issued		(1 922)			(1 922)
Capital increase - debt conversion	5 099	13 920	-		19 019
Capital reduction					-
Share based payment				1	1
Balance as of 30.09.2021	25 537	50 451	(42 388)	402	34 002

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			5 356		5 356
Other comprehensive income (loss)			-		-
Cost for new shares issued					-
Write down of par value	(10 878)		10 878		-
Share based payment				2	2
Balance as of 30.09.2020	839	38 453	(39 058)	399	635

9.4. Interim consolidated statement of cash flow

Carbon Transition Group

USD thousands	Note	Q3 2021	Q3 2020	YTD Q3 2021	YTD Q3 2020	Full Year 2020
Cash flow from operating activities						
Profit (loss) before tax		(3 379)	3 410	4 487	15 296	3 953
Taxes paid		(119)	(189)	(147)	(2 005)	(2 116)
Depreciation and amortization	3	2 415	21 074	11 932	24 158	27 554
Currency (gain)/loss without cash flow effects		0	1 106	(66)	(134)	(81)
Interest expense		254	1 408	1 927	2 511	3 995
Share based payment cost		-	(4)	1	2	3
Reconstruction payments		-	-	(5 077)	-	-
Change in trade receivables		(276)	(1 574)	(276)	7 299	12 291
Change in trade payables		1 337	(25 626)	(3 872)	(30 203)	(29 396)
Change in inventories		414	222	85	596	676
Change in other current assets		3 931	13 871	150	12 335	13 884
Change in contract liabilities		-	(25 247)	-	(22 729)	(22 729)
Other working capital changes		(723)	(5 374)	(14 062)	(19 534)	10 827
Net cash from operating activities		3 853	(16 922)	(4 918)	(12 408)	18 863
Cash flow from investing activities						
Investment in property, plant and equipment		-	-	-	219	(62)
Disposal of property, plant and equipment		-	-	-	-	204
Investment in multi-client library	3	-	(914)	-	(11 800)	(10 576)
Cash received/paid from Investments		(5 171)	-	(5 171)	-	-
Net cash flow from investment activities		(5 171)	(914)	(5 171)	(11 581)	(10 434)
Cash flow from financing activities						
Net proceeds from interest bearing debt		-	22 036	-	31 449	-
Repayment of interest bearing debt		-	(866)	(2 295)	(1 383)	(1 440)
Payment of lease liabilities (recognized under IFRS 16)		-	(56)	(73)	(162)	(220)
Net proceeds from new equity		2 129	-	17 676	-	-
Interest paid lease liabilities		-	(2)	(1)	(8)	(10)
Interest paid		(254)	(1 397)	(1 926)	(2 484)	(2 321)
Net cash flow from financial activities		1 875	19 714	13 381	27 411	(3 991)
Net change in cash and cash equivalents		557	1 878	3 292	3 422	4 438
Cash and cash equivalents balance 01.07/01.01		8 608	2 979	5 873	1 435	1 435
Cash and cash equivalents balance 30.09/31.12		9 165	4 857	9 165	4 857	5 873

Notes to the interim consolidated financial statements

Note 1 Revenue

USD thousands Q3 2021/Q3 2020	Segment reporting		IFRS reporting	
	Q3 2021	Q3 2020	Q3 2021	Q3 2020
Operating Revenue				
Contract revenue	8 983	6 579	8 983	6 579
Multi-client pre-funding revenue	-	797	-	27 404
Multi-client late sales	-	1 060	-	1 060
Other revenue	3	-	3	-
Total revenue	8 987	8 436	8 987	35 043

USD thousands YTD Q3 2021/YTD Q3 2020	Segment reporting		IFRS reporting	
	YTD Q3 2021	YTD Q3 2020	YTD Q3 2021	YTD Q3 2020
Operating Revenue				
Contract revenue	9 018	64 312	9 018	64 312
Multi-client pre-funding revenue	-	798	-	27 404
Multi-client late sales	-	1 060	-	1 060
Other revenue	1 167	-	1 167	-
Total revenue	10 185	66 170	10 185	92 776

USD thousands Full Year 2020	Segment reporting		IFRS reporting	
	Full year 2020		Full year 2020	
Operating Revenue				
Contract revenue	-	64 325	-	64 325
Multi-client pre-funding revenue	-	798	-	27 404
Multi-client late sales	-	1 060	-	1 060
Other revenue	-	-	-	-
Total revenue	-	66 183	-	92 790

Note 2 Segment reporting

USD thousands Q3 2021/2020	Segment reporting				Adjustments		IFRS reporting	
	Multi-client		Contract		Q3 2021	Q3 2020	Q3 2021	Q3 2020
Income statement	Q3 2021	Q3 2020	Q3 2021	Q3 2020				
Total revenue	-	1 060	8 987	6 579	-	27 404	8 987	35 043
Total cost of sales	(27)	(812)	(8 483)	(8 419)	-	245	(8 510)	(8 986)
Personnel expenses	-	-	(609)	(1 337)	-	-	(609)	(1 337)
Other operating expenses	-	-	(508)	(1 280)	-	58	(508)	(1 222)
Total Operating Expenses	(27)	(812)	(9 600)	(11 036)	-	303	(9 627)	(11 545)
Operating profit (loss) before depreciation and amortization (EBITDA)	(27)	248	(614)	(4 457)	-	27 707	(641)	23 499
Depreciation & Amortization	(1 828)	(1 828)	(587)	(1 226)	-	(18 020)	(2 415)	(21 074)
Operating profit (loss) (EBIT) Segment	(1 855)	(1 580)	(1 201)	(5 682)	-	9 687	(3 056)	2 425

USD thousands YTD Q3 2021/2020	Segment reporting				Adjustments		IFRS reporting	
	Multi-client		Contract		YTD Q3 2021	YTD Q3 2020	YTD Q3 2021	YTD Q3 2020
Income statement	YTD Q3 2021	YTD Q3 2020	YTD Q3 2021	YTD Q3 2020				
Total revenue	-	1 858	10 185	64 312	-	26 606	10 185	92 776
Total cost of sales	(213)	(3 410)	(9 689)	(45 357)	-	245	(9 902)	(48 522)
Personnel expenses	-	-	(2 428)	(2 727)	-	-	(2 428)	(2 727)
Other operating expenses	-	-	(2 676)	(3 144)	74	170	(2 602)	(2 974)
Total Operating Expenses	(213)	(3 410)	(14 793)	(51 228)	74	415	(14 932)	(54 223)
Operating profit (loss) before depreciation and amortization (EBITDA)	(213)	(1 552)	(4 608)	13 084	74	27 021	(4 747)	38 553
Depreciation & Amortization	(5 484)	(2 331)	(6 378)	(4 199)	(69)	(17 629)	(11 932)	(24 158)
Operating profit (loss) (EBIT) Segment	(5 697)	(3 883)	(10 986)	8 886	5	9 392	(16 679)	14 395

Note 3 Multi-client library

USD thousands	Segment reporting			IFRS reporting		
	30.09.2021	30.09.2020	31.12.2020	30.09.2021	30.09.2020	31.12.2020
Cost as of 01.01	92 881	82 306	82 306	92 881	82 306	82 306
Capitalized costs	-	11 800	10 576	-	11 800	10 576
Cost as of 30.09/31.12	92 881	94 106	92 881	92 881	94 106	92 881
Accumulated amortization and impairment as of 01.01	(56 713)	(52 554)	(52 554)	(56 713)	(35 093)	(35 093)
Amortization for the period	(5 484)	(2 331)	(4 159)	(5 484)	(1 828)	(3 656)
Impairment for the period	-	-	-	-	(17 964)	(17 964)
Accumulated amortization and impairment as of 30.09/31.12	(62 197)	(54 885)	(56 713)	(62 197)	(54 885)	(56 713)
Carrying value at 01.01	36 168	29 752	29 752	36 168	47 213	47 213
Carrying value at 30.09/31.12	30 684	39 221	36 168	30 684	39 221	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 Q3 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 30.09.21 include the following:

	Number of shares	Par Value per share	NOK
Ordinary shares (one share = one vote)	212 822 050	1.00	212 822 050

Largest shareholders per 30 September 2021:

Name	Number of shares	Ownership share
1 INVESTERINGSFONDET VIKING AS	28 000 000	13.16%
2 MIDDELBORG INVEST AS	12 000 000	5.64%
3 TIGERSTADEN AS	11 000 000	5.17%
4 SPAREBANK 1 MARKETS AS	10 150 000	4.77%
5 ALDEN AS	10 000 000	4.70%
6 BECK ASSET MANAGEMENT AS	8 000 000	3.76%
7 F2 FUNDS AS	8 000 000	3.76%
8 URTIVEN AS	8 000 000	3.76%
9 NORUS HOLDING DATTER AS	5 000 000	2.35%
10 REDBACK AS	5 000 000	2.35%
11 Q CAPITAL AS	5 000 000	2.35%
12 PHILIP HOLDING AS	4 750 000	2.23%
13 GINNY INVEST AS	4 750 000	2.23%
14 F1 FUNDS AS	4 500 000	2.11%
15 TTC INVEST AS	4 000 000	1.88%
16 NORDNET LIVSFORSIKRING AS	3 742 288	1.76%
17 Skandinaviska Enskilda Banken AB	3 678 497	1.73%
18 LIVERMORE INVEST AS	3 000 000	1.41%
19 MINOTAURUS ENERGI AS	2 000 000	0.94%
20 CITADELL AS	2 000 000	0.94%
Total	142 570 785	66.99%
Total other shareholders	70 251 265	33.01%
Total number of shares	212 822 050	100.00%

A 10:1 reverse split of the shares was performed 9 August 2021 and is included in the table above.

Note 5 Investments

The Group holds financial investments amounting to USD 5 171 thousand in Q3 2021. The financial investments are recognized in the balance sheet at fair value. Changes in fair value will be recognized in the income statement as operating income/(loss).

There has not been any fair value adjustment in the quarter. The Group has not identified any underlying indicators which would imply that book values have changed materially.

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 / www.axxisgeo.com.

Note 7 Basis for preparation

The interim consolidated financial statements of CARBN 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 CARBN’s annual report for 2020 which is available at www.axxisgeo.com. 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 Q3 2021 is based on the assumption of going concern.

Following the equity private placement of NOK 35 million completed in October 2021, 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.

Note 9 Subsequent events

The Company invested into the carbon capture market by investing in the leading carbon capture technology company CO2 Capsol AS. The Company made its third investment under its new strategy by investing NOK 40 million and thereby supporting their pre-IPO financing round to accelerate CO2 Capsol's growth. The investment provides Carbon Transition with a 6.8% fully-diluted ownership in CO2 Capsol.

The Company raised NOK 35 million in equity private placement which was successfully oversubscribed.

The Company's CEO tendered his resignation. The board is considering alternatives for Mr Bøhn's replacement and a transition schedule.

Note 10 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. CARBN 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	
	Q3 2021	Q3 2020	Q3 2021	Q3 2020
Profit (loss) for the period	(3 309)	(6 143)	(3 309)	3 395
Income tax (expense)	70	(15)	70	(15)
Net financial items	(323)	1 134	(323)	985
Depreciation & impairment PPE	(587)	(1 226)	(587)	(1 281)
Amortization & impairment of multi-client and goodwill	(1 828)	(1 828)	(1 828)	(19 792)
Operating profit (loss) before depreciation and amortization (EBITDA)	(641)	(4 208)	(641)	23 499

USD thousands	Segment reporting		IFRS reporting	
	YTD Q3 2021	YTD Q3 2020	YTD Q3 2021	YTD Q3 2020
Profit (loss) for the period	5 151	(3 883)	5 158	5 356
Income tax (expense)	670	(9 941)	670	(9 941)
Net financial items	21 164	1 055	21 166	902
Depreciation & impairment PPE	(6 378)	(4 199)	(6 447)	(4 366)
Amortization & impairment of multi-client and goodwill	(5 484)	(2 331)	(5 484)	(19 792)
Operating profit (loss) before depreciation and amortization (EBITDA)	(4 821)	11 532	(4 747)	38 553

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 CARBN 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. CARBN 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.

Lysaker, 10 November 2021

The Board of Directors and CEO of Carbon Transition ASA

Gisle Grønlie
Chairman

Nina Skage
Director

Torstein Sannes
Director

Ronny Bøhn
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 / www.axxisgeo.com

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 CT disclaims any and all liability in this respect.

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