

CARBON  
TRANSITION

# Q4 2022 Earnings Release

# CONTENTS

<b>1</b>	<b>CEO statement</b>	<b>3</b>
<b>2</b>	<b>Events during the quarter</b>	<b>4</b>
<b>3</b>	<b>Subsequent events after the quarter</b>	<b>4</b>
<b>4</b>	<b>Key financial indicators</b>	<b>5</b>
<b>5</b>	<b>Business overview</b>	<b>5</b>
	5.1. Multi-client	5
	5.2. Investments	7
<b>6</b>	<b>Outlook</b>	<b>9</b>
<b>7</b>	<b>Board of directors' financial review</b>	<b>9</b>
<b>8</b>	<b>Financial statements</b>	<b>13</b>
	8.1. Interim consolidated statement of comprehensive income	13
	8.2. Interim consolidated statement of financial position	14
	8.3. Interim consolidated statement of changes in equity	15
	8.4. Interim consolidated statement of cash flow	16
<b>9</b>	<b>Notes to the interim consolidated financial statements</b>	<b>17</b>

# 1 CEO statement

Energy price volatility has continued and has been exacerbated by the conflict in Ukraine as well as the recent lifting of the COVID shutdowns in China. Rising global inflation has impacted monetary policy and increased the risk of economic recessions around the world. In spite of this market uncertainty, we continue to see growing capital investment in the oil and gas industry. Underspending over the past several years and a growing demand for energy security is driving exploration and development. In addition, with oil and gas prices at current levels, the industry is generating record profits and the major E&P companies report a substantial increase in spending for 2023. With the growing investment in the oil and gas sector, we see strong interest in our seismic data and we now report our second write-up of USD 7.0 million for the library.

In the fourth quarter, we announced another multi-client late sale from the Utsira survey to an existing customer. In addition to a one-time payment, the license sale provides for significant additional future revenues relating to set milestones. Subsequent to quarter end, we also announced a multi-client seismic data licensing contract for the Utsira survey with a new customer.

In December we announced the reprocessing of the Utsira survey, backed by the major operators in the area. The reprocessing has demonstrated significant improvements in subsurface imaging. Preliminary results were shown at the NCS Exploration Strategy conference in Stavanger in November of last year and highlights the substantial advancements generated. We believe the upgraded Utsira survey data will be crucial in optimizing existing and new production in the Utsira area.

With respect to the Gulf of Suez survey, this data set is a significant upgrade from the previously available seismic data. We made the first late sale from the survey in Q3 2022 and there are currently multiple drilling decisions made based on the survey. Positive results from these efforts would most likely have a near-term positive impact on future sales from the survey. Current high oil prices should also increase interest in utilizing the improved data set.

Concerning the investment portfolio, we took a non-cash USD 4.3 million write-down of the book value in the fourth quarter. This reduction was a result of the write-down of our position in Britishvolt, where Carbon Transition had invested USD 1.7 million (NOK 15.2 million).

Dolphin Drilling continued to deliver with a new contract in Nigeria at a day rate of approximately USD 325,000 per day, including local mobilization. Following this contract addition, Dolphin Drilling has secured back-to-back backlog for the Blackford rig for up to over two years. In light of the shortage of available semi-submersible rigs, we believe Dolphin Drilling is very well positioned for the upturn in this current E&P cycle.

CO2 Capsol started operation of the first CapsolGo unit at Öresundskraft's waste-to-energy facility in Helsingborg. The company also announced a 12-month contract for

two CapsolGo campaigns in Germany, where CO2 Capsol is seeing a significant demand increase. The US Inflation Reduction Act is also a major driver for growth in the North American market.

Going forward, we will continue our expanded investment focus and take a broader view of the opportunities we evaluate. In light of market volatility, we will take an opportunistic approach with respect to investment decisions.

Cash net income for the period was USD 1.9 million and available liquid funds were USD 11.2 million. The company's net asset value was NOK 2.00 per share at the end of the quarter.

Nils Haugestad, interim CEO

## 2 Events during the quarter

- Fair value of multi-client library USD 37.5 million
  - Includes second write-up of Utsira survey of USD 7.0 million
  - Total multi-client write-ups year-to-date of USD 12.6 million
- Announced reprocessing of the Utsira survey, backed by the major operators in the area
- USD 2.5 million Utsira late sale (net to Carbon Transition) with significant additional future revenues based on agreed trigger events
- Non-cash USD 4.3 million write-down of investment portfolio
  - Write-down of Britishvolt investment primary contributor
  - Invested USD 1.7 million (NOK 15.2 million)
- Cash earnings USD 1.9 million for the quarter
- Available liquid funds of USD 11.2 million\*
- Net asset value NOK 2.00 per share

\* Bank deposits, trade receivable and marketable securities

## 3 Subsequent events after the quarter

- USD 0.5 million (net to Carbon Transition) multi-client seismic data licensing contract with a new customer

## 4 Key financial indicators

USD thousand

	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
<b>Profit and loss</b>				
Revenue	2 522	5 631	7 258	15 816
Changes in fair value for investments	(4 321)	8 404	(13 447)	8 404
Other gains and losses	-	-	666	-
Selling, general and administrative expenses	(634)	(1 603)	(2 417)	(6 633)
Write-up multi-client (reversal of impairment)	7 000	-	12 618	-
Net profit (loss)	4 836	8 777	1 396	13 935
Basic earnings (loss) per weighted average shares (in USD)	0.02	0.04	0.01	0.11
<b>Financial position</b>				
Bank deposits			2 197	4 005
Available liquid funds *			11 210	14 232
Total assets			52 777	54 775
Total equity			47 652	46 709
<b>Ratio analysis</b>				
Equity ratio			90.3 %	85.3%
Net asset value per share (NOK) **			2.00	1.72

\*Bank deposits, trade receivable, marketable securities less payable for repurchase of own shares

\*\*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 and new resources. In these production fields, oil and gas can be developed with lower cost, environmental impact and emissions.

In the fourth quarter of 2022, our multi-client business line, Axxis Multi Client, announced several milestones, such as the announcement of the Axxis/CGG

reprocessing project and a significant late sale to an existing client with a set of future milestone payments. We expect these agreements to provide significant cashflow for the company going forward. The Axxis/CGG project will provide a steady quarterly revenue stream, and the milestone payments will follow the slightly lumpy nature of multi-client late sales revenues.

With a sustained high oil price (in the range \$75-85 per barrel of oil equivalent), it is expected that both Norway and Egypt will continue to be considered highly attractive for new exploration expenditures by the E&P companies.

We expect the investment growth in exploration and development in our core areas to be durable and reinforced by the long-term demand outlook and supportive commodity prices.

### **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 broadband streamer data.

AkerBP and Equinor will spud two exploration wells in Q4 2022 that will test prospects identifiable on the Utsira OBN data. As for any exploration drilling, the outcome of the wells is uncertain, but it proves that the data is entering into a phase where decisions are made, and wells are being planned based on information extracted from our data.

### **Norwegian North Sea – Utsira Axxis/CGG reprocessing**

In the area to the west of the Utsira high, where the Utsira OBN survey is located, exploration activity has for decades been impeded by irregularly shaped intrusive bodies at shallow depths over large areas above the reservoirs and generate a signal-to-noise problems that masks deeper reflection signals and inhibits the ability to de-risk prospects. The presence of a thick layer of chalk just above the main reservoir level adds to the complexity. The geophysical response to this type of geological challenge often needs time to be understood and address, and it is common to work with seismic data sets over time and improve the seismic image through an iterative process.

CGG presented results from a proprietary reprocessing project of the Utsira OBN survey covering the Glitne field at the NCS Exploration Strategy Conference in Stavanger in November 2022. This work showed significant improvements and provided the market with confidence that the CGG workflow will add value to the data.

CGG will reprocess the Utsira survey and apply CGG's latest advances in OBN processing and imaging technology, including time-lag full-waveform inversion technology. This will significantly improve the velocity model, overall image resolution and frequency content for fault interpretation and reservoir characterization workflows.

The reprocessed product will substantially advance the Utsira OBN survey and better assist clients with existing petroleum production as well as new nearby reserves and resources and reservoir management. The project was started in December 2022, and the project will deliver a priority area in the third quarter of 2023 and final data for the complete survey in 2024.

### **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 covers 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.

There are currently two wells scheduled to be completed in the first part of 2023 that will be drilled based on information from the library data.

## **5.2. Investments**

### **New investments**

The Group did not make any changes in the investments during the fourth 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 December 2022 was NOK 11.50, which values the Group's investment at USD 4.2 million (NOK 41.8 million).

## Dolphin Drilling

The Group invested USD 2.0 million (NOK 20.0 million) in Dolphin Drilling AS in September 2022. The Group acquired 1,714,568 shares at a price of USD 1.17 per share.

The shares of Dolphin Drilling were listed on NOTC in Oslo and were moved to Euronext Growth in October 2022. The closing share price at the end of December 2022 was NOK 12.898, which values the Group's investment at USD 2.2 million (NOK 22.1 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's entry price into Britishvolt as well as the exercise price on the Group's Britishvolt options was GBP 12.68 per share.

The Group is currently valuing Britishvolt at GBP 0.0 per share which is based on the fact that the Company is under administration.

The estimated fair value of the Group's investment in Power by Britishvolt Limited is USD zero (NOK zero) at the end of December 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.

Arbaflame had an equity private placement in November 2022 at NOK 0.83 per share and the Group use this value. Based on this valuation, the estimated fair value of the Group's investment in Arbaflame was USD 0.3 million (NOK 3.3 million) at the end of December 2022.

The Group classifies its investments as non-current assets. The fair value of the total investments was USD 6.8 million (NOK 67.2 million) at the end of December 2022:

CO2 Capsol AS	USD 4.2 million
Dolphin Drilling AS	USD 2.2 million
Arbaflame AS	USD 0.3 million

Changes in fair value relative to Q3 2022 resulted in a non-cash loss of USD 4.3 million in Q4 2022.



## 6 Outlook

We expect oil and gas prices to remain relatively high in the foreseeable future. Improved profitability in the energy sector is expected to result in increased capital investment by the oil majors and the larger independents. Additionally, historical underinvestment in exploration and development is driving the need for investment. For 2023, capital investment by the oil majors is significantly increased. We expect the Group's multi-client library to benefit from this market dynamic.

Market volatility is expected to remain high, and this poses a risk for the investment portfolio. In light of the market uncertainty, we believe it is prudent to take a cautious approach to making additional investments. However, we will continue to evaluate new investment opportunities in line with our broader strategic focus.

## 7 Board of directors' financial review

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

### REVENUE

Revenue for the fourth quarter of 2022 was USD 2.5 million compared to USD 5.6 million for the fourth quarter of 2021. The revenue in Q4 2022 is related to late sales from the Utsira multi-client survey same as the revenue in Q4 2021.

### CHANGES IN FAIR VALUE OF INVESTMENTS

Changes in fair value of investments in fourth quarter 2022 was a non-cash loss of USD 4.3 million compared to a non-cash gain of USD 8.4 million in fourth quarter of 2021.

### OTHER GAINS AND LOSSES

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

#### COST OF SALE (COS)

COS in the fourth quarter of 2022 of USD 20 thousand is representing storage for remaining seismic equipment and storage of the Utsira multi-client survey compared to COS of USD 0.5 million in the fourth quarter of 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.

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

SG&A in the fourth quarter of 2022 amounted to USD 0.6 million compared to USD 1.6 million in the fourth quarter of 2021. Personnel and related costs have decreased due to downscaling and cost cutting compared to last year. Approximately USD 150 thousand is non-recurring cost in 2022 related use of lawyer and external consultants.

#### DEPRECIATION OF TANGIBLE ASSETS

Depreciation was zero during the fourth quarter of 2022 compared to depreciation of USD 0.6 million in the fourth quarter of 2021. There were no capital investments made in the fourth quarter of 2022 or 2021.

#### 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 from Q2 2022 was USD 0.7 million per quarter compared to amortization of USD 1.8 million in Q4 2021 for the Utsira survey.

The Group's multi-client data in Gulf of Suez quarter of amortization was USD 0.7 million, compared to zero in Q4 2021.

#### IMPAIRMENT AND WRITE-UP (REVERSAL 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 fourth quarter of 2022, the Group made a write-up of USD 7 million which is reversal of previous impairment, a portion of the 2019 and 2020 impairment. The increased value of the Utsira survey is based on expectation for future late sales based for the new reprocessing project of Utsira. Amortization of the reprocessing of Utsira will start amortization over 10 years from January 2023 with USD 175 thousand per quarter.

## FINANCIAL ITEMS

Net financial revenue was USD 0.3 million during the fourth quarter of 2022, compared to net financial expense of USD 56 thousand in the fourth quarter of 2021. The net financial revenue in the fourth quarter of 2022 is mainly due to a net gain on currency exchange.

## INCOME TAX (EXPENSE)

The corporate income tax in Norway is 22% in 2022.

The Group has income tax revenue of USD 1.4 million during the fourth quarter of 2022, compared to income tax expense of USD 0.8 million for the same period in 2021. The tax revenue in Q4 2022 is mainly related to currency exchange rate of EGP in taxes in Egypt calculated into USD.

The Company has no deferred tax assets booked as of 31 December 2022. Tax loss carried forwards by year-end 2022 was estimated at approximately USD 43 million.

## RESULT FOR THE PERIOD

The Company had a profit of USD 4.8 million for the fourth quarter of 2022 compared to a profit of USD 8.8 million for the fourth quarter of 2021.

## FINANCIAL POSITION AND CASH FLOW

As of 31 December 2022, the Company had total assets of USD 52.8 million, compared to total assets of USD 54.8 million as of 31 December 2021.

Total non-current assets of USD 47.3 million as of 31 December 2022 compared to USD 50.5 million as of 31 December 2021. This is attributed to multi-client library net adding USD 8.6 million and financial assets adding USD 3.0 million offset by net decrease in investment during 2022 of USD 11.4 million and a decrease of USD 3.4 million in fixed assets which includes the sale of the node business.

Total current assets increased from USD 4.2 million as of 31 December 2021 to USD 5.4 million as of 31 December 2022. The increase is driven by an increase in other current assets receivable of USD 3.0 million related to Utsira late sales, offset by reduction in cash by USD 1.8 million. The Company's cash balance ended at USD 2.2 million on 31 December 2022.

The Group's equity was USD 47.7 million at the end of December 2022, representing a net increase of USD 0.9 million compared to 31 December 2021. The Group purchased its own shares of USD 0.5 million. The equity ratio is 90.3% as of 31 December 2022 compared to 85.3% as of 31 December 2021.

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

Total current liabilities reduced from USD 7.2 million as of 31 December 2021 to USD 5.1 million as of 31 December 2022. Taxes payables is related to corporate tax in Egypt of USD 2.3 million. Additionally, other current liabilities decreased by USD 1.7 million in 2022. Other current liabilities include project related accruals for taxes in Egypt of USD 2.1 million. The Egyptian tax exposure has been reduced from USD 6.1 million at end of September 2022 to USD 4.4 million at end of December 2022.

Cash flow from operating activities in 2022 was positive of USD 1.1 million compared to negative USD 9.6 million in the same period in 2021, mainly due to the Groups legal reconstruction process.

Cash flow from investment activities in 2022 was negative USD 2.0 million. USD 2.0 million due to the investment in Dolphin Drilling and USD 0.5 million for investment in own shares during the quarter offset by USD 0.5 million received from sale of the node business, compared to negative of USD 9.9 million in the same period for 2021 due to investments.

Cash flow from financing activities in 2022 was negative USD 1.0 million compared to positive USD 17.6 million in the same period in 2021. Repayment of the TGS loan during the first nine 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 21.6 million offset by repayment of debt by USD 2.4 million and interest paid of USD 1.6 million.

## 8 Financial statements

### 8.1. Interim consolidated statement of comprehensive income

USD thousands	Note	Q4 2022	Q4 2021	Full year 2022	Full year 2021
<b>Revenue</b>	1	2 522	5 631	7 258	15 816
<b>Changes in fair value of investments (loss)</b>	2	(4 321)	8 404	(13 447)	8 404
<b>Other gains (losses)</b>		-	-	666	-
Cost of sales	1	(20)	(479)	(399)	(10 381)
Selling, general and administrative expenses	1	(634)	(1 603)	(2 417)	(6 633)
Amortization multi-client	3	(1 369)	(1 828)	(3 983)	(7 312)
Write-up multi-client (reversal of impairment)	3	7 000	-	12 618	-
Depreciation & impairment		-	(581)	(559)	(7 029)
<b>Operating profit (loss) (EBIT)</b>		<b>3 179</b>	<b>9 543</b>	<b>(264)</b>	<b>(7 136)</b>
Gain on debt restructuring		-	3	-	24 667
Financial income		6	1	51	2
Financial expenses		80	194	(81)	(2 610)
Currency exchange gain (loss)		198	(142)	(69)	(836)
<b>Profit (loss) before tax</b>		<b>3 462</b>	<b>9 599</b>	<b>(362)</b>	<b>14 087</b>
Income tax (expense)		1 374	(822)	1 758	(152)
<b>Profit (loss) for the period</b>		<b>4 836</b>	<b>8 777</b>	<b>1 396</b>	<b>13 935</b>
Currency translation adjustments		-	-	-	-
<b>Other comprehensive income (loss) for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income (loss) for the period</b>		<b>4 836</b>	<b>8 777</b>	<b>1 396</b>	<b>13 935</b>
<b>Earnings (loss) per share</b>					
Basic earnings per ordinary share		0.02	0.04	0.01	0.11
Diluted earnings per ordinary share		0.02	0.04	0.01	0.11

## 8.2. Interim consolidated statement of financial position

USD thousands			
<b>Assets</b>	<b>Note</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>Non-current assets</b>			
Multi-client library	3	37 491	28 856
Property, plant and equipment		-	3 423
Investments	2	6 821	18 268
Financial assets		3 029	-
<b>Total non-current assets</b>		<b>47 342</b>	<b>50 548</b>
<b>Current assets</b>			
Other current assets		3 238	222
Bank deposits, cash in hand		2 197	4 005
<b>Total current assets</b>		<b>5 435</b>	<b>4 227</b>
<b>Total assets</b>		<b>52 777</b>	<b>54 775</b>
<b>USD thousands</b>			
<b>Equity and Liabilities</b>	<b>Note</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>Equity</b>			
Share capital and other paid in capital		79 909	79 909
Own shares		(489)	-
Other reserves		(31 769)	(33 200)
<b>Total equity</b>		<b>47 652</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		88	333
Taxes payables		2 282	2 362
Other current liabilities		2 755	4 475
<b>Total current liabilities</b>		<b>5 125</b>	<b>7 170</b>
<b>Total liabilities</b>		<b>5 125</b>	<b>8 065</b>
<b>Total equity and liabilities</b>		<b>52 777</b>	<b>54 775</b>

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

USD thousands	Share capital	Additional paid-in capital	Own shares	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				1 396		1 396
Other comprehensive income (loss)				-		-
Purchase own shares			(489)	24		(464)
Share based payment					11	11
<b>Balance as of 31.12.2022</b>	<b>28 739</b>	<b>51 170</b>	<b>(489)</b>	<b>(32 191)</b>	<b>422</b>	<b>47 652</b>

USD thousands	Share capital	Additional paid-in capital	Own shares	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				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
Share based payment					11	11
<b>Balance as of 31.12.2021</b>	<b>28 739</b>	<b>51 170</b>	-	<b>(33 611)</b>	<b>411</b>	<b>46 709</b>

## 8.4. Interim consolidated statement of cash flow

USD thousands	Note	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
<b>Cash flow from operating activities</b>					
Profit (loss) before tax		3 462	9 599	(362)	14 087
Taxes refund (paid)		-	0	264	(147)
Depreciation, amortization and net impairment	3	(5 631)	2 410	(8 076)	14 341
Changes in fair value for investments	2	4 321	(8 404)	13 447	(8 404)
Changes in other gains and losses		-	-	(666)	-
Gain reconstruction		-	-	-	(24 667)
Currency (gain)/loss without cash flow effects		(0)	(2)	0	(67)
Interest expense		(82)	(197)	69	1 730
Share based payment cost		1	9	11	11
Reconstruction payments		-	-	-	(5 077)
Other working capital changes		(1 477)	(8 036)	(3 576)	(1 451)
<b>Net cash from operating activities</b>		<b>594</b>	<b>(4 621)</b>	<b>1 112</b>	<b>(9 645)</b>
<b>Cash flow from investing activities</b>					
Disposal of property, plant and equipment		-	-	500	-
Investment in own shares		-	-	(464)	-
Cash received/paid from investments		-	(4 693)	(2 000)	(9 864)
<b>Net cash flow from investment activities</b>		<b>-</b>	<b>(4 693)</b>	<b>(1 964)</b>	<b>(9 864)</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		-	3 921	-	21 597
Interest paid lease liabilities		-	-	-	(1)
Interest paid		(0)	233	(59)	(1 587)
<b>Net cash flow from financial activities</b>		<b>(0)</b>	<b>4 154</b>	<b>(955)</b>	<b>17 641</b>
<b>Net change in cash and cash equivalents</b>		<b>594</b>	<b>(5 160)</b>	<b>(1 807)</b>	<b>(1 868)</b>
Cash and cash equivalents balance 01.10/01.01		1 604	9 165	4 005	5 873
<b>Cash and cash equivalents balance 31.12</b>		<b>2 197</b>	<b>4 005</b>	<b>2 197</b>	<b>4 005</b>



## 9 Notes to the interim consolidated financial statements

### Note 1 Segment

USD thousands Q4 2022/2021	Segment reporting				Unallocated		Total	
	Axis		Investment					
<b>Income statement</b>	Q4 2022	Q4 2021	Q4 2022	Q4 2021	Q4 2022	Q4 2021	Q4 2022	Q4 2021
<b>Total revenue</b>	<b>2 522</b>	<b>5 631</b>	-	-	-	-	<b>2 522</b>	<b>5 631</b>
Changes in fair value of investments (loss)	-	-	(4 321)	8 404	-	-	(4 321)	8 404
Other gains (losses)	-	-	-	-	-	-	-	-
Total cost of sales	(20)	(479)	-	-	-	-	(20)	(479)
Selling, general and administrative expenses	(95)	(222)	(3)	(2)	(537)	(1 379)	(634)	(1 603)
Amortization multi-client	(1 369)	(1 828)	-	-	-	-	(1 369)	(1 828)
Write-up multi-client (reversal of impairment)	7 000	-	-	-	-	-	7 000	-
Depreciation & impairment	-	(581)	-	-	-	(1)	-	(581)
<b>Operating profit (loss)</b>	<b>8 039</b>	<b>2 521</b>	<b>(4 323)</b>	<b>8 402</b>	<b>(537)</b>	<b>(1 380)</b>	<b>3 179</b>	<b>9 543</b>

USD thousands Full year 2022/2021	Segment reporting				Unallocated		Total	
	Axis		Investment					
<b>Income statement</b>	Full year 2022	Full year 2021	Full year 2022	Full year 2021	Full year 2022	Full year 2021	Full year 2022	Full year 2021
<b>Total revenue</b>	<b>7 258</b>	<b>15 816</b>	-	-	-	-	<b>7 258</b>	<b>15 816</b>
Changes in fair value of investments (loss)	-	-	(13 447)	8 404	-	-	(13 447)	8 404
Other gains (losses)	666	-	-	-	-	-	666	-
Total cost of sales	(399)	(10 381)	-	-	-	-	(399)	(10 381)
Selling, general and administrative expenses	(413)	(909)	(6)	(4)	(1 998)	(5 720)	(2 417)	(6 633)
Amortization multi-client	(3 983)	(7 312)	-	-	-	-	(3 983)	(7 312)
Write-up multi-client (reversal of impairment)	12 618	-	-	-	-	-	12 618	-
Depreciation & impairment	(548)	(6 965)	-	-	(11)	(64)	(559)	(7 029)
<b>Operating profit (loss)</b>	<b>15 198</b>	<b>(9 751)</b>	<b>(13 453)</b>	<b>8 400</b>	<b>(2 009)</b>	<b>(5 785)</b>	<b>(264)</b>	<b>(7 136)</b>

## Note 2 Investment

USD thousands

<b>Non-current assets</b>	<b>31.12.2022</b>	<b>Change quarter</b>	<b>30.09.2022</b>
<b>Listed securities</b>			
CO2 Capsol AS	4 246	574	3 672
Dolphin Drilling AS	2 245	363	1 882
<b>Listed securities</b>	6 491	937	5 554
<b>Unlisted securities</b>			
Arbaflame AS	330	29	301
Power By BritishVolt Limited			
- Common shares	-	(3 349)	3 349
- Options	-	(1 937)	1 937
	-	(5 287)	5 287
<b>Unlisted securities</b>	330	(5 258)	5 588
<b>Total non-current assets</b>	<b>6 821</b>	<b>(4 321)</b>	<b>11 142</b>
<b>Change in fair value of investments (loss)</b>		<b>(4 321)</b>	

### CO2 Capsol AS

The investment in CO2 Capsol is valued based on Level 1 inputs, quoted prices in active markets. Closing price 31 December 2022 was NOK 11.50 per share.

### Dolphin Drilling AS

The investment in Dolphin Drilling is valued based on Level 1 inputs, quoted prices in active markets. Closing price 31 December 2022 was NOK 12.898 per share.

### Arbaflame AS

The investment in Arbaflame is measured based on Level 3 inputs. The Company had an equity private placement of NOK 45.5 million in November 2022 at NOK 0.83 per share and the Group is using this value accordingly. Based on this valuation, the estimated fair value of the Group's investment in Arbaflame was USD 0.3 million (NOK 3.3 million) at the end of December 2022.

### Power by Britishvolt Limited

The investment in Britishvolt is measured based on Level 3 inputs. The Group is currently valuing Britishvolt at GBP 0.0 per share which is based on the fact that the Company is under administration.

### Note 3 Multi-client library

#### **Norwegian North Sea – Utsira**

The Group's net book value as of December is USD 28.2 million which include a Write-up (reversal of impairment) of USD 7.0 million due to the Reprocessing Utsira project announced in December 2022. The Group will start amortization in January 2023 on this project with lifetime over 10 years.

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

Further, the Group has during the fourth quarter a late sale of the survey with USD 2.5 million, which is a net cash contribution to the Group.

#### **Egypt – Gulf of Suez**

The Group's net book value as of December is USD 9.3 million.

The survey was processed and ready for late sales in Q3 2022.

The Group's amortization of Gulf of Suez was USD 0.66 million during the fourth quarter.

#### 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 Q4 2022 are based on the assumption of going concern.

#### Note 6 Subsequent event

Subsequent to quarter end, the Group received a legal complaint from one of its competitors and has commenced an arbitration process relating to this matter. The Group does not expect that the outcome of an arbitration proceeding will have a material adverse effect on the financial statements and has therefore not made any related accruals.

**Oslo, 22 February 2023**

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 Haugstad  
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 other industries in listed companies as well as companies expected to be listed in the near term. 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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