



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 823 324 642  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: AXXIS PRODUCTION AS  
Forretningsadresse: Askekroken 11  
0277 OSLO

### Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

### Konsern

Mørselskap i konsern: Ja  
Konsernregnskap lagt ved: Ja

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler  
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: IFRS

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Nina Midtlie  
Dato for fastsettelse av årsregnskapet: 25.03.2022

### Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert  
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 23.06.2023



### Resultatregnskap

| Beløp i: USD                                 | Note | 2021               | 2020              |
|--|------|--------------------|-------------------|
| <b>RESULTATREGNSKAP</b>                      |      |                    |                   |
| <b>Inntekter</b>                             |      |                    |                   |
| Total revenue                                | 2    | 3 358 241          | 45 965 002        |
| <b>Sum inntekter</b>                         |      | <b>3 358 241</b>   | <b>45 965 002</b> |
| <b>Kostnader</b>                             |      |                    |                   |
| Cost of sale                                 | 3    | 11 618 925         | 39 986 875        |
| Other operating expenses                     | 4    | 30 987             | 51 497            |
| <b>Sum kostnader</b>                         |      | <b>11 649 912</b>  | <b>40 038 372</b> |
| <b>Driftsresultat</b>                        |      | <b>-8 291 671</b>  | <b>5 926 630</b>  |
| <b>Finansinntekter og finanskostnader</b>    |      |                    |                   |
| financial income, currency exchange gain     |      | 181 982            | 14 406            |
| <b>Sum finansinntekter</b>                   |      | <b>181 982</b>     | <b>14 406</b>     |
| financial expense                            |      | 2 425              | 3 212             |
| <b>Sum finanskostnader</b>                   |      | <b>2 425</b>       | <b>3 212</b>      |
| <b>Netto finans</b>                          |      | <b>179 557</b>     | <b>11 194</b>     |
| <b>Ordinært resultat før skattekostnad</b>   |      | <b>-8 112 114</b>  | <b>5 937 824</b>  |
| Income tax (expense)                         | 5    | 2 216 018          | 1 310 440         |
| <b>Ordinært resultat etter skattekostnad</b> |      | <b>-10 328 132</b> | <b>4 627 384</b>  |
| <b>Årsresultat</b>                           |      | <b>-10 328 132</b> | <b>4 627 384</b>  |
| <b>Overføringer og disponeringer</b>         |      |                    |                   |
| Overføringer til/fra annen egenkapital       |      | -10 328 132        | -4 627 384        |
| <b>Sum overføringer og disponeringer</b>     |      | <b>-10 328 132</b> | <b>-4 627 384</b> |



### Balanse

| Beløp i: USD                                   | Note | 2021             | 2020              |
|--|------|------------------|-------------------|
| <b>BALANSE - EIENDELER</b>                     |      |                  |                   |
| <b>Anleggsmidler</b>                           |      |                  |                   |
| <b>Immaterielle eiendeler</b>                  |      |                  |                   |
| <b>Finansielle anleggsmidler</b>               |      |                  |                   |
| Investering i datterselskap                    | 10   | 820              | 820               |
| <b>Sum finansielle anleggsmidler</b>           |      | <b>820</b>       | <b>820</b>        |
| <b>Sum anleggsmidler</b>                       |      | <b>820</b>       | <b>820</b>        |
| <b>Omløpsmidler</b>                            |      |                  |                   |
| <b>Varer</b>                                   |      |                  |                   |
| <b>Fordringer</b>                              |      |                  |                   |
| Other current assets                           | 8    | 279 516          | 457 229           |
| Konsernfordringer                              | 7    | 4 581 753        | 10 793 748        |
| <b>Sum fordringer</b>                          |      | <b>4 861 269</b> | <b>11 250 977</b> |
| <b>Bankinnskudd, kontanter og lignende</b>     |      |                  |                   |
| Cash and cash equivalents                      | 9    | 5 551            | 4 702 576         |
| <b>Sum bankinnskudd, kontanter og lignende</b> |      | <b>5 551</b>     | <b>4 702 576</b>  |
| <b>Sum omløpsmidler</b>                        |      | <b>4 866 820</b> | <b>15 953 553</b> |
| <b>SUM EIENDELER</b>                           |      | <b>4 867 640</b> | <b>15 954 373</b> |
| <b>BALANSE - EGENKAPITAL OG GJELD</b>          |      |                  |                   |
| <b>Egenkapital</b>                             |      |                  |                   |
| <b>Innskutt egenkapital</b>                    |      |                  |                   |
| Share Capital                                  | 6    | 5 556            | 5 556             |
| <b>Sum innskutt egenkapital</b>                |      | <b>5 556</b>     | <b>5 556</b>      |
| <b>Opptjent egenkapital</b>                    |      |                  |                   |
| Accumulated earnings                           |      |                  | 608 256           |



## Balanse

| <b>Beløp i: USD</b>             | <b>Note</b> | <b>2021</b>       | <b>2020</b>       |
|---------------------------------|-------------|-------------------|-------------------|
| Udekket tap                     |             | 9 922 411         |                   |
| <b>Sum opptjent egenkapital</b> |             | <b>-9 922 411</b> | <b>608 256</b>    |
| <b>Sum egenkapital</b>          |             | <b>-9 916 855</b> | <b>613 812</b>    |
| <b>Sum langsiktig gjeld</b>     |             | <b>0</b>          | <b>0</b>          |
| <b>Kortsiktig gjeld</b>         |             |                   |                   |
| Leverandørgjeld                 |             | 90 846            | 121               |
| Kortsiktig konserngjeld         | 7           | 12 358 119        | 15 340 440        |
| Other current liabilities       | 8           | 2 335 530         | 0                 |
| <b>Sum kortsiktig gjeld</b>     |             | <b>14 784 495</b> | <b>15 340 561</b> |
| <b>Sum gjeld</b>                |             | <b>14 784 495</b> | <b>15 340 561</b> |
| <b>SUM EGENKAPITAL OG GJELD</b> |             | <b>4 867 640</b>  | <b>15 954 373</b> |



## Konsernets resultatregnskap

| Beløp i: USD  | Note | 2021              | 2020              |
|---|------|-------------------|-------------------|
| <b>RESULTATREGNSKAP</b>                                       |      |                   |                   |
| <b>Inntekter</b>  |      |                   |                   |
| Salgsinntekt  | 3.4  | 14 653 000        | 92 790 000        |
| Change in fair value for investments                          |      | 8 404 000         | 0                 |
| Other income  | 4    | 1 163 000         | 0                 |
| <b>Sum inntekter</b>  |      | <b>24 220 000</b> | <b>92 790 000</b> |
| <b>Kostnader</b>  |      |                   |                   |
| Varekostnad   | 5    | 10 381 000        | 52 313 000        |
| Lønnskostnad  | 3,21 | 3 469 000         | 3 388 000         |
| Avskrivning på varige driftsmidler og immaterielle eiendeler  | 11   | 7 312 000         | 21 620 000        |
| Nedskrivning av varige driftsmidler og immaterielle eiendeler | 10   | 7 029 000         | 5 934 000         |
| Annen driftskostnad   | 3    | 3 165 000         | 3 690 000         |
| <b>Sum kostnader</b>  |      | <b>31 356 000</b> | <b>86 945 000</b> |
| <b>Driftsresultat</b>   |      | <b>-7 136 000</b> | <b>5 845 000</b>  |
| <b>Finansinntekter og finanskostnader</b>                     |      |                   |                   |
| financial income  | 6    | 2 000             | 3 847 000         |
| Gain on debt construction                                     | 2.3  | 24 667 000        | 0                 |
| <b>Sum finansinntekter</b>                                    |      | <b>24 669 000</b> | <b>3 847 000</b>  |
| Financial expense, currency exchange gain (loss)              | 6    | 3 446 000         | 5 739 000         |
| <b>Sum finanskostnader</b>                                    |      | <b>3 446 000</b>  | <b>5 739 000</b>  |
| <b>Netto finans</b>   |      | <b>21 223 000</b> | <b>-1 892 000</b> |
| <b>Ordinært resultat før skattekostnad</b>                    |      | <b>14 087 000</b> | <b>3 953 000</b>  |
| Skattekostnad på ordinært resultat                            | 7    | 152 000           | 7 086 000         |
| <b>Ordinært resultat etter skattekostnad</b>                  |      | <b>13 935 000</b> | <b>-3 133 000</b> |
| <b>Årsresultat</b>  |      | <b>13 935 000</b> | <b>-3 133 000</b> |
| <b>Overføringer og disponeringer</b>                          |      |                   |                   |
| Udekket tap   |      |                   | 3 133 000         |
| Overføringer til/fra annen egenkapital                        |      | 13 935 000        |                   |



## Konsernets resultatregnskap

| <b>Beløp i: USD</b>               | <b>Note</b> | <b>2021</b> | <b>2020</b> |
|-----------------------------------|-------------|-------------|-------------|
| Sum overføringer og disponeringer |             | 13 935 000  | 3 133 000   |



## Konsernets balanse

| Beløp i: USD  | Note | 2021              | 2020              |
|---|------|-------------------|-------------------|
| <b>BALANSE - EIENDELER</b>                                  |      |                   |                   |
| <b>Anleggsmidler</b>  |      |                   |                   |
| <b>Immaterielle eiendeler</b>                               |      |                   |                   |
| Multi-client library  | 11   | 28 856 000        | 36 168 000        |
| <b>Sum immaterielle eiendeler</b>                           |      | <b>28 856 000</b> | <b>36 168 000</b> |
| <b>Varige driftsmidler</b>                                  |      |                   |                   |
| Maskiner og anlegg  |      | 3 412 000         | 8 114 000         |
| Skip, rigger, fly og lignende                               |      | 0                 | 3 454 000         |
| Driftsløsøre, inventar, verktøy, kontormaskiner og lignende |      | 12 000            | 227 000           |
| <b>Sum varige driftsmidler</b>                              |      | <b>3 424 000</b>  | <b>11 795 000</b> |
| <b>Finansielle anleggsmidler</b>                            |      |                   |                   |
| Investments   | 13   | 18 268 000        | 0                 |
| <b>Sum finansielle anleggsmidler</b>                        |      | <b>18 268 000</b> | <b>0</b>          |
| <b>Sum anleggsmidler</b>                                    |      | <b>50 548 000</b> | <b>47 963 000</b> |
| <b>Omløpsmidler</b>   |      |                   |                   |
| <b>Varer</b>  |      |                   |                   |
| Varer   | 12   | 0                 | 85 000            |
| <b>Sum varer</b>  |      | <b>0</b>          | <b>85 000</b>     |
| <b>Fordringer</b>   |      |                   |                   |
| Andre fordringer  | 9    | 222 000           | 531 000           |
| <b>Sum fordringer</b>                                       |      | <b>222 000</b>    | <b>531 000</b>    |
| <b>Bankinnskudd, kontanter og lignende</b>                  |      |                   |                   |
| Bankinnskudd, kontanter og lignende                         | 6    | 4 005 000         | 5 873 000         |
| <b>Sum bankinnskudd, kontanter og lignende</b>              |      | <b>4 005 000</b>  | <b>5 873 000</b>  |
| <b>Sum omløpsmidler</b>                                     |      | <b>4 227 000</b>  | <b>6 489 000</b>  |
| <b>SUM EIENDELER</b>  |      | <b>54 775 000</b> | <b>54 452 000</b> |



### Konsernets balanse

| Beløp i: USD                          | Note | 2021               | 2020               |
|---------------------------------------|------|--------------------|--------------------|
| <b>BALANSE - EGENKAPITAL OG GJELD</b> |      |                    |                    |
| <b>Egenkapital</b>                    |      |                    |                    |
| <b>Innskutt egenkapital</b>           |      |                    |                    |
| Selskapskapital                       | 19   | 28 739 000         | 840 000            |
| Overkurs                              |      | 51 170 000         | 38 453 000         |
| <b>Sum innskutt egenkapital</b>       |      | <b>79 909 000</b>  | <b>39 293 000</b>  |
| <b>Opptjent egenkapital</b>           |      |                    |                    |
| Share based programme                 |      | 411 000            | 400 000            |
| Udekket tap                           |      | 33 611 000         | 47 545 000         |
| <b>Sum opptjent egenkapital</b>       |      | <b>-33 200 000</b> | <b>-47 145 000</b> |
| <b>Sum egenkapital</b>                |      | <b>46 709 000</b>  | <b>-7 852 000</b>  |
| <b>Gjeld</b>                          |      |                    |                    |
| <b>Langsiktig gjeld</b>               |      |                    |                    |
| <b>Annen langsiktig gjeld</b>         |      |                    |                    |
| Interest bearing debt                 | 14   | 896 000            | 17 417 000         |
| <b>Sum annen langsiktig gjeld</b>     |      | <b>896 000</b>     | <b>17 417 000</b>  |
| <b>Sum langsiktig gjeld</b>           |      | <b>896 000</b>     | <b>17 417 000</b>  |
| <b>Kortsiktig gjeld</b>               |      |                    |                    |
| Interest bearing debt current         | 14   | 0                  | 16 561 000         |
| Leverandørgjeld                       | 16   | 333 000            | 12 251 000         |
| Betalbar skatt                        | 7,18 | 2 362 000          | 0                  |
| Annen kortsiktig gjeld                | 18   | 4 475 000          | 16 075 000         |
| <b>Sum kortsiktig gjeld</b>           |      | <b>7 170 000</b>   | <b>44 887 000</b>  |
| <b>Sum gjeld</b>                      |      | <b>8 066 000</b>   | <b>62 304 000</b>  |
| <b>SUM EGENKAPITAL OG GJELD</b>       |      | <b>54 775 000</b>  | <b>54 452 000</b>  |



## Brønnøysundregistrene

### ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer: 2022 459603

#### Enheten

Organisasjonsnummer: 823 324 642  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: AXXIS PRODUCTION AS  
Forretningsadresse: Askekroken 11  
0277 OSLO

#### Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

#### Konsern

Morselskap i konsern: Ja  
Konsernregnskap lagt ved: Ja

#### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av  
årsregnskapet til selskapet: Regnskapslovens alminnelige regler  
Benyttet ved utarbeidelsen av  
årsregnskapet til konsernet: IFRS

#### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Nina Midtlie  
Dato for fastsettelse av årsregnskapet: 25.03.2022

#### Grunnlag for avgivelse

År 2021: Årsregnskap er elektronisk innlevert.  
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021.

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 21.06.2022



Organisasjonsnr: 823 324 642  
AXXIS PRODUCTION AS

## RESULTATREGNSKAP

| Beløp i: USD                                 | Note | 2021               | 2020              |
|--|------|--------------------|-------------------|
| <b>RESULTATREGNSKAP</b>                      |      |                    |                   |
| <b>Inntekter</b>                             |      |                    |                   |
| Total revenue                                | 2    | 3 358 241          | 45 965 002        |
| <b>Sum inntekter</b>                         |      | <b>3 358 241</b>   | <b>45 965 002</b> |
| <b>Kostnader</b>                             |      |                    |                   |
| Cost of sale                                 | 3    | 11 618 925         | 39 986 875        |
| Other operating expenses                     | 4    | 30 987             | 51 497            |
| <b>Sum kostnader</b>                         |      | <b>11 649 912</b>  | <b>40 038 372</b> |
| <b>Driftsresultat</b>                        |      | <b>-8 291 671</b>  | <b>5 926 630</b>  |
| <b>Finansinntekter og finanskostnader</b>    |      |                    |                   |
| financial income, currency exchange gain     |      | 181 982            | 14 406            |
| <b>Sum finansinntekter</b>                   |      | <b>181 982</b>     | <b>14 406</b>     |
| financial expense                            |      | 2 425              | 3 212             |
| <b>Sum finanskostnader</b>                   |      | <b>2 425</b>       | <b>3 212</b>      |
| <b>Netto finans</b>                          |      | <b>179 557</b>     | <b>11 194</b>     |
| <b>Ordinært resultat før skattekostnad</b>   |      |                    |                   |
| Income tax (expense)                         | 5    | -8 112 114         | 5 937 824         |
| <b>Ordinært resultat etter skattekostnad</b> |      | <b>2 216 018</b>   | <b>1 310 440</b>  |
| <b>Årsresultat</b>                           |      | <b>-10 328 132</b> | <b>4 627 384</b>  |
| <b>Overføringer og disponeringer</b>         |      |                    |                   |
| Overføringer til/fra annen egenkapital       |      | -10 328 132        | -4 627 384        |
| <b>Sum overføringer og disponeringer</b>     |      | <b>-10 328 132</b> | <b>-4 627 384</b> |



Organisasjonsnr: 823 324 642  
AXXIS PRODUCTION AS

## BALANSE

Beløp i: USD Note 2021 2020

### BALANSE - EIENDELER

#### Anleggsmidler Immaterielle eiendeler

#### Finansielle anleggsmidler

|                                |  |     |     |
|--------------------------------|--|-----|-----|
| Investering i datterselskap 10 |  | 820 | 820 |
| Sum finansielle anleggsmidler  |  | 820 | 820 |
| Sum anleggsmidler              |  | 820 | 820 |

#### Omløpsmidler

#### Varer

#### Fordringer

|                      |   |           |            |
|----------------------|---|-----------|------------|
| Other current assets | 8 | 279 516   | 457 229    |
| Konsernfordringer    | 7 | 4 581 753 | 10 793 748 |
| Sum fordringer       |   | 4 861 269 | 11 250 977 |

#### Bankinnskudd, kontanter og lignende

|   |   |       |           |
|---|---|-------|-----------|
| Cash and cash equivalents               | 9 | 5 551 | 4 702 576 |
| Sum bankinnskudd, kontanter og lignende |   | 5 551 | 4 702 576 |

|                  |  |           |            |
|------------------|--|-----------|------------|
| Sum omløpsmidler |  | 4 866 820 | 15 953 553 |
|------------------|--|-----------|------------|

|               |  |           |            |
|---------------|--|-----------|------------|
| SUM EIENDELER |  | 4 867 640 | 15 954 373 |
|---------------|--|-----------|------------|

### BALANSE - EGENKAPITAL OG GJELD

#### Egenkapital

#### Innskutt egenkapital

|                          |   |       |       |
|--------------------------|---|-------|-------|
| Share Capital            | 6 | 5 556 | 5 556 |
| Sum innskutt egenkapital |   | 5 556 | 5 556 |

#### Opptjent egenkapital

|                          |  |            |         |
|--------------------------|--|------------|---------|
| Accumulated earnings     |  |            | 608 256 |
| Udekket tap              |  | 9 922 411  |         |
| Sum opptjent egenkapital |  | -9 922 411 | 608 256 |

|                 |  |            |         |
|-----------------|--|------------|---------|
| Sum egenkapital |  | -9 916 855 | 613 812 |
|-----------------|--|------------|---------|

|                      |  |   |   |
|----------------------|--|---|---|
| Sum langsiktig gjeld |  | 0 | 0 |
|----------------------|--|---|---|

#### Kortsiktig gjeld

|                 |  |        |     |
|-----------------|--|--------|-----|
| Leverandørgjeld |  | 90 846 | 121 |
|-----------------|--|--------|-----|



|                                 |   |                   |                   |
|---------------------------------|---|-------------------|-------------------|
| Kortsiktig konserngjeld         | 7 | 12 358 119        | 15 340 440        |
| Other current liabilities       | 8 | 2 335 530         | 0                 |
| <b>Sum kortsiktig gjeld</b>     |   | <b>14 784 495</b> | <b>15 340 561</b> |
| <b>Sum gjeld</b>                |   | <b>14 784 495</b> | <b>15 340 561</b> |
| <b>SUM EGENKAPITAL OG GJELD</b> |   | <b>4 867 640</b>  | <b>15 954 373</b> |



Organisasjonsnr: 823 324 642  
AXXIS PRODUCTION AS

## KONSERNRESULTATREGNSKAP

| Beløp i: USD  | Note | 2021              | 2020              |
|---|------|-------------------|-------------------|
| <b>RESULTATREGNSKAP</b>                                       |      |                   |                   |
| <b>Inntekter</b>  |      |                   |                   |
| Salgsinntekt  | 3.4  | 14 653 000        | 92 790 000        |
| Change in fair value for investments                          |      | 8 404 000         | 0                 |
| Other income  | 4    | 1 163 000         | 0                 |
| <b>Sum inntekter</b>  |      | <b>24 220 000</b> | <b>92 790 000</b> |
| <b>Kostnader</b>  |      |                   |                   |
| Varekostnad   | 5    | 10 381 000        | 52 313 000        |
| Lønnskostnad  | 3,21 | 3 469 000         | 3 388 000         |
| Avskrivning på varige driftsmidler og immaterielle eiendeler  | 11   | 7 312 000         | 21 620 000        |
| Nedskrivning av varige driftsmidler og immaterielle eiendeler | 10   | 7 029 000         | 5 934 000         |
| Annen driftskostnad   | 3    | 3 165 000         | 3 690 000         |
| <b>Sum kostnader</b>  |      | <b>31 356 000</b> | <b>86 945 000</b> |
| <b>Driftsresultat</b>   |      | <b>-7 136 000</b> | <b>5 845 000</b>  |
| <b>Finansinntekter og finanskostnader</b>                     |      |                   |                   |
| financial income  | 6    | 2 000             | 3 847 000         |
| Gain on debt construction                                     | 2.3  | 24 667 000        | 0                 |
| <b>Sum finansinntekter</b>                                    |      | <b>24 669 000</b> | <b>3 847 000</b>  |
| Financial expense, currency exchange gain (loss)              | 6    | 3 446 000         | 5 739 000         |
| <b>Sum finanskostnader</b>                                    |      | <b>3 446 000</b>  | <b>5 739 000</b>  |
| <b>Netto finans</b>   |      | <b>21 223 000</b> | <b>-1 892 000</b> |
| <b>Ordinært resultat før skattekostnad</b>                    |      |                   |                   |
| Skattekostnad på ordinært resultat                            | 7    | 152 000           | 7 086 000         |
| <b>Ordinært resultat etter skattekostnad</b>                  |      | <b>13 935 000</b> | <b>-3 133 000</b> |
| <b>Årsresultat</b>  |      | <b>13 935 000</b> | <b>-3 133 000</b> |
| <b>Overføringer og disponeringer</b>                          |      |                   |                   |
| Udekket tap   |      |                   | 3 133 000         |
| Overføringer til/fra annen egenkapital                        |      | 13 935 000        |                   |



Sum overføringer og  
disponeringer

13 935 000

3 133 000



Organisasjonsnr: 823 324 642  
AXXIS PRODUCTION AS

## KONSERNBALANSE

| Beløp i: USD  | Note | 2021              | 2020              |
|---|------|-------------------|-------------------|
| <b>BALANSE - EIENDELER</b>                                  |      |                   |                   |
| <b>Anleggsmidler</b>  |      |                   |                   |
| <b>Immaterielle eiendeler</b>                               |      |                   |                   |
| Multi-client library  | 11   | 28 856 000        | 36 168 000        |
| <b>Sum immaterielle eiendeler</b>                           |      | <b>28 856 000</b> | <b>36 168 000</b> |
| <b>Varige driftsmidler</b>                                  |      |                   |                   |
| Maskiner og anlegg  |      | 3 412 000         | 8 114 000         |
| Skip, rigger, fly og lignende                               |      | 0                 | 3 454 000         |
| Driftsløsøre, inventar, verktøy, kontormaskiner og lignende |      | 12 000            | 227 000           |
| <b>Sum varige driftsmidler</b>                              |      | <b>3 424 000</b>  | <b>11 795 000</b> |
| <b>Finansielle anleggsmidler</b>                            |      |                   |                   |
| Investments   | 13   | 18 268 000        | 0                 |
| <b>Sum finansielle anleggsmidler</b>                        |      | <b>18 268 000</b> | <b>0</b>          |
| <b>Sum anleggsmidler</b>                                    |      | <b>50 548 000</b> | <b>47 963 000</b> |
| <b>Omløpsmidler</b>   |      |                   |                   |
| <b>Varer</b>  |      |                   |                   |
| Varer   | 12   | 0                 | 85 000            |
| <b>Sum varer</b>  |      | <b>0</b>          | <b>85 000</b>     |
| <b>Fordringer</b>   |      |                   |                   |
| Andre fordringer  | 9    | 222 000           | 531 000           |
| <b>Sum fordringer</b>                                       |      | <b>222 000</b>    | <b>531 000</b>    |
| <b>Bankinnskudd, kontanter og lignende</b>                  |      |                   |                   |
| Bankinnskudd, kontanter og lignende                         | 6    | 4 005 000         | 5 873 000         |
| <b>Sum bankinnskudd, kontanter og lignende</b>              |      | <b>4 005 000</b>  | <b>5 873 000</b>  |
| <b>Sum omløpsmidler</b>                                     |      | <b>4 227 000</b>  | <b>6 489 000</b>  |
| <b>SUM EIENDELER</b>  |      | <b>54 775 000</b> | <b>54 452 000</b> |
| <b>BALANSE - EGENKAPITAL OG GJELD</b>                       |      |                   |                   |
| <b>Egenkapital</b>  |      |                   |                   |
| Innskutt egenkapital  |      |                   |                   |
| Selskapskapital   | 19   | 28 739 000        | 840 000           |



|                                   |      |                    |                    |
|-----------------------------------|------|--------------------|--------------------|
| Overkurs                          |      | 51 170 000         | 38 453 000         |
| <b>Sum innskutt egenkapital</b>   |      | <b>79 909 000</b>  | <b>39 293 000</b>  |
| <b>Opptjent egenkapital</b>       |      |                    |                    |
| Share based programme             |      | 411 000            | 400 000            |
| Udekket tap                       |      | 33 611 000         | 47 545 000         |
| <b>Sum opptjent egenkapital</b>   |      | <b>-33 200 000</b> | <b>-47 145 000</b> |
| <b>Sum egenkapital</b>            |      | <b>46 709 000</b>  | <b>-7 852 000</b>  |
| <b>Gjeld</b>                      |      |                    |                    |
| <b>Langsiktig gjeld</b>           |      |                    |                    |
| <b>Annen langsiktig gjeld</b>     |      |                    |                    |
| Interest bearing debt             | 14   | 896 000            | 17 417 000         |
| <b>Sum annen langsiktig gjeld</b> |      | <b>896 000</b>     | <b>17 417 000</b>  |
| <b>Sum langsiktig gjeld</b>       |      | <b>896 000</b>     | <b>17 417 000</b>  |
| <b>Kortsiktig gjeld</b>           |      |                    |                    |
| Interest bearing debt             |      |                    |                    |
| current                           | 14   | 0                  | 16 561 000         |
| Leverandørgjeld                   | 16   | 333 000            | 12 251 000         |
| Betalbar skatt                    | 7,18 | 2 362 000          | 0                  |
| Annen kortsiktig gjeld            | 18   | 4 475 000          | 16 075 000         |
| <b>Sum kortsiktig gjeld</b>       |      | <b>7 170 000</b>   | <b>44 887 000</b>  |
| <b>Sum gjeld</b>                  |      | <b>8 066 000</b>   | <b>62 304 000</b>  |
| <b>SUM EGENKAPITAL OG GJELD</b>   |      | <b>54 775 000</b>  | <b>54 452 000</b>  |



Organisasjonsnr: 823 324 642  
AXXIS PRODUCTION AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note  
1

Regnskapsprinsipper  
Note 1 i Annual Report

Note

Er det usikkerhet om fortsatt drift?: Ja

Revisor har kommentert uncertainty related to going concern, the opinion is not modified

Mer om årsverk og lønn  
Det er ingen ansatte

Sum Beløp

---

Mer om ekstraordinære inntekter og kostnader  
Det er ingen poster i regnskapet

Note

Varige driftsmidler og immaterielle eiendeler

Balanseført verdi 31.12. Varige driftsmidler Immaterielle eiend.

---

Anskaffelseskost - balanseførte lånekostnader, egentilvirkede anleggsmidler

Goodwill spesifisert for hvert enkelt virksomhetskjøp

Avskrivningsplan for goodwill som er lenger enn fem år - begrunnelse

Mer om varige driftsmidler/immaterielle eiendeler  
Det ingen poster i regnskapet

Note  
7

Konsern, tilknyttet selskap m.v.

Investering som regnskapsføres etter egenkapitalmetoden

**Konsernregnskap**

Virksomheten inngår i konsolideringen til morselskapets konsernregnsk.: Ja

**Morselskapet sitt navn**

Carbon Transition ASA

**Forretningskontor for morselskapet**

Askekroken 11, 0277 Oslo

**Begrunnelse for at datterselskap er utelatt fra konsolideringen****Konsern, tilknyttet selskap m.v. - fordringer og gjeld****Fordringer**

| <u>Samlet beløp - foretak i samme konsern</u> | <u>Årets</u> | <u>Fjorårets</u> |
|---|--------------|------------------|
|   | 4581754.00   | 10793749.00      |

| <u>Samlet beløp - tilknyttet selskap</u> | <u>Årets</u> | <u>Fjorårets</u> |
|--|--------------|------------------|
|--|--------------|------------------|

**Annen langsiktig gjeld**

| <u>Samlet beløp - foretak i samme konsern</u> | <u>Årets</u> | <u>Fjorårets</u> |
|---|--------------|------------------|
|---|--------------|------------------|

| <u>Samlet beløp - felles kontrollert virksomhet</u> | <u>Årets</u> | <u>Fjorårets</u> |
|---|--------------|------------------|
|---|--------------|------------------|

**Kortsiktig gjeld**

| <u>Samlet beløp - foretak i samme konsern</u> | <u>Årets</u> | <u>Fjorårets</u> |
|---|--------------|------------------|
|   | 12358119.00  | 15340440.00      |

| <u>Samlet beløp - felles kontrollert virksomhet</u> | <u>Årets</u> | <u>Fjorårets</u> |
|---|--------------|------------------|
|---|--------------|------------------|

| <u>Pantstillelse</u> | <u>Beløp</u> |
|----------------------|--------------|
|----------------------|--------------|

**Note**

8

**Fordringer**

Fordringer som forfaller senere enn ett år etter regnskapsårets slutt

**Mer om fordringer****Note**

| <u>Beholdning av egne aksjer</u> | <u>Antall</u> | <u>Pålydende</u> | <u>Andel av aksjek.</u> |
|----------------------------------|---------------|------------------|-------------------------|
|----------------------------------|---------------|------------------|-------------------------|



**Erverv**

Endringer i beholdning av aksjer i løpet av regnskapsåret

**Avhendelse**

Endringer i beholdning av aksjer i løpet av regnskapsåret

**Samvirkeforetak**

Vedtektsbestemmelser/årsmøtevedtak/forslag til vedtak om medlemskapskonti

**Mer om aksjer**

Det er ingen poster i regnskapet

**Note**

**Gjeld**

Gjeld som forfaller til betaling mer enn fem år etter regnskapsårets slutt

Gjeld sikret ved pant eller lignende sikkerhet i eiendeler

Balansført verdi av de pantsatte eiendeler

Summen av garantiforpliktelser som ikke er regnskapsført

Garantiforpliktelser som er sikret ved pant

**Mer om gjeld**

Det er ingen poster i selskapet

**Note**

Lån og sikkerhetsstillelse til medlemmer

Opplysninger om:

Medlemmer av:

**Mer om lån og sikkerhetsstillelse**

Det er ingen poster i regnskapet

**Note**

10

**Noteopplysninger ut over minimumskravene for små foretak**

Axxis Production eier Axxis Geo Solutions Egypt LLC (AGS Egypt LLC) med 99% og ultimate mor eier med 1%, dvs indirekte og direkte eie = 100% - derfor utarbeides et konsernregnskap hos den ultimate mor, Carbon Transition ASA, Askekroken 11 ,0277 Oslo. Konsernregnskapet er vedlagt innsendelse



Organisasjonsnr: 823 324 642  
AXXIS PRODUCTION AS

NOTEOPPLYSNINGER - KONSERN - alle poster oppgitt i hele tall

Note  
1,2

## Regnskapsprinsipper

Note  
21

Antall årsverk i regnskapsåret  
9.00

Note  
21

## Spesifisering av resultatregnskapet

### Lønnskostnader

|                    |            |            |
|--------------------|------------|------------|
| Lønn               | Årets      | Fjorårets  |
|                    | 2462000.00 | 2321000.00 |
| Folketrygdavgift   | Årets      | Fjorårets  |
|                    | 340000.00  | 261000.00  |
| Pensjonskostnader  | Årets      | Fjorårets  |
|                    | 150000.00  | 103000.00  |
| Andre ytelser      | Årets      | Fjorårets  |
|                    | 517000.00  | 703000.00  |
| Sum lønnskostnader | Årets      | Fjorårets  |
|                    | 3408000.00 | 3388000.00 |

Note

### Ekstraordinære inntekter og kostnader

Sum Beløp

Note  
10

### Varige driftsmidler og immaterielle eiendeler



Balanseført verdi 31.12.                      Varige driftsmidler   Immaterielle eiend.

Anskaffelseskost - balanseførte lånekostnader, egentilvirkede anleggsmidler

Goodwill spesifisert for hvert enkelt virksomhetskjøp

Avskrivningsplan for goodwill som er lenger enn fem år - begrunnelse

Mer om varige driftsmidler/immaterielle eiendeler  
se detaljer i note 10 årsregnskapet

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Konsern, tilknyttet selskap m.v. - fordringer og gjeld

Fordringer

Samlet beløp - tilknyttet selskap                      Årets                      Fjorårets

Samlet beløp - foretak i samme konsern                      Årets                      Fjorårets

Samlet beløp - foretak i samme konsern                      Årets                      Fjorårets

Samlet beløp - felles kontrollert virksomhet                      Årets                      Fjorårets

Pantstillelse                      Beløp

Note

9

Fordringer

Fordringer som forfaller senere enn ett år etter regnskapsårets slutt

Mer om fordringer  
se note 9 Other current assets i konsern årsregnskapet

Note



13

**Virkelig verdi og resultatført verdiendr. i perioden, finansielle instrumenter**

**Mer om finansielle instrumenter**

**Beskrivelse av finansielle derivater**

se note 13 Invesztment i konsern årsregnskapet

| <u>Beholdning av egne aksjer</u> | <u>Antall</u> | <u>Pålydende</u> | <u>Andel av aksjek.</u> |
|----------------------------------|---------------|------------------|-------------------------|
|----------------------------------|---------------|------------------|-------------------------|

**Note**

14

**Gjeld**

**Gjeld som forfaller til betaling mer enn fem år etter regnskapsårets slutt**  
0.00

**Gjeld sikret ved pant eller lignende sikkerhet i eiendeler**  
896000.00

**Balanseført verdi av de pantsatte eiendeler**  
18293000.00

**Summen av garantiforpliktelser som ikke er regnskapsført**

**Garantiforpliktelser som er sikret ved pant**

**Mer om gjeld**

**Note**

**Lån og sikkerhetsstillelse til medlemmer**

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei

**Opplysninger om:**

**Medlemmer av:**

**Mer om lån og sikkerhetsstillelse**

**Note**

**Noteopplysninger ut over minimumskravene for små foretak**

Note 3 segment reporting, Note 4 Revenue and cost for contract clients, Note 5 cost of sales, Note 7 tax, Note 8 bank deposit, cash in hand, Note 1 Intangible assets, Note 12 Inventories, Note 15 Financial risk management, Note 16 Categories of financial instruments, Note 17 leases and commitments, Note 18 Other current liabilities, Note 19 Share information and shareholders information, Note 20 related parties, Note 22 Share based payments programs, Note 23 auditors fee, Note 25 Earnings per share, Note 26 Cash flow information



Organisasjonsnummer: 917 811 288

Organisasjonsform: Allmennaksjeselskap

Stiftelsesdato: 24.08.2016

Registrert i  
Foretaksregisteret: 30.09.2016

Foretaksnavn: CARBON TRANSITION ASA

Tidligere foretaksnavn: AXXIS GEO SOLUTIONS ASA

Forretningsadresse: Strandveien 50  
1366 LYSAKER

Kommune: 3024 BÆRUM

Land: Norge

Aksjekapital NOK: 212 822 050,00

Daglig leder/  
adm.direktør: Ronny James Bøhn

Styre:  
Styrets leder: Bjørn Gisle Grønlie  
Huk Aveny 23 C  
0287 OSLO

Styremedlem: Nina Skage  
Torstein Sanness

Signatur: To styremedlemmer i fellesskap  
eller  
daglig leder og ett styremedlem i  
fellesskap.

Revisor: Godkjent revisjonsselskap  
Organisasjonsnummer 987 009 713  
PRICEWATERHOUSECOOPERS AS  
Dronning Eufemias gate 71  
0194 OSLO

Vedtektsfestet formål: Å drive industri, handel og  
virksomhet knyttet til energi, IT  
og råvarer, og næringssektorer  
direkte eller indirekte knyttet til  
dette, samt investeringer i og  
ervert av virksomheter,  
verdipapirer, finansielle  
instrumenter og andre eiendeler og  
deltakelse i annen virksomhet  
direkte eller indirekte knyttet til  
dette.



## Brønnøysundregistrene

Foretaksregisteret, Postboks 900, 8910 Brønnøysund  
Organisasjonsnummer: 974 760 673  
Internett: <http://www.brreg.no>

## Firmaattest

Telefon: 75 00 75 00

---

Firmaattesten inneholder opplysninger registrert i Foretaksregisteret om et bestemt foretak identifisert med organisasjonsnummer.

Opplysningene omfatter forhold som er registrert i Foretaksregisteret pr. utskriftsdato.

Meldepliktige forhold som ikke er meldt, og som er i strid med det som er registrert, kan ikke gjøres gjeldende overfor tredjemann, med mindre denne kjente til eller burde kjent forholdet, jf foretaksregisterloven § 10-1.

Enhver har rett til å gjøre seg kjent med det som er registrert i Foretaksregisteret. Dette gjelder imidlertid ikke fødselsnummer.



## Brønnøysundregistrene

Wikborg Rein Advokatfirma AS  
Postboks 1513 Vika  
0117 OSLO

Deres ref.  
Ida Thomsen

Vår ref.  
20190002022679-2 SB-RAT

Dato  
08.07.2019

### BEKREFTELSE

**NEPTUNE OFFSHORE AS** ble registrert i Foretaksregisteret den 09.01.2007 med organisasjonsnummer 990 691 371.

Organisasjonsform: Aksjeselskap

Følgende endringer vedrørende foretaksnavnet ble registrert:

Dato 28.01.2017: **AXXIS GEO SOLUTIONS AS**

#### Fusjon

Den 16.04.2019 ble det registrert en beslutning om fusjon mellom følgende selskap:

Overdragende selskap: **AXXIS GEO SOLUTIONS AS**,  
organisasjonsnummer 990 691 371

Overtakende selskap: **SONGA BULK ASA**,  
organisasjonsnummer 917 811 288

Gjennomføringen av fusjonen ble registrert den 02.07.2019 og **AXXIS GEO SOLUTIONS AS** ble slettet samme dato.

Fusjonen innebærer at eiendeler, rettigheter og forpliktelser overføres fra overdragende til overtakende selskap.

Fusjonen er gjennomført i samsvar med bestemmelsene i aksjeloven kapittel 13.



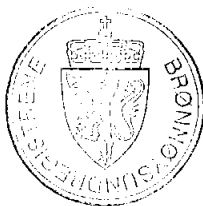
**Endring i overtakende selskap**  
**SONGA BULK ASA**, organisasjonsnummer 917 811 288

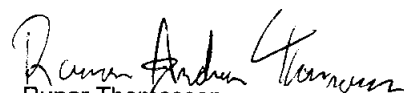
Følgende endringer vedrørende foretaksnavnet ble registrert:

Dato 02.07.2019: **AXXIS GEO SOLUTIONS ASA**


Med hilsen  
**BRØNNØYSUNDREGISTRENE**

Stein Roar Haugan  
underdirektør  
sign



  
Runar Thomassen  
fullmektig



  
Hege Nielsen  
Notarius Publicus  
for Brønnøysundregistrene



**Skattedirektoratet**

|  |                                     |                               |
|--|-------------------------------------|-------------------------------|
| Saksbehandler<br>Torstein Kinden Helleland | Deres dato<br>29.11.2016            | Vår dato<br>07.12.2016        |
| Telefon<br>22078139                        | Deres referanse<br>Thomas Rønningen | Vår referanse<br>2016/1172859 |

SONGA BULK AS  
Postboks 1468 Vika  
0116 OSLO

**Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Songa Bulk AS, org. nr. 917 811 288**

Vi viser til deres brev av 29. november 2016 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Songa Bulk AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Songa Bulk AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

**Bakgrunn**

Songa Bulk AS er eid av selskaper og andre profesjonelle investorer. Selskapet er morselskap i et konsern under etablering. Konsernet skal drive internasjonal skipsfart. Shipping er en internasjonal bransje hvor kunder, leverandører og kreditorer er avhengig av engelsk språk for å forstå virksomheten, samt dens resultater og finansielle stilling. Selskapet har også spredt eierskap hvor flere av aksjonærene er engelskspråklige. Selskapets arbeidsspråk er engelsk. Selskapet opererer i en internasjonal bransje. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

**Skattedirektoratets vurdering**

Etter regnskapsloven § 3-4 tredje ledd skal *“årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Postadresse  
Postboks 9200 Grønland  
0134 Oslo

Besøksadresse:  
Se [www.skatteetaten.no](http://www.skatteetaten.no)  
Org.nr: 996250318  
E-post: [skatteetaten.no/sendepost](mailto:skatteetaten.no/sendepost)

Sentralbord  
800 80 000  
Telefaks  
22 17 08 60



*”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *”informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet er eid av selskaper og andre profesjonelle investorer. Arbeidsspråket i selskapet er engelsk. Selskapet driver virksomhet i en internasjonal bransje. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

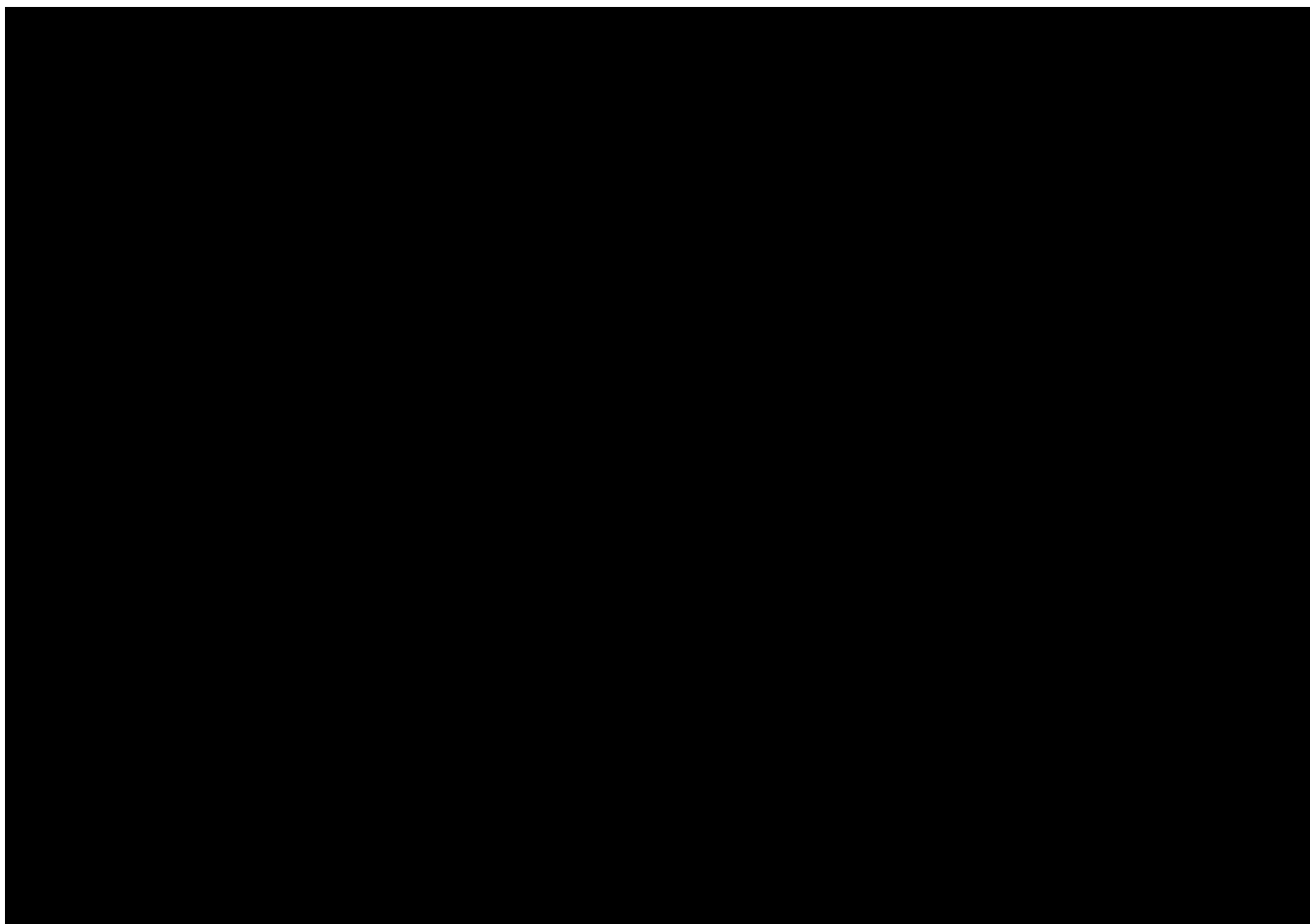
Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad  
*seniorrådgiver*  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Torstein Kinden Helleland

*Dokumentet er elektronisk godkjent og har derfor ikke handskrevne signaturer*





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# 1 Board of Directors report

## Operations and location

Carbon Group comprises Carbon Transition ASA (referred to as the “Company” or the “Parent”) and its subsidiaries (together referred to as the “Group” or “Carbon”). Carbon Transition ASA is a public limited company incorporated in Norway. The Company is listed on EURONEXT EXPAND OSLO and traded under the ticker CARBN. The Company’s registered main office is at Askekroken 11, 0277 Oslo, Norway.

The Group has during 2021 changed name to Carbon Transition ASA and implemented a new operational strategy. Following the restructuring completed in June 2021, the Group refocused the 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. The Group may also invest more broadly in the “energy transition” space. Carbon has a legacy seismic business operating under the name Axxis Geo Solutions. Under Axxis Geo Solutions, the Company manages a seismic multi-client data library with assets in Norway and Egypt. Axxis Geo Solutions operated an ocean-bottom seismic contract business which the Company sold to Magseis Fairfield through an earn-out structure on 3 March 2022 (see “Events after the reporting period”).

Since the announcement of the new business focus in July 2021, the Group has made three investments in the carbon emissions reduction and energy transition sectors. The Group has 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, the Group 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, the Group invested approximately USD 1.7 million (NOK 15.2 million) in the company. The Group acquired 100,000 shares at GBP 12.68 per share and was granted 100,000 options with a strike price of GBP 12.68 per share. In this Series B investment round, the Group 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, the Group 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 the Group are entering the investments in the pre-IPO rounds.

With respect to the Axxis Geo Solutions business, the Company saw a strong improvement in the seismic multi-client market towards the end of the year and



expects attractive cash flow from this business over time. In the fourth quarter, the Company reported multi-client late sales of USD 5.5 million. Proceeds from the late sales were used to repay the substantial majority of the Company's financial debt. Subsequent to year end, the Company reported an additional multi-client late sale which will fully repay all the company's financial indebtedness (see "Events after the reporting period").

In August 2021, Axxis Geo Solutions successfully completed an ROV-deployed ocean bottom node survey in the North Sea. The survey was completed on time, on budget and without incidents. The ocean-bottom seismic contract business has subsequently been divested (see "Events after the reporting period").

During the fourth quarter, the Company completed a downsizing to right size the operations to match the new strategy. The CEO resigned in November 2021 and the board agreed on a working transition. The CFO is also the interim CEO till a replacement has been decided.

## **Comments related to the financial statements**

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards («IFRS») as adopted by the European Union («EU»).

The notes are an integral part of the consolidated financial statements. The consolidated financial statements have been prepared on a historical cost basis. 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.

## **Changes in accounting principles**

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 consolidated financial statement.



## Investment in financial assets at fair value through profit or loss

Financial assets are classified at initial recognition, and subsequently measured at amortized 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 characterized in addition to the Group's 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 unrealized 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.



## Consolidated statement of comprehensive income

### *Revenue*

The 2021 Group's revenues of USD 15.8 million is lower than the previous year's revenues of USD 92.8 million. The revenues for 2021 is mainly based on one exclusive node seismic contract in the UK of USD 9.0 million and late sales of USD 5.5 million from the multi-client Utsira project in the North Sea. Revenues for the full year of 2020 is mainly related to contract work in Egypt and the North Sea. In addition, under IFRS, pre-funding of USD 27.4 million was reclassified as pre-funding revenues following the delivery of the Utsira data processing in September 2020. The Utsira multi-client survey had two late sales in 2020 with the Group's share being USD 1.1 million.

### *Changes in fair value for investments*

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

### *Operational cost*

The 2021 Group's cost of sales (COS) amounted to USD 10.4 million compared to USD 52.3 million during the same period in 2020. The COS 2021 is mainly related to the UK project of USD 8.3 million and USD 1.9 million to warm stack/idle project. The largest portion of COS for the full year of 2020 is related to the projects in Egypt and the North Sea. In addition, the multi-client project in Egypt has been capitalized with USD 10.6 million.

The 2021 Group's personnel expenses and other operating expenses amounted to USD 6.6 million compared to USD 7.1 million during the same period of last year. USD 0.8 million is related to remuneration for downsizing in 2021. Various consultants fee was USD 2.3 million for 2021 compared to USD 2.8 million for the full year 2020.

### *Depreciation of tangible assets*

The 2021 Group's depreciation and write downs of equipment were USD 7.0 million compared to USD 5.9 million in 2020. There were no new investments in equipment in 2021 or 2020. During 2021, the vessel Neptune Naiad was sold with a net loss of USD 3.5 million.

### *Amortization of intangible assets*

According to IFRS, the investment related to 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 September 2020, and the Group started linear amortization over 4 years from Q3 2020. The straight-line amortization of Utsira was USD 7.3 million for 2021 and USD 3.6 million for 2020. In September 2020, the IFRS value of the multi-client survey Utsira was impaired with USD 18.0 million.

### *Impairment*

No impairment charges have been made in 2021 or 2020 for the vessel Neptune Naiad, the node handling systems, or the seismic equipment. There has not been any impairment of the multi-client survey in Egypt. As of September 2020, the IFRS value of the multi-client survey Utsira was impaired with USD 18.0 million.

### *EBITDA and EBIT*

EBITDA for the Group in 2021 was USD 7.2 million compared to USD 33.4 million for 2020.

EBITDA 2021 was negatively impacted by the Group only having one contract seismic survey during the year. For 2020, the contract work had a positive effect on the EBITDA. EBITDA for 2021 was also impacted by lower cost due to cost reduction measures implemented at year-end 2020.

EBIT for the Group in 2021 was USD -7.1 million compared to USD 5.8 million in 2020. EBIT is impacted by the same factors as described above for EBITDA.

### *Financial items*

Net financial income was USD 21.2 million in 2021 compared to net financial expense of USD 1.9 million in 2020. The improvement is mainly related to the restructuring gain of USD 24.7 million during 2021, offset by financial expense and currency exchange loss of USD 3.4. The Company has completed a successful reconstruction during 2021. For 2020, the fair value estimate of the converted loans was booked as a financial gain of USD 3.8 million. Further, financial expense and currency exchange loss was USD 5.8 million.

### *Income tax (expense)*

The corporate income tax in Norway is 22% in 2021. Income tax expense for 2021 amounted to USD 0.2 million compared to income tax expense of USD 7.1 million for the same period in 2020. The tax expense for 2021 is related to UK, US and Egypt, where the tax expense in 2020 represents mainly withholding tax and corporate tax in Egypt.

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*

For 2021, the Group had a profit of USD 13.9 million compared to a loss of USD 3.1 million for the same period in 2020.

## **Consolidated statement of financial position**

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 as of 31 December 2020 increased to USD 50.5 million as of 31 December 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 three new investments during the year, with a total value of USD 18.3 million as of December 2021.

Total current assets decreased from USD 6.5 million as of 31 December 2020 to USD 4.2 million as of 31 December 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 Group's cash balance ended at USD 4.0 million per 31 December 2021.

The Group's equity was USD 46.7 million as of 31 December 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 in June and issue of new shares valued at USD 5.1 million to existing creditors. In addition, a private placement and related repair offering for a total of USD 19.6 million was completed in June and July in connection with the reconstruction. In October, the Company completed an equity private placement of USD 3.2 million. 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. As subsequent event due to a late sale of the multi-client survey Utsira in March 2022, the remaining debt will be paid.

Due to the financial position and ongoing restructuring at year-end 2020, some of the incurred loans had covenants. The bond loan included a minimum cash covenant of USD 2.0 million and the covenant was fulfilled as of December 2020. The Company had further received waivers from two covenants for all the quarters in 2020, including year-end 2020. These two financial covenants are (i) liquid assets of not less than 120% of the outstanding loan and (ii) equity ratio of 35% or more. Since waivers have not been obtained for the coming 12 months, the secured debt towards Eksportkreditt Norge AS was reclassified to short-term debt as of December 2020.

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. Taxes payables has been accrued with USD 2.4 million for corporate tax in Egypt, UK and US per December 2021 compared to zero for 2020. None of these corporate taxes have been settled. Other current liabilities decreased by USD 6.8 million in 2021. Other current liabilities include project related accruals for withholding tax and crew tax in Egypt of USD 3.8 million. The Group expects the withholding tax to be reduced, but since the taxes is not settled as of December 2021, the Group has decided to keep same tax level in Egypt as for 2020.

### **Consolidated statement of cash flow**

The Group's cash flow from operating activities in 2021 was USD -9.6 million, compared to USD 18.9 million at the same period in 2020. The reduction in operating cash flow compared to 2020 was primarily the gain in fair value change of investments and the gain from reconstruction with non-cash effect. For 2020, the positive effect was mainly changes in working capital.

The Group's cash outflow from investing activities in 2021 amounted to USD 9.9 million, compared to USD 10.4 million in the same period in 2020. The investments in 2021 is only related to the new strategy to invest in companies and technologies which contribute to significant reduction of carbon emissions. The main investments in 2020 were in the multi-client survey in Egypt of USD 10.6 million.

The Group's cash flow from financing activities in 2021 was positive USD 17.6 million, compared to negative USD 4.0 million in the same period in 2020. Net proceeds from new equity are USD 21.6 million offset by payment of instalments and interest paid of USD 4.0 million in 2021. Payment of instalments and interest paid was USD 4.0 million in 2020.

### **Parent company**

Carbon Transition ASA is the parent company of the Group.

In 2021, Carbon Transition ASA reported a profit after tax of USD 7.9 million, compared to a loss of USD 5.4 million in 2020. The increase this year is significantly impacted by the gain from the restructuring of USD 24.1 million.

At year-end 2021, Carbon Transition ASA had total assets of USD 45.4 million, compared to USD 43.0 million at the end of 2020.

As of 31 December 2021, Carbon Transition ASA has a total positive equity of USD 44.1 million, compared to a negative equity of USD 4.5 million at the end of 2020. The equity increased USD 19.0 million as a result of debt conversion related to restructuring. The equity ratio ended at 97.0% as of December 2021 up from negative ratio of 10.5% at the end of 2020.



## **Going concern**

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

## **Risk factors**

The Group is exposed to risk factors including, but not limited to, the factors described below. The Group's risk factors are described in more detail in note 15.

### *Market risk*

The Group is exposed to market specific and general economic cycles and macro-economic fluctuations, since changes in the general economic situation affect the demand for products and services provided by companies the Group invests in. The performance of the Axxis Geo Solutions operations is also dependent on production and development spending by oil and gas companies. Historically, in times of low oil price, demand for seismic data has been significantly reduced. The Group is also exposed to share price changes in listed investment or changes and fluctuations in estimated equity value for non-listed investments. There is also a risk that the companies that are invested in will need further capital in order to obtain profitability, and that such capital will be subject to reduced pricing for various reasons compared to the current level of pricing.

### *Credit risk*

The Group is faced with credit risk in terms of deposits with banks as well as receivables due from counterparts. The Group may also invest in financial credit instruments and may in such instances be assuming credit risk. Delayed or loss of payments from these parties may adversely impair the Group's liquidity. The concentration of the Group's customers in the oil and gas industry may impact the Group's overall exposure to credit risk. The Group evaluates the credit quality of its counterparts to minimize the risk of payment delinquency, but no assurance can be given that the Group will be able to avoid this risk. During 2021, the Group did not experience any material receivables losses.

### *Liquidity risk*

Liquidity risk is the risk that the Group is not able to meet its payment obligations. The Group is dependent on liquidity from its investments, access to long-term funding and timely payments of receivables from customers. There can be no assurance that available funding sources are accessible when needed nor can there be any assurance that the Group will be able to raise new equity or access alternative sources of funds should this be required. The Group continuously monitors its cash



receipts and payment obligations to ensure sufficient liquidity to meet operational needs.

### *Foreign exchange risk*

The Group presents its consolidated financial report in USD, the functional currency for the Company and all subsidiaries. Currency exchange rates fluctuate for several reasons, including international balance of payments, economic and financial conditions, government intervention, speculation, and other factors. The Group is primarily exposed to USD, NOK and GBP, and fluctuations in foreign exchange rates may therefore impact earnings. The Group has not established hedging arrangements to mitigate the possible adverse effects of this exposure.

### *COVID-19 risk*

The impacts of COVID-19 on businesses across the globe is substantial and presents new challenges to normal business practices. The Group has been planning for and monitoring developments since the initial spread of the virus in early 2020 and has taken a series of steps to maintain the continuity of our business and to safeguard the health of our employees and stakeholders. Nevertheless, then continuation of this pandemic or the onset of a similar pandemic could have a significant negative impact on operations.

### *Climate risk*

The Group has focus on how the business, financials, new technology and investment can contribute to reduce the impact on climate change. The new strategy has the goal to invest in companies and technologies which contribute to significant reduction of carbon emissions. The Group may also invest more broadly in the "energy transition" space.

### *Other business risk*

Risk related to cyber criminality is increasing globally. This threat is relevant for all devices connected to the internet. In order to protect the Group's assets and intellectual property, additional precautions and procedures have been implemented. The Group has taken steps to identify ongoing malicious activities and increase employee awareness of cyber threats. Despite these efforts, no guarantee can be made against potential future cyber-attacks and any such attack could materially impact the Group's business and financial position.

The Group business is subject to laws and regulations in various jurisdictions. Changes in or violations of such laws or regulations may adversely affect the Group's business and profitability. The Group invests in financial and managerial resources to



maintain compliance with these laws and regulations, and failure to do so could result in fines or penalties, enforcement actions, claims for personal injury or property damages, or obligations to investigate and remediate damages.

The Group's multi-client business relies on a period of exclusivity in controlling the distribution of the acquired data through licenses to customers. The exclusivity period granted by local authorities can typically be 10 years. Any change in the duration of such exclusivity may have a negative impact on the Company's revenues and may cause impairment of remaining book values.

The current conflict in Ukraine may have significant impact on prices of natural resources as well as global capital markets. The recent oil price increase may have an impact on multi-client late sales. The volatility in the capital markets may have an impact on the Company's share price and the valuation of the Group's investments.

## **Research and development**

The Group does no material research and development activity.

## **Allocation of Net Profit (loss)**

The Board of Directors has proposed the profit for the Company of USD 7.7 million to be attributed to other equity. The Company's equity as of December 31, 2021, was USD 43.8 million.

## **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 all financial indebtedness following the Company's most recently announced multi-client late sale, 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



#### Events after the reporting period

The Group announced the sale of its node on a rope equipment to Magseis Fairfield ASA 3 March 2022. The transaction is structured based on an earnout model. The Company will receive USD 0.5 million at closing and will additionally receive earnout payments over a three-year period conditioned on the utilization of the equipment acquired. The earnout payments are capped at a maximum of USD 12.0 million and have a minimum payment clause of USD 1.5 million, subject to certain milestones. The completion of the transaction was subject to customary closing conditions which have been lifted 31 March 2022.

On 16 March 2022, the Group announced a new Utsira multi-client late sale of USD 1.4 million. With proceeds from this late sale, the Group will repay its outstanding USD 0.9 million loan balance and increase its cash balance by approximately USD 0.5 million. As a result, the Group will have no remaining financial indebtedness after this sale.

**Oslo, 7 April 2022**

The Board of Directors and CEO of Carbon Transition ASA

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Gisle Grønlie  
Chairman

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Nina Skage  
Director

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Torstein Sannes  
Director

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Nils Haugestad  
Interim CEO



## 1.1. Responsibility statement

### Confirmation from the Board of Directors and general manager

The Board of Directors and the CEO of Carbon Transition ASA have today considered and approved the annual report and financial statements for the 2021 calendar year ended on December 31, 2021.

We confirm, to the best of our knowledge, that:

- The 2021 financial statements for the Group and Parent company have been prepared in accordance with all applicable accounting standards.
- The information provided gives a true and fair view of the Group's and Parent company's assets, liabilities, financial position and results.
- The Board of Directors report provides a true and fair overview of the development, performance and financial position of Carbon Transition ASA and the Group together with a description of the principal risks and uncertainties that they face.

**Oslo, 7 April 2022**

The Board of Directors and CEO of Carbon Transition ASA

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Gisle Grønlie  
Chairman

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Nina Skage  
Director

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Torstein Sannes  
Director

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Nils Haugestad  
Interim CEO

## 2 Environment, Social and Governance reporting (ESG)

Carbon Transition is an investment company with 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. In addition, the Company has a legacy seismic business operating under the name Axxis Geo Solutions. Axxis Geo Solutions manages a seismic multi-client data library.

Axxis Geo Solutions is considered a passive investment of the Company. As a result, the Group's ESG focus is largely targeting Carbon Transition's investment operations

### Environment

The Group is committed to protecting people and the environment. As stewards of the environment, it is the collective responsibility of the Group and our people to protect the environments that we work in. The Group's intent is to conduct our business in harmony with the environment and to minimize any impact our business may have.

The Group sold its seismic node operations in March 2022 which significantly reduces its carbon emission going forward.

### Corruption

The Group is committed to preventing bribery, illegal influence, fraud and money laundering. The Group achieve this through committing to operate all activities within the spirit and letter of laws and regulations that govern our businesses and employees. Employees must exercise the highest level of integrity, ethics and objectivity in any actions and relationships which may affect the Group. Employees must not misuse their authority or influence of their positions in these relationships. The Group shall strive for a clear culture of openness around all matters regarding customer care, relationship building, sponsorship, gifts, representation, travel, etc.

### People

The Group is committed to ensuring a safe and respectful working environment for its employees. The health and wellbeing of our people is the key to the Company's success. Equality applies to all practices and guidelines relating to the recruitment process and hiring of all workers. We respect and protect the fundamental human and workers' rights in a manner consistent with laws and regulations.

The Group promotes a healthy workplace by prohibiting discrimination due to gender, race, age, ethnicity, disability, sexual orientation, or religion and provides fair



compensation for employees' work. Respect for the individual is a cornerstone of the Group's operation.

The total number of permanent employees in the Group was nine at the end of 2021, compared to eleven at the end of 2020, where three were temporarily laid off (furloughed) since November 2020. The Group employed three women and six men in 2021 and three women and eight men in 2020. One employee is on parental leave in 2021. The Group has no temporary or part-time employees.

The Board of Directors consists of three members at the end of 2021, two men and one woman. At the end of 2020, the board consisted of five members, two men and three women.

There have not been any significant personnel injuries or accidents in the current or prior year. In both 2021 and 2020, the average sick day percentage for the work force was zero.

### **Corporate governance**

The board and management have an annual review of the Group's principles of corporate governance. In this review, the Group clarifies the division of roles between shareholders, the board and management. A review of these principles and how the Group has aligned itself is described in a separate section in the annual report, in accordance with the Accounting Act § 3-3 b regarding corporate governance.

The board of directors has adopted ethical guidelines for the Group. The purpose of the guidelines is to create a healthy corporate culture and preserve the Group's integrity by helping employees to set a high standard of good business practice. Furthermore, the guidelines are intended as a tool for self-evaluation and for the development of the Group's identity.

### **The shares and shareholders**

As of 31 December 2021, Carbon Transition had 239 760 117 shares outstanding and 4 150 shareholders. The share price as of 31 December 2021 was NOK 1.324 (2020 NOK 0.594).

### **Indicators for the Group**

The Group has implemented a series of performance indicators which we believe will ensure our focus on environment, social and governance factors. These performance indicators are in line with the guidelines put in place by the board of directors. Management's performance evaluation will in part be based on meeting targets for these indicators.

The Group will start to report on these indicators from 2022.



## *Financial investments*

The Group measures four indicators with respect to Carbon Transition financial investments.

- The investment should generally contribute significantly to the reduction in carbon emissions and/or the development of green technology.
- Investment companies should have reasonable environment, social and governance guidelines in place.
- Appropriate corporate governance policies should have been implemented.

All investments in 2021 fulfil these indicators.

## *People*

The Group views its employees as a core asset. The following indicators are applied to evaluate the Group's effectiveness in managing this resource.

- The Group targets a sickness absence of less than 2%.
- Group employees should complete an anti-corruption course not less than once per year.
- All recruitment processes and hiring decisions need to be based on the Group's standards for equal treatment.
- The Group shall ensure a safe and respectful working environment for its employees.

The indicators for people in 2021 are within the target set above.



## 3 Corporate governance

### CORPORATE GOVERNANCE POLICY

*Adopted by the Board of Directors on 7 April 2022*

#### SCOPE AND APPLICABILITY OF THE POLICY

These Corporate Governance Policies (the "**Policies**") have been adopted by the Board of Directors (the "**Board**") of Carbon Transition ASA (the "**Company**") to express the corporate governance principles by which the Company conducts its business. The Policies apply to the Company and its consolidated subsidiaries (together the "**Group**") and will be evaluated by the Board and the Company's executive management (the "**Management**") annually.

The Company is incorporated in Norway in accordance with the Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 (the "**NPLCA**") and is subject to Norwegian law. Hence, the reporting requirements on corporate governance set forth in Section 3-3b of the Norwegian Accounting Act of 17 June 1998 no. 56 (the "**Norwegian Accounting Act**") and the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board on 14 October 2021, as amended from time to time (the "**NUES Code**"), apply to the Company. As the Company's shares are listed on Euronext Expand Oslo, the Company is also subject to the Norwegian Securities Trading Act of 29 June 2007 no. 75 (the "**NSTA**") and the continuing obligations of stock exchange listed companies issued by the EURONEXT EXPAND OSLO (the "**Continuing Obligations**"). These Policies are secondary to provisions set out in law, in regulations made pursuant to law, and in the Company's articles of association (the "**Articles of Association**").

These Policies shall apply until the Board decides otherwise.

#### MAIN OBJECTIVES FOR THE COMPANY'S CORPORATE GOVERNANCE

The Board shall ensure that the Company has good corporate governance to, inter alia, support achievement of the Company's core objectives on behalf of its shareholders and to create a strong, sustainable company. The Board believes that good corporate governance involves openness and a trustful cooperation between the shareholders, the Board and the Management, employees, customers, suppliers, public authorities and society in general.

The Company endorses the NUES Code. The NUES Code is based on a "comply or explain" principle, which involves that listed companies must comply with the NUES Code or explain why an alternative approach has been chosen. The Company will comply with the NUES Code, and any deviations will be listed below.



The Company deviates from the NUES in two areas. The Company has granted options to the Board of Directors in 2021 and the Chairman of the Board has a consulting agreement with the Company.

The Company's corporate governance policies are based on the following main objectives:

- a. Open, reliable, and relevant communication with the outside world regarding the Company's business and matters related to corporate governance
- b. Equal treatment of the Company's shareholders
- c. Independence between the Board, the Management and the shareholders in order to avoid conflicts of interests
- d. A clear division of work between the Board and the Management and the shareholders
- e. Good control and corporate governance mechanisms in order to achieve predictability and reducing the level of risks for shareholders and stakeholders.

In addition to these Policies, the Company has adopted the following internal manuals:

A Code of Conduct for Business, Ethics and Corporate Social Responsibility Instructions to the Board, and Instructions to the Chief Executive Officer ("CEO").

The above-mentioned internal manuals form an integral part of the Company's corporate governance policies. In addition, the Company has adopted a manual for "*Inside Information and Additional Disclosure Routines*".

## THE BUSINESS OF THE COMPANY

The operations of the Company shall be in compliance with the business objective as set forth in § 3 of the Articles of Association, which reads as follows:

"The Company's business involves operation of industry, trade and business related to energy, IT and commodities, and sectors of the business directly or indirectly in connection with such, including investments in and acquisition of businesses, securities, and financial instruments and other assets and participation in other businesses directly or indirectly related thereto."

The Board shall define clear objectives, strategies, and risk profiles for the Company's business activities such that the Company creates value for shareholders in a sustainable manner. When carrying out this work, the Board shall take into account financial, social and environmental considerations. The Company shall have Policies for how it integrates the interests of the society at large into the value creation, please refer to the Code of Conduct for Business, Ethics and Corporate Social Responsibility. The Board shall at least on an annual basis evaluate targets, strategies and risk profiles.



## **EQUITY AND DIVIDENDS**

### *Equity*

The Board shall ensure that the Company's capital structure is in line with its goals, strategy and risk profiles, and in accordance with the applicable laws and regulations.

### *Dividends*

The Board proposes any distribution of dividends to the general meeting. The general meeting determines any distribution of dividends in accordance with Section 8-1 and Section 8-2 of the NPLCA. The grounds for any proposal to authorize the Board to approve the distribution of dividend shall be explained. The Board shall establish a clear and predictable dividend policy, which shall be available at the Company's website.

### *Board authorizations*

Any proposed authorizations to the Board to increase the Company's share capital shall be restricted to defined purposes and shall be dealt with as separate agenda items at the general meeting. Board authorizations shall be limited in time to the date of the next annual general meeting, and in any event to 30 June the same year. This also applies to any authorization to the Board for the Company to purchase own shares.

## **EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES**

### *Equal treatment of shareholders*

All shareholders shall be treated on an equal basis, unless there is a just cause for treating them differently in accordance with applicable laws and regulations. In the event of an increase in share capital of the Company through issuance of new shares, a decision to waive the existing shareholders' pre-emptive rights to subscribe for shares shall be justified. If the Board resolves to issue new shares and waive the pre-emptive rights of existing shareholders pursuant to a Board authorization granted by the general meeting, the justification shall be publicly disclosed in a stock exchange announcement issued in connection with the shares issue. The reasons for any deviation from equal treatment of all shareholders in capital transactions will be included in the stock exchange announcement made in connection with the transaction.

Any transactions carried out by the Company in the Company's own shares shall be carried out through the EURONEXT EXPAND OSLO and in any case at prevailing stock exchange prices. In the event that there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of shareholders. Any transactions in own shares will be evaluated in relation to the rules on the duty of disclosure, as well as in relation to the prohibition against illegal insider



trading and market manipulation, the requirement for equal treatment of all shareholders, and the prohibition of unreasonable business methods.

#### *Transactions with close associates*

Any transactions, agreements or arrangements between the Company and shareholders; a shareholder's parent company; members of the Management or close associates of any such parties, may only be entered into as part of the ordinary course of business and on arm's length market terms. All such transactions shall where relevantly comply with the procedures set out in the NPLCA. The Board shall obtain an independent third-party evaluation, unless the transaction, agreement or arrangement in question is considered to be immaterial or covered by the provisions of section 3-16 of the NPLCA.

### **SHARES AND NEGOTIABILITY**

There shall be no limitation with respect to any party's ability to own, trade or vote for the Company's shares. The Articles of Association contain no restrictions on negotiability of the shares.

### **GENERAL MEETINGS**

#### *Exercise of rights*

The Board shall ensure that the Company's shareholders can participate at general meetings. This shall be facilitated by the following:

- the Board shall ensure that the Company's shareholders can participate in the general meeting
- The proposed resolutions and any supporting documents shall be sufficiently detailed, comprehensive, and specific allowing shareholders to understand and form a view on all matters to be considered
- The deadline for shareholders to give notice of their attendance at the general meeting shall be no later than two business days prior to the date of the general meeting in accordance with the Articles of Association
- Shareholders who cannot attend the meeting in person will be given the opportunity to vote. The Company will design the form for the appointment of a proxy to make voting on each individual matter possible and should nominate a person who can act as a proxy for shareholders
- The Board and the chair of the general meeting shall ensure that the shareholders are able to vote separately on each individual matter, including on each individual candidate nominated for election to the Board and other corporate bodies (if applicable)
- The Chairman shall be present at general meetings, as well as the auditor should be present at general meetings where matters of relevance for such committees/persons are on the agenda, and
- The Board shall make arrangements to ensure that the chair of the general meeting is independent.



### *Participation without being present*

Shareholders who are unable to attend the general meeting shall according to the Company's articles of association shall be given the opportunity to vote in writing and/or vote electronically in a period before the general meeting in accordance with the NPLCA Section 5-8. Furthermore, shareholders who are unable to attend the general meeting in person shall be given the opportunity to vote by proxy. In this respect, the Company shall:

- Provide information in the notice to the general meeting on the procedure for attending by proxy
- Nominate a person who can act as a proxy for shareholders and
- Prepare a proxy form, which shall, insofar as possible, be set up so that it is possible to vote on each individual item on the agenda and candidates that are nominated for election.

### **NOMINATION COMMITTEE**

The Articles of Association of the Company require it to have a Nomination Committee.

The Nomination Committee shall consist of up to 3 members elected by a Shareholders Meeting for a period of up to 2 years at the time, unless the Shareholders Meeting decides a shorter period. The Nomination Committee shall make recommendation and prepare proposals to the Shareholders Meeting for:

- Election of members of the Board of Directors and remuneration of the Directors and any Board Committees
- Election of the Nomination Committee and remuneration of the Nomination committee

The proposals shall be made available no later than 21 days prior to the Shareholders' Meeting.

The Nomination Committee shall meet at least annually with the Board of Directors, the executive management, and the CEO, and shall consult with selected shareholders to ensure that the Nomination Committee have their support.

### **BOARD COMPOSITION AND INDEPENDENCY**

The Board shall be composed in a way that it can (i) attend to the common interests of all shareholders and meet the Company's need for expertise, capacity and diversity and (ii) act independently of special interests. The majority of the shareholder-elected Board members shall be independent of the Management and significant business contacts. At least two of the members of the Board shall be independent of the Company's major shareholder(s).

For the purposes of these Policies, a *major shareholder* shall mean a shareholder who owns or controls more than 10% of the Company's shares or votes, and *independence* shall entail that there are no circumstances or relations that may be



expected to be able to influence an independent assessment of the person in question. The Board shall not include members of the Management.

The Chair of the Board is elected by the general meeting. The term of office for members of the Board shall not be longer than two years at a time. Members of the Board may be re-elected.

The Company's annual report shall provide information regarding the expertise of the members of the Board, as well as information on their history of attendance at board meetings. Further, the annual report shall identify the members of the Board that are considered to be independent. Members of the Board are encouraged to own shares in the Company.

## THE WORK OF THE BOARD

### *General*

The Board has implemented instructions for the Board and the Management, focusing on determining a clear allocation of internal responsibilities and duties. The respective objectives, responsibilities and functions of the Board and the CEO shall be in compliance with rules and standards applicable to the Company and are described in the Company's "*Instructions for the Board*" and "*Instructions for the CEO*".

The Board shall ensure that the members of the Board and the members of the Management make the Board aware of any material interests that they may have in matters to be considered by the Board.

The Board's consideration of matters of a material character in which the Chair of the Board is, or has been, personally involved, shall be chaired by another member of the Board to ensure a more independent consideration of the matter in question.

### *Board committees*

The Board has an audit committee (the "**Audit Committee**"), which is a working committee for the Board, preparing matters and acting in an advisory capacity. The duties, tasks and composition of the Audit Committee shall be in compliance with the NCPLA. In particular, the Audit Committee shall act as a preparatory body and support the Board in the exercise of its responsibility relating to financial reporting, auditing, internal controls, compliance with ethical Policy such as Environmental, Social and Governance ("**ESG**") and overall risk management.

The members of the Audit Committee are elected by and amongst the members of the Board for a term of up to two years. The entire Board shall not act as the Company's Audit Committee. At least one member of the Audit Committee should be competent in respect of finance and audit, and the majority of the members should be independent of the Company. The mandate of the Audit Committee is subject to annual revision.

The Company has not appointed a remuneration committee. A remuneration committee has not deemed to be of importance and the Board has, after



consideration, decided to maintain a simple and cost-effective governance structure. The Board will determine the remuneration and compensation scheme of the Company in accordance with applicable law.

The Board shall provide details in the annual report of the Audit Committee and any other board committees, if appointed.

## **RISK MANAGEMENT AND INTERNAL CONTROL**

The Board shall ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Group's business activities.

The Board shall carry out an annual review of the Group's most important areas of exposure to risk and its internal control measures. The review shall pay particular attention to:

- Changes relative to previous years' reports in respect of the nature and extent of material risks and the Company's ability to cope with changes in its business and external changes
- The extent and quality of the Management's routine monitoring of risks and the internal control system and, where relevant, the work of the internal audit function
- The extent and frequency of the Management's reporting to the Board on the results of such monitoring, and whether this reporting makes it possible for the Board to carry out an overall evaluation of the internal control situation in the Group and how risks are being managed
- Events of material shortcomings or weaknesses in internal control that come to light during the course of the year which have, could have, or may have had a significant effect on the Group's financial results or financial standing and
- How well the Company's external reporting process functions.

Based on the instructions by the Board, the CEO shall implement internal control measures and propose the same to the Board.

The CEO shall effectuate internal control measures on the basis of the instructions by the Board and report the results to the Board annually in accordance with the Board's annual plan. The report to the Board shall provide a balanced presentation of all material risks and how such risks are handled through the internal control measures of the Company.

The main areas of internal control related to financial reporting shall be described and included in the corporate governance report to be prepared by the Board pursuant to Section 3-3b of the Norwegian Accounting Act and the Continuing Obligations. This account should include sufficient and properly structured information to make it possible for shareholders to understand how the Company's internal control system is organized. The account should address the main areas of internal control related to



financial reporting. This includes the control of environment, risk evaluation, control activities, information and communication and follow-ups.

## **BOARD REMUNERATION**

The remuneration to the members of the Board shall be determined by the annual general meeting each year. The Board's remuneration shall reflect the Board's responsibility, expertise, use of time and the complexity of the Company's business activities. Remuneration shall not be dependent on or linked to the Company's performance.

If any Board member has received remuneration above the standard Board member fee, this shall be specified in the annual report.

## **EXECUTIVES REMUNERATION**

The Company has prepared Policy for determining remuneration to the CEO and other executive members in accordance with Section 6-16a of the NPLCA, which is considered to be clear and easily understandable. The Policy shall, at all times, support prevailing strategy, long-term interests, financial sustainability and values of the Company.

The total remuneration to the CEO and other executive members consists of basic salary (main element), benefits in kind, variable salary, pension, and insurance schemes.

Performance-related remuneration to the executive members in the form of share options, bonus programs or similar shall be linked to value creation for shareholders or the Company's profit over time. Such arrangements, including warrants and share option arrangements, shall incentivize performance and be based on quantifiable factors that the executive member in question may influence. Such performance-related remuneration will ordinarily be subject to an absolute limit.

The Board prepares Policy for the remuneration of executive members. Such Policy shall include the main principles for the Company's remuneration policy and shall contribute to aligning the interests of the shareholders and the executive members. These Policies shall be communicated to the annual general meeting, and it shall be clearly stated which aspects of the Policies that are advisory and which, if any, are binding. The general meeting shall vote separately on each of these aspects of the Policy.

## **INFORMATION AND COMMUNICATIONS**

### *Financial reporting and communication*

The Company's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). Reporting must fulfil statutory requirements and provide sufficient information to allow the Company's stakeholders to form as accurate



a picture of the business as possible. The Company shall report in accordance with the provisions of the NSTA, as well as the requirements pursuant to the Continuing Obligations.

The Company shall at all times provide its shareholders, the Euronext Expand Oslo and the financial market in general with timely and precise information. Such information will be given in the form of annual reports, quarterly reports, press releases, stock exchange announcements and investor presentations. The Company's report on corporate social responsibility shall be integrated in the annual report. The Board has established Policy for the Company's reporting of financial and other information.

The Company shall each year publish a financial calendar with details of the dates of important events such as the general meeting, publication of interim reports, open presentations, and payment of the dividend.

The Board has adopted routines for, inter alia and the handling of inside information.,

#### *Information to the Company's shareholders*

In addition to the Board's dialogue with the Company's shareholders at general meetings, the Board should make suitable arrangements for shareholders to communicate with the Company at other times in order to facilitate an understanding of which matters affecting the Company from time to time and which are of particular concern to the Company's shareholders. Communications with the shareholders should always be in compliance with the provisions of applicable laws and regulations and in consideration of the principles of transparency and equal treatment of the Company's shareholders.

Information to the Company's shareholders shall be published at the Company's website at the same time as it is sent to the shareholders. The Board has established Policy for the Company's contact with shareholders outside the general meeting.

#### **TAKE-OVERS**

Although it is recommended by the NUES Code, the Board has not established separate Policy on how to respond in the event of a take-over bid, but will comply with the following principles should such event occur:

In the event of a take-over bid, the Board shall ensure that

- a. shareholders in the Company are treated equally
- b. shareholders are given sufficient information and time to form a view of the offer
- c. the Group's business activities are not disrupted unnecessarily
- d. the bid is not hindered or obstructed by the Board unless there are reasons to do and that
- e. in case the bid is made for the Company's shares, no authorizations or resolutions are exercised or made by the Board with the intention to obstruct the take-over bid unless this is approved by the general meeting subsequent to the announcement of the bid.



With respect to any agreements entered into by the Company and a bidder, the following principles shall apply:

- a. An agreement limiting the Company's ability to arrange other bids for the Company's shares shall only be entered into if it is self-evident that such agreement is in the Company and the shareholders' common interest. This shall also apply to any agreement on financial compensation to the bidder if the bid does not proceed. Any financial compensation should be limited to the cost the bidder has incurred in making the bid.
- b. An agreement that is material to the market's evaluation of the bid shall be disclosed no later than at the same time as the announcement that the bid will be made is published.
- c. Any transaction that *de facto* is a disposal of the Company's activities shall be decided by the general meeting.

If an offer is made for the Company's shares, the Board shall issue a statement recommending its shareholders to accept or decline the offer. The Board's statement shall make it clear whether the views expressed are unanimous, and if such is not the case, explain the basis on which specific members of the Board have excluded themselves from the statement. The Board shall ensure that an explained valuation of the offer is prepared by an independent expert, which shall be disclosed no later than at the time of the disclosure of the Board's statement.

#### AUDITOR

The Board shall ensure that the auditor annually submits the main features of the plan for the audit of the Company to the Audit Committee.

The auditor shall participate in Board meetings dealing with the annual accounts, where it shall

- a. report on any material changes in the Company's accounting principles and key aspects of the audit
- b. comment on any material estimated accounting figures and
- c. report all material matters on which there has been disagreement between the auditor and the Management (if any).

The Board shall establish Policy for the Management regarding the use of the auditor for work not related to the statutory audit review.

The Board shall at least once a year review the Company's internal control procedures with the auditor, including identified weaknesses by the auditor and proposals for improvements.



## 4 Consolidated financial statement Carbon Transition Group

### 4.1. Consolidated statement of comprehensive income

| USD thousands   | Note | 2021           | 2020           |
|---|------|----------------|----------------|
| <b>Revenue</b>  | 3/4  | <b>14 653</b>  | <b>92 790</b>  |
| <b>Other income</b>                                     | 4    | <b>1 163</b>   | -              |
| Changes in fair value for investments                   |      | 8 404          | -              |
| Cost of sales   | 5    | (10 381)       | (52 313)       |
| Personnel expenses                                      | 3/21 | (3 469)        | (3 388)        |
| Other operating expenses                                | 3    | (3 165)        | (3 691)        |
| Amortization & impairment multi-client & goodwill       | 11   | (7 312)        | (21 620)       |
| Depreciation & impairment                               | 10   | (7 029)        | (5 934)        |
| <b>Operating profit (loss) (EBIT)</b>                   |      | <b>(7 136)</b> | <b>5 845</b>   |
| Gain on debt reconstruction                             | 2.3  | 24 667         | -              |
| Financial income  | 6    | 2              | 3 848          |
| Financial expenses                                      | 6    | (2 610)        | (5 315)        |
| Currency exchange gain (loss)                           | 6    | (836)          | (424)          |
| <b>Profit (loss) before tax</b>                         |      | <b>14 087</b>  | <b>3 953</b>   |
| Income tax (expense)                                    | 7    | (152)          | (7 086)        |
| <b>Profit (loss) for the period</b>                     |      | <b>13 935</b>  | <b>(3 133)</b> |
| Currency translation adjustments                        |      | -              | -              |
| <b>Other comprehensive income (loss) for the period</b> |      | -              | -              |
| <b>Total comprehensive income (loss) for the period</b> |      | <b>13 935</b>  | <b>(3 133)</b> |
| <b>Earnings (loss) per share</b>                        |      |                |                |
| Basic earnings per average share                        |      | 0.11           | (0.53)         |
| Diluted earnings per average share                      |      | 0.11           | (0.53)         |



## 4.2. Consolidated statement of financial position

| USD thousands                   | Note | 31.12.2021    | 31.12.2020    |
|---------------------------------|------|---------------|---------------|
| <b>Assets</b>                   |      |               |               |
| <b>Non-current assets</b>       |      |               |               |
| Multi-client library            | 11   | 28 856        | 36 168        |
| Property, plant and equipment   | 10   | 3 423         | 11 794        |
| Investments                     | 13   | 18 268        | -             |
| <b>Total non-current assets</b> |      | <b>50 548</b> | <b>47 963</b> |
| <b>Current assets</b>           |      |               |               |
| Inventories                     | 12   | -             | 85            |
| Other current assets            | 9    | 222           | 531           |
| Bank deposits, cash in hand     | 8    | 4 005         | 5 873         |
| <b>Total current assets</b>     |      | <b>4 227</b>  | <b>6 490</b>  |
| <b>Total assets</b>             |      | <b>54 775</b> | <b>54 452</b> |



### 4.3. Consolidated statement of financial position

| USD thousands                           | Note | 31.12.2021    | 31.12.2020     |
|---|------|---------------|----------------|
| <b>Equity and Liabilities</b>           |      |               |                |
| <b>Equity</b>                           |      |               |                |
| Share capital and other paid in capital | 19   | 79 909        | 39 293         |
| Other reserves                          |      | (33 200)      | (47 145)       |
| <b>Total equity</b>                     |      | <b>46 709</b> | <b>(7 852)</b> |
| <b>Non current liabilities</b>          |      |               |                |
| Interest bearing debt                   | 14   | 896           | 17 417         |
| <b>Total non current liabilities</b>    |      | <b>896</b>    | <b>17 417</b>  |
| <b>Current liabilities</b>              |      |               |                |
| Interest bearing debt current           | 14   | -             | 16 562         |
| Trade payables                          | 16   | 333           | 12 251         |
| Taxes payables                          | 7.18 | 2 362         | -              |
| Other current liabilities               | 18   | 4 475         | 16 075         |
| <b>Total current liabilities</b>        |      | <b>7 170</b>  | <b>44 887</b>  |
| <b>Total liabilities</b>                |      | <b>8 065</b>  | <b>62 305</b>  |
| <b>Total equity and liabilities</b>     |      | <b>54 775</b> | <b>54 452</b>  |

Oslo, 7 April 2022

The Board of Directors and CEO of Carbon Transition ASA

\_\_\_\_\_  
Gisle Grønlie  
Chairman

\_\_\_\_\_  
Nina Skage  
Director

\_\_\_\_\_  
Torstein Sannes  
Director

\_\_\_\_\_  
Nils Haugestad  
Interim CEO



#### 4.4. Consolidated statement of change in equity

| USD thousands                      | Share capital | Additional paid-in capital | Accumulated earnings | Other equity/ Share based programme | Total equity   |
|------------------------------------|---------------|----------------------------|----------------------|-------------------------------------|----------------|
| <b>Balance as of 01.01.2021</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>  |

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



## 4.5. Consolidated statement of cash flow

| USD thousands   | Note | 2021           | 2020            |
|---|------|----------------|-----------------|
| <b>Cash flow from operating activities</b>                    |      |                |                 |
| Profit (loss) before tax                                      | 7    | 14 087         | 3 953           |
| Taxes paid  |      | (147)          | (2 116)         |
| Depreciation and amortization                                 |      | 14 341         | 27 554          |
| Changes in fair value for investments                         |      | (8 404)        | -               |
| Gain reconstruction   | 6    | (24 667)       | -               |
| Currency (gain)/loss without cash flow effects                |      | (67)           | (81)            |
| Interest expense  | 6    | 1 730          | 3 995           |
| Share based payment cost                                      | 22   | 11             | 3               |
| Reconstruction payments                                       |      | (5 077)        | -               |
| Change in trade receivables                                   |      | -              | 12 291          |
| Change in trade payables                                      |      | (2 631)        | (29 396)        |
| Change in inventories   | 12   | 85             | 676             |
| Change in other current assets                                |      | 309            | 13 884          |
| Change in contract liabilities                                |      | -              | (22 729)        |
| Change in accrued interest                                    |      | (142)          | -               |
| Other working capital changes                                 |      | 927            | 10 827          |
| <b>Net cash flow from operating activities</b>                |      | <b>(9 645)</b> | <b>18 863</b>   |
| <b>Cash flow from investing activities</b>                    |      |                |                 |
| Investment in property, plant and equipment                   | 10   | -              | (62)            |
| Disposal of property, plant and equipment                     |      | -              | 204             |
| Investment in multi-client library                            | 11   | -              | (10 576)        |
| Cash received/paid from investments                           |      | (9 864)        | -               |
| <b>Net cash flow from investment activities</b>               |      | <b>(9 864)</b> | <b>(10 434)</b> |
| <b>Cash flow from financing activities</b>                    |      |                |                 |
| Net proceeds from interest bearing debt                       |      | -              | -               |
| Repayment of interest bearing debt                            |      | (2 295)        | (1 440)         |
| Payment of lease liabilities (recognized under IFRS 16)       | 17   | (73)           | (220)           |
| Net proceeds from new equity                                  |      | 21 597         | -               |
| Interest paid lease liabilities                               | 17   | (1)            | (10)            |
| Interest paid   |      | (1 587)        | (2 321)         |
| <b>Net cash flow from financial activities</b>                |      | <b>17 641</b>  | <b>(3 991)</b>  |
| <b>Net change in cash and cash equivalents</b>                |      | <b>(1 868)</b> | <b>4 438</b>    |
| Cash and cash equivalents balance 01.01                       |      | 5 873          | 1 435           |
| Effects of exchange rate changes on cash and cash equivalents |      |                |                 |
| <b>Cash and cash equivalents balance 31.12</b>                |      | <b>4 005</b>   | <b>5 873</b>    |



## 4.6. Notes to the consolidated financial statement

### Note 1 General information about the Company and basis for presentation

#### General information

Carbon Transition Group comprise Carbon Transition ASA (referred to as the "Company" or the "Parent") and its subsidiaries (together referred to as the "Group"). Carbon Transition ASA is a public limited listed company incorporated in Norway. The Company is listed on EURONEXT EXPAND OSLO and traded under the ticker CARBN.

The Company's registered office is at Askekroken 11, 0277 Oslo, further the Group is located with operational office in Houston. The Group has due to local requirement, when operating OBN survey, offices also in Cairo.

Carbon Transition ASA has an international liability insurance for the Board of Directors and management. The insurance coverage is up to MNOK 50 per year for total revenue of MNOK 612 and applies to the Parent company including subsidiaries.

The Group has during 2021 changed name to Carbon Transition ASA and implemented a new strategy. Following the restructuring in June 2021, the Group refocused the 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. The Group may also invest more broadly in the "energy transition" space. Carbon has a legacy seismic business operating under the name Axxis Geo Solutions, with a multi-client data library.

#### Basis of Preparation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards («IFRS») as adopted by the European Union ("EU"), their interpretations adopted by the International Accounting Standards Board (IASB) and the additional requirements of the Norwegian Accounting Act as of 31 December 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 assets 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.

The consolidated financial statements of the Group were authorized by the Board of Directors on 7 April 2022. The consolidated financial statements will be presented for approval at the Annual General Meeting on 25 May 2022. Until this date the Board of Directors have the authority to amend the financial statements.



The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

## **Note 2.0 Summary of Significant Accounting Policies**

### *Principles of Consolidation*

The consolidated financial statements comprise the Company and its subsidiaries.

Subsidiaries are all entities over which the Company has control. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the income statement from the date the Company gains control until the date the Company ceases to control the subsidiary.

All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### *Presentation and functional currency*

The Group presents its consolidated financial reports in USD. For presentation in consolidated accounts, the monetary assets and liabilities has 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 profit or loss are 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.

### *Foreign Currency*

Transactions in foreign currencies are translated using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in non-functional currencies are translated into functional currency spot rate of exchange ruling at the date of the balance sheet. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominate in non-functional currencies are recognized in the income statement.

### *Revenue recognition*

Revenue from contracts with customers comes from two different business models.



Contract seismic surveys is projects where the Group performs seismic services in accordance with customer specifications and the customer is the owner of all data collected. The contracts can include both collection of data and processing. If both services are included in a contract, the contract consist of two performance obligations. The Group has so far only had one multi-client contract with processing.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received for services in the ordinary course of the Group's activities. Revenue is shown net of withholding and value-added taxes.

The Company applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between satisfying the performance obligation and the payment is one year or less. Where the Company has satisfied its performance obligations and has a right to consideration, an accrued revenue is recognized. The principles applied for each of the main types of contracts with customers are described in more detail below.

#### *Contract seismic surveys*

The Group recognizes contract revenue (whether priced as lump sum, day rate or unit price) based on the percentage of completion method (POC). Progress is measured in a manner generally consistent with the physical progress on the project. The revenue recognition is based on a split between acquisition work and data processing, only if both services are included in the contract. For the acquisition work the progress is based on the number of energy releases in the water. The progress of the data processing is measured based on estimated time of completion. Any amount received exceeding recognized revenue, is recorded on the balance sheet as a contract liability. Conversely, recognized revenue exceeding payments received is recognized as a contract asset, or a receivable if there is a right to payment that is not conditional of additional performance.

The contracts may include mobilization fees. These payments are included in the transaction price. No revenue is recognized before the data acquisition commences.

Any mobilization cost is capitalized as a cost to fulfil a contract and are amortized over the data acquisition period. The costs primarily relate to relocation of vessels and other preparation costs that can be directly allocated to the contract. The Group incur these costs to be able to fulfil the contract, and they are capitalized to the extent that they are expected to be recovered by the contract.

#### *Multi-client revenue*

Multi-client is granting of licenses to the Group's multi-client library. In the contracts the customer gets a non-exclusive right to use the data from a specific survey, where the Group already has, or will collect and process data. The Group owns the data in the library. Before the Group initiates a new multi-client survey, the Group has its own



target to always have one or more committed customer. Revenues from these contracts are defined as prefunding revenues. The advantages for pre-funding customers are generally the possibility to influence the project specifications, early access to acquired data, and discounted prices. Revenues from contracts that are signed after the survey is complete are defined as Late sales.

#### *Multi-client pre-funding*

The Company recognizes pre-funding revenue as "right to use" licenses and the revenue is recognized at the point in time when the "right to use" license is transferred to the customer.

When the license is transferred to the customer depends on the specific contract but is typically upon completion of processing of the survey and granting of access to the finished data or delivery of the finished data.

#### *Cost to obtain contracts*

Incremental cost of obtaining contracts with customers are recognized as an asset to the extent that the entity expects to recover those costs. The incremental cost of obtaining a contract are those costs that would not have incurred if the contract had not been obtained. The costs are amortized over the same period as revenue for the related contract is recognized.

#### *Multi-client late sales*

Customers are granted a license from the Group which entitles them to access a specific part of the multi-client data library. The license payment is fixed and is required when the license is granted. The late sale revenue is recognized when a valid licensing agreement is signed, and the multi-client library data made accessible to the customer.

#### *Investment in financial assets at fair value through profit or loss*

Financial assets at fair value through profit and loss for the Group is equity instruments and convertible loan.

Financial assets are classified at initial recognition, and subsequently measured at amortized 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 characterized 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 unrealized 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.

### *Property, plant and equipment*

Property, plant, and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment loss. Historical cost includes costs directly attributable to the acquisition of the item. Costs are included in the asset's carrying amount or recognized as a separate asset, if appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Costs of all repairs and maintenance are expensed as incurred. Depreciation of property plant and equipment is calculated using the straight-line method, over the estimated useful life.



The asset's residual values, useful lives, and method of depreciation are reviewed at each balance sheet date and adjusted if appropriate. If an asset's carrying amount is greater than its estimated recoverable amount, the asset is immediately impaired to the recoverable amount.

Assets under construction are carried at cost, less accumulated impairment. Depreciation commences when the asset is ready for its intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

### *Leases*

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### *Company as a lessee*

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes the liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

### *Lease term*

The lease term is determined on the commencement date of the lease, and corresponds to the term of the lease contract, unless the Company is reasonably certain that it will exercise contractual extensions or termination options.

### *Measurement of lease liabilities*

At the commencement date of the lease, the Company recognizes a lease liability measured at the present value of lease payments due under the contract, less any lease incentives receivable, plus the costs of purchase or termination options if reasonably certain to be exercised. Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.



Subsequently, the carrying amount of the lease liability is increased to reflect the accumulation of interest on the liability balance and reduced as the lease payments are charged to the liability. In addition, the carrying amount of the lease liability is remeasured to reflect contractual modifications, changes to lease payments or changes in the assessment of the lease term.

#### *Measurement of right-of-use assets*

Right-of-use assets are measured at cost, comprising the initial measurement of lease liability, lease payments made at the commencement date, initial direct costs and estimated restoration costs, less any lease incentives received. Subsequently, the right-of-use asset is measured at cost, less accumulated depreciation, and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment.

#### *Short term leases and low value leases*

The Company has elected to apply the recognition exemption to lease contracts with a duration of less than 12 months, or that relate to assets with an underlying low value. Lease payments associated with short-term leases and leases of low-value assets are expensed on a straight-line basis.

Other short-term leases less than 12 months and payments of these leases are charged to the income statement on a straight-line basis over the period of the lease.

#### *Intangible assets*

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets with defined useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method are reviewed at least every financial year end.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that



suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### *Multi-client library Capitalization*

The multi-client library consists of geophysical data to be licensed to customers on a non-exclusive basis. Directly attributable costs associated with the production and development of multi-client projects such as data acquisition and processing, and direct project costs are capitalized. Cost directly attributable to data acquisition and processing include vessel costs, payroll and related costs for crew, project management, agent, other related project costs, hardware/software costs and mobilization costs when relocating a vessel to the survey areas.

### *Amortization*

The OBN multi-client library will be amortized from the date the processed data are ready

to be transferred to customers, using straight line amortization. Each project will be evaluated individually, for the Utsira 3D OBN multi-client library that was processed and ready for sale in September 2020, the Company used 4 years lifetime for the linear amortization.

Before the library is completed, the Group test for impairment annually. To ensure that value in use above net book value, the Group will perform an additional impairment test after pre-funding revenues are recognized.

### *Inventories*

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The Group's inventory consists primarily of fuel.

### *Taxes*

#### a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured using the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Withholding taxes are included in the tax expense to the extent that a tax credit is available in the income tax in the home state.



Current income tax relating to items recognized directly in equity or other comprehensive is recognized in equity or other comprehensive income and not in the income statement.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

## b) Deferred tax

Deferred tax is provided for using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted on the balance sheet date and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

### *Employee benefits*

#### *Pension obligations*

The Group operates a defined contribution plan. The net pension cost for the period is presented as an employee expense.

#### *Share based payment*

The Group has an option plan for employees and one member of the Board. The fair value of options granted under the plan is recognized as employee benefit expense with a corresponding increase in equity. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest, based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit and loss, with a corresponding adjustment to equity.



## *Provisions*

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## *Trade receivables*

Trade receivables sale of goods and services are held to collect contractual cash flows. They are initially recognized at the transaction price from sale of goods or services and are subsequent measured with a provision for expected credit loss.

Impairment losses are measured at lifetime expected credit losses in accordance with IFRS 9.

The Group's impairment model for trade receivable, contract assets and other current assets is a simplified approach based on lifetime expected credit losses (ECL). Impairment is based on an estimate of the probability of default for the financial assets reflecting an unbiased amount determined by evaluating a range of possible outcomes; the time value of money and reasonable available information related to past events, current conditions, and forecasts of future economic conditions.

The Group uses an impairment model with the following characteristics: The receivables are organized based on the credit risk of the customers. The primary portfolio is the receivables where invoicing is done to customers with a high credit rating, typical large listed or state-owned oil companies. This portfolio has a low risk of default and therefore no impairment loss is initially recognized based on the expectation of all of the accounts being paid. Further, an individual assessment is performed on specific customer receivables, typically if a customer is in known financial distress or has declared bankruptcy.

On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

## *Financial liabilities*

Financial liabilities represent a contractual obligation to deliver cash in the future. Financial liabilities, with the exception of derivatives, are initially recognized at fair value net of transaction costs directly attributable to the transaction and are subsequently measured at amortized cost. Financial liabilities are derecognized when the obligation is discharged through payment or when the Group is legally released from the primary responsibility for the liability.

## *Classification and measurement*

*Financial instruments at fair value through profit and loss*



This category comprises financial assets and liabilities held for trading. Financial instruments in this category are initially recorded at fair value, and transaction costs are expensed in the consolidated statement of profit and loss. Realized and unrealized gains and losses arising from changes in the fair value are included in the consolidated statements of profit and loss in the period in which they arise.

*Financial instruments at amortized cost*

Financial assets and liabilities in this category are initially recognized at fair value, and subsequently carried at amortized cost, using the effective interest method less any allowance for impairment. This category includes accounts receivable, accounts payable and loans and other borrowings.

*Cash flow statement*

The cash flow statement is presented using the indirect method.

*Cash and cash equivalents*

Cash and cash equivalents include cash at hand, deposits held at call with banks with original maturities of three months or less.

**Note 2.1 New Financial Reporting Standards**

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transaction.

The Group has interest bearing debt of USD 0.9 million that is linked to NIBOR. No date has been set for the transition of NIBOR, and the IBOR reform will not change the risk management strategy.

**Note 2.2 Key accounting estimates and judgement**

The Group makes estimate and assumptions concerning the future. The resulting accounting estimates could deviate from the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the



carrying amount of assets and liabilities within the next financial year are discussed below.

#### *Fair value measurement of financial assets*

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Market price changes may occur that could negatively impact fair value of investments after year end.

#### *Impairment of intangible assets*

The Group uses the discounted cash flow method to estimate the present value of the multi-client library, project Utsira and project Egypt, based on expectations of future multi-client late sales according to the cash flow prognosis used by management for 2021.

There are two uncertainties when it comes to timing of the late sales and also the size of the late sales. The management has weighted these uncertainties with probability in their discounted cash flow calculations. The WACC used in the calculation is comparable to peers.

The IFRS value of multi-client survey Utsira was not impaired in 2021. In 2020 the Utsira multi-client survey was impaired with USD 18.0 million.

#### *Covid-19 risk*

The impacts of COVID-19 on businesses across the globe is substantial and presents new challenges to our normal business practices. The Group has been planning for and monitoring developments since the initial spread of the virus in early 2020 and has taken a series of steps to maintain the continuity of our services for our customers and to safeguard the health of our employees and stakeholders.

#### *Climate risk*

The Group's new strategy has the goal to invest in companies and technologies which contribute to significant reduction of carbon emissions. The Group may also invest more broadly in the "energy transition" space.



### 2.3 Court protected reconstruction

The Company filed for court protected reconstruction on 16 February 2021. This filing provided protection from bankruptcy and allowed for continued operation under court protection. A reconstruction plan was subsequently put forth, whereafter 106 out of 110 creditors voted in favor of the plan by the deadline of 27 April 2021. In nominal amounts, this represented in excess of 98% of claims eligible to vote. In addition, the Group obtained acceptance for voluntary debt settlement from the major creditors in the group companies in the US and Egypt.

On 30 April 2021, the District Court of Ringerike, Asker and Bærum confirmed the reconstruction proposal, subject to an appeal period which expired 1 June 2021.

An Extraordinary General Meeting on 21 May approved, subject to the reconstruction proposal and the forced debt settlement becoming legally binding, that the Company pay approximately USD 6 million in cash and issue approximately 424 million shares to its creditors (the "Conversion Shares").

The court ruling became legally binding 1 June 2021 and the Company paid and settled all Conversion Shares in June 2021.

| Equity and Liabilities                              | Cash Payments  | Gain on Debt Forgiveness | Equity Conversion | Gain on equity conversion | Capital Increase | Net effect      |
|---|----------------|--------------------------|-------------------|---------------------------|------------------|-----------------|
| <b>Equity</b>                                       |                |                          |                   |                           |                  |                 |
| Share capital and other paid in capital             | -              | -                        | 25 495            | (6 476)                   | 15 547           | 34 566          |
| Other reserves                                      | -              | 18 172                   | -                 | 6 476                     | -                | 24 648          |
| <b>Total equity</b>                                 | -              | 18 172                   | 25 495            | -                         | 15 547           | <b>59 214</b>   |
| <b>Liabilities</b>                                  |                |                          |                   |                           |                  |                 |
| Interest bearing debt current                       | (2 888)        | (13 029)                 | (19 017)          | -                         | -                | (34 934)        |
| Trade payables                                      | (908)          | (4 631)                  | (5 446)           | -                         | -                | (10 985)        |
| Other current liabilities                           | (1 215)        | (532)                    | (1 032)           | -                         | -                | (2 779)         |
| <b>Total liabilities</b>                            | <b>(5 011)</b> | <b>(18 192)</b>          | <b>(25 495)</b>   | -                         | -                | <b>(48 698)</b> |
| <b>Gain from reconstruction in income statement</b> |                |                          |                   |                           |                  |                 |
|   |                | 18 191                   |                   | 6 476                     |                  | <b>24 667</b>   |

As a part of the reconstruction, creditors were paid cash dividends or debt was converted to equity. The gain of USD 18.2 million is from the creditors with cash dividends where the remaining amount was booked as gain on debt forgiveness. The other gain of USD 6.5 million is from creditors with debt converted to equity and afterwards fair value adjustment to the share price the day the debt was converted at NOK 0.373 per share, compared to share price of NOK 0.50 offered in the converting settlement. Both these transactions resulted in a total net gain of USD 24.7 million in the statement of comprehensive income.



### Note 3 Segment reporting

The Group operates two segments, Axxis and Investments, based on the two different revenue streams. The Group (Carbon) has a legacy seismic business operating under the name Axxis, with both an ocean-bottom seismic contract business and a multi-client data library. The investment segment is new from 2021. The purpose of the investment segment is to invest in companies and technologies which contribute to significant reductions of carbon emissions.

The segment reporting is based on the accounting principles used in the internal reporting and deviates from IFRS. In the segment reporting, under a multi-client survey, the multi-client pre-funding revenues are recognized based on the percentage of completion method, compared to delivery of finalized processed data according to IFRS. In the segment reporting, there is amortization for the multi-client library equal to a percentage of recognized revenues according to budget before the data is finalized processed, while the financial statements are based on a principle where amortization begins when the library is completed. Revenue recognition for the contract business and the investment segment is based on the same principles as the IFRS financial statements.

Operating expenses are allocated to the segments based on the use of resources and assets.

Share based payment cost and capitalized cost of obtaining contracts has not been allocated to segments.

| USD thousands  | Segment reporting |              | Adjustments | IFRS reporting  |
|--|-------------------|--------------|-------------|-----------------|
|  | Axxis             | Investment   |             |                 |
|  | 2021              | 2021         | 2021        | 2021            |
| <b>Income statement</b>  |                   |              |             |                 |
| <b>Total revenue</b>   | <b>14 653</b>     | <b>-</b>     | <b>-</b>    | <b>14 653</b>   |
| <b>Other income</b>  | <b>1 163</b>      | <b>-</b>     | <b>-</b>    | <b>1 163</b>    |
| Changes in fair value for investments  | -                 | 8 404        | -           | 8 404           |
| Cost of sales  | (10 381)          | -            | -           | (10 381)        |
| Personnel expenses   | (3 469)           | -            | -           | (3 469)         |
| Other operating expenses   | (3 239)           | -            | 74          | (3 165)         |
| <b>Total Operating Expenses</b>  | <b>(17 088)</b>   | <b>-</b>     | <b>74</b>   | <b>(17 015)</b> |
| <b>Operating profit (loss) before depreciation and amortization (EBITDA)</b> | <b>(1 273)</b>    | <b>8 404</b> | <b>74</b>   | <b>7 205</b>    |
| Depreciation, Amortization and Impairment                                    | (14 272)          | -            | (69)        | (14 341)        |
| <b>Operating profit (loss) (EBIT) Segment</b>                                | <b>(15 544)</b>   | <b>8 404</b> | <b>5</b>    | <b>(7 136)</b>  |

Vessel and equipment are only utilized in the Axxis segment, and all depreciation relates to this segment.



| USD thousands               | Segment reporting |             | Adjustments | IFRS reporting |
|-----------------------------|-------------------|-------------|-------------|----------------|
|                             | Axxis             | Investment  |             |                |
| <b>Geographical markets</b> | <b>2021</b>       | <b>2021</b> | <b>2021</b> | <b>2021</b>    |
| Norway                      | 5 669             | -           | -           | 5 669          |
| Asia                        | -                 | -           | -           | -              |
| UK                          | 8 983             | -           | -           | 8 983          |
| Brazil                      | -                 | -           | -           | -              |
| <b>Total revenue</b>        | <b>14 653</b>     | <b>-</b>    | <b>-</b>    | <b>14 653</b>  |

The geographical split is based on where the seismic surveys have been performed.

| USD thousands          | Segment reporting |             | Adjustments | IFRS reporting |
|------------------------|-------------------|-------------|-------------|----------------|
|                        | Axxis             | Investment  |             |                |
| <b>Major customers</b> | <b>2021</b>       | <b>2021</b> | <b>2021</b> | <b>2021</b>    |
| Customer 1             | 8 983             | -           | -           | 8 983          |
| Customer 2             | 2 124             | -           | -           | 2 124          |
| Customer 3             | 2 042             | -           | -           | 2 042          |
| Customer 4             | 1 369             | -           | -           | 1 369          |
| <b>Total revenue</b>   | <b>14 519</b>     | <b>-</b>    | <b>-</b>    | <b>14 519</b>  |

| USD thousands  | Segment reporting |             | Adjustments   | IFRS reporting  |
|--|-------------------|-------------|---------------|-----------------|
|  | Axxis             | Investment  |               |                 |
| <b>Income statement</b>  | <b>2020</b>       | <b>2020</b> | <b>2020</b>   | <b>2020</b>     |
| <b>Total revenue</b>   | <b>66 184</b>     | <b>-</b>    | <b>26 606</b> | <b>92 790</b>   |
| Cost of sales  | (52 557)          | -           | 245           | (52 313)        |
| Personnel expenses   | (3 388)           | -           | -             | (3 388)         |
| Other operating expenses   | (3 919)           | -           | 229           | (3 691)         |
| <b>Total Operating Expenses</b>  | <b>(59 865)</b>   | <b>-</b>    | <b>473</b>    | <b>(59 392)</b> |
| <b>Operating profit (loss) before depreciation and amortization (EBITDA)</b> | <b>6 319</b>      | <b>-</b>    | <b>27 079</b> | <b>33 399</b>   |
| Depreciation, Amortization and Impairment                                    | (9 870)           | -           | (17 685)      | (27 554)        |
| <b>Operating profit (loss) (EBIT) Segment</b>                                | <b>(3 550)</b>    | <b>-</b>    | <b>9 395</b>  | <b>5 845</b>    |

Vessel and equipment are only utilized in the Axxis segment, and depreciation relates to this segment. The MCL of Utsira was written down with USD 18 million in IFRS reporting during 2020, due to fair value evaluation per September 2020 based on assumption for late sales.

|                             | Axxis         | Investment  |               |               |
|-----------------------------|---------------|-------------|---------------|---------------|
| <b>Geographical markets</b> | <b>2020</b>   | <b>2020</b> | <b>2020</b>   | <b>2020</b>   |
| Norway                      | 16 793        | -           | 26 606        | 43 399        |
| Asia                        | -             | -           | -             | -             |
| Middle East                 | 46 884        | -           | -             | 46 884        |
| Brazil                      | 2 508         | -           | -             | 2 508         |
| <b>Total revenue</b>        | <b>66 184</b> | <b>-</b>    | <b>26 606</b> | <b>92 790</b> |

The geographical split is based on where the seismic surveys have been performed.



| USD thousands          | Segment reporting |             | Adjustments   | IFRS reporting |
|------------------------|-------------------|-------------|---------------|----------------|
|                        | Axxis             | Investment  |               |                |
| <b>Major customers</b> | <b>2020</b>       | <b>2020</b> | <b>2020</b>   | <b>2020</b>    |
| Customer 1             | 47 684            | -           | -             | 47 684         |
| Customer 2             | 15 633            | -           | 26 606        | 42 239         |
| Customer 3             | 2 768             | -           | -             | 2 768          |
| Customer 4             | 100               | -           | -             | 100            |
| <b>Total revenue</b>   | <b>66 184</b>     | <b>-</b>    | <b>26 606</b> | <b>92 790</b>  |

#### Note 4 Revenue and cost from contract with clients

In 2021 there is no difference between Segment reporting and IFRS reporting. Figures below for 2021 are IFRS.

| USD thousands                                      | Axxis         | Investment | Total         |
|--|---------------|------------|---------------|
| Income statement                                   | 2021          | 2021       | 2021          |
| Contracts for seismic acquisition                  | 9 117         | -          | 9 117         |
| Multi-client projects pre-funding                  | -             | -          | -             |
| Multi-client projects late sales                   | 5 535         | -          | 5 535         |
| <b>Total revenue from contracts with customers</b> | <b>14 653</b> | <b>-</b>   | <b>14 653</b> |

|   |               |          |               |
|---|---------------|----------|---------------|
| At a point in time                                  | 5 535         | -        | 5 535         |
| Over time   | 9 117         | -        | 9 117         |
| <b>Total revenues from contracts with customers</b> | <b>14 653</b> | <b>-</b> | <b>14 653</b> |

#### Cost to fulfill contracts and cost to obtain contracts

| USD thousands   | Axxis    | Investment | Total    |
|---|----------|------------|----------|
| Income statement  | 2021     | 2021       | 2021     |
| <b>Contract assets</b>  |          |            |          |
| Assets recognized for cost to fulfill a contract in the balance 1.1.21                | -        | -          | -        |
| Assets recognized for costs to fulfill a contract (mobilization costs)                | 1 938    | -          | 1 938    |
| Amortization of assets recognized for cost to fulfill a contract (mobilization costs) | (1 938)  | -          | (1 938)  |
| <b>Total contract assets</b>  | <b>-</b> | <b>-</b>   | <b>-</b> |

Assets related to cost to fulfill and cost to obtain contracts is presented as other current assets in the balance.

| USD thousands             | Axxis        | Investment | Total        |
|---------------------------|--------------|------------|--------------|
| Other income              | 2021         | 2021       | 2021         |
| Covid-19 compensation     | 1 163        | -          | 1 163        |
| <b>Total other income</b> | <b>1 163</b> | <b>-</b>   | <b>1 163</b> |



| USD thousands                                       | Segment reporting |            | Adjustments   | IFRS reporting |
|---|-------------------|------------|---------------|----------------|
|   | Axis              | Investment |               |                |
| Income statement                                    | 2020              | 2020       | 2020          | 2020           |
| Contracts for seismic acquisition                   | 64 325            | -          | -             | 64 325         |
| Multi-client projects pre-funding                   | 798               | -          | 26 606        | 27 404         |
| Multi-client projects late sales                    | 1 060             | -          | -             | 1 060          |
| <b>Total revenue from contracts with customers</b>  | <b>66 183</b>     | <b>-</b>   | <b>26 606</b> | <b>92 790</b>  |
| At a point in time                                  | -                 | -          | 28 464        | 28 464         |
| Over time   | 66 183            | -          | (1 858)       | 64 325         |
| <b>Total revenues from contracts with customers</b> | <b>66 183</b>     | <b>-</b>   | <b>26 606</b> | <b>92 790</b>  |

#### Cost to fulfill contracts and cost to obtain contracts

| USD thousands   | Segment reporting |            | Adjustments | IFRS reporting |
|---|-------------------|------------|-------------|----------------|
|   | Axis              | Investment |             |                |
| Income statement  | 2020              | 2020       | 2020        | 2020           |
| <b>Contract assets</b>  |                   |            |             |                |
| Assets recognized for cost to fulfill a contract in the balance 1.1.20                | 5 047             | -          | -           | 5 047          |
| Assets recognized for costs to fulfill a contract (mobilization costs)                | 5 105             | -          | -           | 5 105          |
| Amortization of assets recognized for cost to fulfill a contract (mobilization costs) | (10 152)          | -          | -           | (10 152)       |
| <b>Total contract assets</b>  | <b>-</b>          | <b>-</b>   | <b>-</b>    | <b>-</b>       |

Assets related to cost to fulfill and cost to obtain contracts is presented as other current assets in the balance.

#### Performance obligations

##### Contract seismic and imaging

The contracts for seismic surveys have an expected duration of less than one year. Because of this, the Group does not disclose information about transaction price allocated to unsatisfied or partly unsatisfied performance obligations for these contracts. Contracts for seismic surveys usually have a billing schedule with frequent billings, so there will not be a material difference in timing of the payments and the progress in the projects.

##### Multi-client Pre-funding

The Group had per end of September 2020 finalized the data processing of the multi-client 3D OBN Utsira survey. The IFRS pre-funding revenue was allowed to be booked as pre-funding revenue in September 2020 USD 22.7 million. This is a collaboration project where the Group has a 50% share of future late sales. The Group's share of contracted pre-funding revenue was USD 27.4 million.



**Note 5 Cost of sales**

USD thousands

| <b>Cost of sales</b>                              | <b>2021</b>     | <b>2020</b>     |
|---|-----------------|-----------------|
| Vessel cost                                       | (3 786)         | (22 965)        |
| Crew & project management                         | (2 165)         | (18 524)        |
| Seismic, source and node equipment                | (3 618)         | (13 486)        |
| Agent related expenses                            | (1 632)         | (2 866)         |
| Mobilization amortization                         | (1 938)         | (10 152)        |
| Mobilization cost capitalized                     | 1 938           | 5 105           |
| Multi-client capitalization - gross (see note 11) | -               | 10 576          |
| Reversal of cost previous period                  | 821             | -               |
| <b>Total cost of sales</b>                        | <b>(10 381)</b> | <b>(52 313)</b> |

**Note 6 Financial items**

| <b>Financial income</b>       | <b>2021</b> | <b>2020</b>  |
|-------------------------------|-------------|--------------|
| Interest income               | 2           | 0            |
| Other financial income*       | -           | 3 847        |
| <b>Total financial income</b> | <b>2</b>    | <b>3 848</b> |

\*Other financial income 2020 is related to fair value amortization of non-current loans.

| <b>Financial expenses</b>       | <b>2021</b>    | <b>2020</b>    |
|---------------------------------|----------------|----------------|
| Interest expense                | (1 483)        | (2 161)        |
| Interest expense suppliers      | (246)          | (1 834)        |
| Other financial expenses        | (880)          | (1 320)        |
| <b>Total financial expenses</b> | <b>(2 610)</b> | <b>(5 315)</b> |

| <b>Currency exchange gain (loss)</b> | <b>2021</b>  | <b>2020</b>  |
|--------------------------------------|--------------|--------------|
| Exchange gains                       | 1 928        | 3 434        |
| Exchange losses                      | (2 765)      | (3 858)      |
| <b>Total exchange gain (loss)</b>    | <b>(836)</b> | <b>(424)</b> |

**Note 7 Tax**

| <b>USD thousands</b>                                      | <b>2021</b> | <b>2020</b>  |
|---|-------------|--------------|
| <b>Specification of tax expense (income) for the year</b> |             |              |
| Current income tax (including withholding tax)            | 90          | 7 073        |
| Change in deferred tax                                    | -           | -            |
| Changes from previous years                               | 62          | 13           |
| <b>Total tax expense (income)</b>                         | <b>152</b>  | <b>7 086</b> |



Current income tax is accruals for a survey in UK, where the taxes have not been settled. Changes from previous year is related to change in accrual for corporate income tax in Egypt, where the taxes have not been settled.

**Reconciliation of actual against expected tax expense (income) at the income tax rate of 22%**

|  |            |              |
|--|------------|--------------|
| Profit (loss) before tax                     | 14 087     | 3 953        |
| 22% tax                                      | 3 099      | 870          |
| <b>Tax effect from:</b>                      |            |              |
| Withholding tax and Corporate tax abroad     | 152        | 5 569        |
| Permanent differences                        | 246        | (147)        |
| Change in fair value investment              | (1 909)    | -            |
| Currency effect                              | (424)      | (1 386)      |
| Difference in tax rate in foreign activities | (8)        | (33)         |
| Use of withholding tax abroad                | -          | (70)         |
| Not booked deferred tax asset                | (1 004)    | 2 283        |
| <b>Calculated tax expense (income)</b>       | <b>152</b> | <b>7 086</b> |
| Effective tax rate for the Company           | (1.08)     | (179.27)     |

| <b>USD thousands</b>                     | <b>31.12.2021</b> | <b>31.12.2020</b> |
|--|-------------------|-------------------|
| <b>Temporary differences</b>             |                   |                   |
| Non current assets                       | (6 044)           | (1 682)           |
| Trade receivables                        | -                 | -                 |
| Other accruals                           | -                 | -                 |
| Financial lease                          | -                 | (1)               |
| Accumulated loss carried forward         | (57 223)          | (57 348)          |
| <b>Temporary differences at 31.12.</b>   | <b>(63 267)</b>   | <b>(59 030)</b>   |
| <b>Deferred tax assets (liabilities)</b> | <b>13 919</b>     | <b>12 987</b>     |

Per December 2021 the management evaluated the deferred tax assets to be uncertain when to be utilized. The same evaluation was performed per December 2020.

The loss carried forward is in Norway and there are no time limits for use of the losses.

**Note 8 Bank deposits, cash in hand**

| <b>USD thousands</b>       | <b>31.12.2021</b> | <b>31.12.2020</b> |
|----------------------------|-------------------|-------------------|
| Bank deposits              | 3 919             | 5 792             |
| Restricted bank deposits   | 86                | 80                |
| <b>Total bank deposits</b> | <b>4 005</b>      | <b>5 873</b>      |

Restricted bank deposits relate to employee withholding tax. These deposits are subject to regulatory restrictions and are therefore not available for general use by the entities within the Group. The account can be used to settle employee withholding tax.



**Note 9 Other current assets**

| USD thousands                     | 31.12.2021 | 31.12.2020 |
|-----------------------------------|------------|------------|
| Prepayments                       | 197        | 186        |
| Accrued income                    | -          | 312        |
| Other current receivables         | 25         | 34         |
| <b>Total other current assets</b> | <b>222</b> | <b>531</b> |

**Note 10 Property, plant and equipment**

| USD thousands                               | Vessel  | Seismic and node equipment | Projects in progress | Computer equipment | Lease asset | Total tangible assets |
|---|---------|----------------------------|----------------------|--------------------|-------------|-----------------------|
| <b>2021</b>                                 |         |                            |                      |                    |             |                       |
| <b>Cost at 01.01.21</b>                     | 8 171   | 17 372                     | 29                   | 364                | 489         | 26 425                |
| Additions                                   | -       | -                          | -                    | -                  | -           | -                     |
| Disposal                                    | (5 459) | (5 171)                    | (29)                 | -                  | (184)       | (10 843)              |
| Impairment                                  | (2 711) | (813)                      | -                    | -                  | -           | (3 524)               |
| <b>Cost at 31.12.21</b>                     | -       | 11 388                     | -                    | 364                | 305         | 12 057                |
| <b>Accumulated depreciation 01.01.21</b>    | (4 717) | (9 259)                    | -                    | (235)              | (420)       | (14 631)              |
| Depreciation                                | (351)   | (2 967)                    | -                    | (117)              | (69)        | (3 505)               |
| Disposal                                    | 5 087   | 4 251                      | -                    | -                  | 184         | 9 502                 |
| Impairment                                  | -       | -                          | -                    | -                  | -           | -                     |
| <b>Accumulated depreciation at 30.12.21</b> | (0)     | (7 976)                    | -                    | (353)              | (305)       | (8 633)               |
| <b>Carrying amount at 01.01.21</b>          | 3 454   | 8 114                      | 29                   | 128                | 69          | 11 794                |
| <b>Carrying amount at 31.12.21</b>          | (0)     | 3 412                      | -                    | 11                 | 0           | 3 423                 |

Economic lifetime                      3-10 years                      3-5 years                      3-10 years                      2-5 years

| USD thousands                               | Vessel  | Seismic and node equipment | Projects in progress | Computer equipment | Lease asset | Total tangible assets |
|---|---------|----------------------------|----------------------|--------------------|-------------|-----------------------|
| <b>2020</b>                                 |         |                            |                      |                    |             |                       |
| <b>Cost at 01.01.20</b>                     | 8 171   | 17 624                     | 29                   | 370                | 489         | 26 682                |
| Additions                                   | -       | 62                         | -                    | -                  | -           | 62                    |
| Disposal                                    | -       | (246)                      | -                    | -                  | -           | (246)                 |
| Impairment                                  | -       | (67)                       | -                    | (6)                | -           | (73)                  |
| <b>Cost at 31.12.20</b>                     | 8 171   | 17 372                     | 29                   | 364                | 489         | 26 425                |
| <b>Accumulated depreciation 01.01.20</b>    | (3 504) | (5 196)                    | -                    | (118)              | (196)       | (9 015)               |
| Depreciation                                | (1 213) | (4 099)                    | -                    | (122)              | (223)       | (5 657)               |
| Disposal                                    | -       | 25                         | -                    | -                  | -           | 25                    |
| Impairment                                  | -       | 12                         | -                    | 5                  | -           | 16                    |
| <b>Accumulated depreciation at 31.12.20</b> | (4 717) | (9 259)                    | -                    | (235)              | (420)       | (14 631)              |
| <b>Carrying amount at 01.01.20</b>          | 4 667   | 12 428                     | 29                   | 251                | 292         | 17 668                |
| <b>Carrying amount at 31.12.20</b>          | 3 454   | 8 114                      | 29                   | 128                | 69          | 11 794                |

Economic lifetime                      3-10 years                      3-5 years                      3-10 years                      2-5 years



According to IFRS the carrying amount of intangible assets and property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Management regularly evaluates its fleet plan and capital expenditure level in light of market conditions. In 2021 and 2020 management performed such evaluations. There was no need for impairment at the end of 2021. In 2020 this evaluation resulted in impairments related to certain seismic equipment in the subsidiary in US.

The Group has no asset held for sale at the end of 2021.

The Group sold the vessel Neptune Naiad in June. An impairment of USD 3.5 million was made before the transaction. The settlement was performed with loan settlement to Sanco Holding AS from the reconstruction and time charter payment on Sanco Star used on the UK contract in 2021, so there was no cash effect on this sale.

The climate risk for stranded equipment is evaluated as low, since the Group has sold the node seismic equipment 2 March 2022, see note 27 Events after reporting period.

#### Note 11 Intangible assets

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

The company has no fully amortized intangible assets that are still in use per 31 December 2021.

The Group's Norwegian multi-client library in its entirety is pledged as security for interest-bearing debt. Refer to note 14 Interest-bearing debts

The Group's Egyptian multi-client library in the Suez has a cap of late sales and deviate from the WACC used for Utsira.



The multi-client segment consists of multiple seismic data surveys that comprise the segment. As of 31 December 2021, the Group owns two multiclient surveys, each considered a separate CGU and impairment tested separately.

The multi-client survey of Utsira has so far been amortized linearly over 4 years from the date the processed data are ready to be transferred to customers according to IFRS.

The multi-client survey in Egypt is not finalized processing per December 2021.

The impairment test is based on value in use

According to IFRS the multi-client library should be tested for impairment if the circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The Group perform quarterly testing for impairment where the sales estimate is updated for each quarterly evaluation. The industry is known for uncertainty of when the late sales will happen, rather than the size of the late sales. For financial purposes the Group used sales estimates weighted in addition to worst, low, mid and high probability where the next two years was estimated in detail. The WACC used for calculated NPV (Net Present Value) of Utsira is 9,15 % similar to comparable companies. Together, the weighted sales expectations and the WACC comprise the key input factors to the Group's impairment testing of multi-client library. WACC used for MCL Egypt is 12.44% due to higher country risk.

A decrease in the company's sales expectations exceeding 4,0% would result in an impairment in the multi-client library. Similarly, an increase in WACC to 11,65% would result in an impairment in the multi-client library.

There has been no write-down of the multi-client library in 2021. The multi-client survey of Utsira was written down with USD 18 million in IFRS reporting during 2020, due to fair value evaluation per September 2020 based on assumptions for late sales.

## Note 12 Inventories

| <b>USD thousands</b>       | <b>31.12.2021</b> | <b>31.12.2020</b> |
|----------------------------|-------------------|-------------------|
| Purchased finished goods   | -                 | 85                |
| Provision for obsolescence | -                 | -                 |
| <b>Net inventories</b>     | <b>-</b>          | <b>85</b>         |

The Group has no inventories at 31.12.2021 and has not expensed any impairment of inventories during the periods of 2021 or 2020.



## Note 13 Investments

USD thousands

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

### 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).

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

Sensitivity: A 5% and 10% increase in CO2 Capsol stock price is equal to an increase of USD 511 thousand and USD 1 023 thousand in value, respectively. Likewise, a 5% and 10% decrease in stock price in CO2 Capsol is equal to a decrease of USD 511 thousand and USD 1 023 thousand, respectively.

### Power By BritishVolt Limited

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).

Sensitivity: A 5% and 10% increase in Britishvolt stock price is equal to an increase of USD 232 thousand and USD 464 thousand in value, respectively. Likewise, a 5% and 10% decrease in stock price in Britishvolt is equal to a decrease of USD 232 thousand and USD 464 thousand, respectively.



## 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).

Sensitivity: A 5% and 10% increase in Arbaflame stock price is equal to an increase of USD 170 thousand and USD 340 thousand in value, respectively. Likewise, a 5% and 10% decrease in stock price in Arbaflame is equal to a decrease of USD 170 thousand and USD 340 thousand, respectively.

## Note 14 Interest bearing debt

| USD thousands                          | Interest rate (%) | Maturity | 31.12.2021 | 31.12.2020    |
|--|-------------------|----------|------------|---------------|
| USD 895 725 Floating rate term loan    | Nibor + 10%       | 2023     | 896        | -             |
| USD 24 739 311 Bond Loan               | 8%                | 2022     | -          | 17 417        |
| <b>Non-current borrowings</b>          |                   |          | <b>896</b> | <b>17 417</b> |
| Lease Liabilities                      | 5%                | 2021     | -          | 73            |
| NOK 29 750 000 Floating rate term loan | Nibor + 0.5%      | 2021     | -          | 1 160         |
| USD 24 739 311 Bond loan               | 8%                | 2022     | -          | 6 033         |
| USD 5 780 326 Fixed rate term loan     | 4%                | 2021     | -          | 5 695         |
| USD 1 490 633 4% Fixed rate term loan  | 4%                | 2021     | -          | 1 244         |
| USD 1 332 704 4% Fixed rate term loan  | 4%                | 2021     | -          | 1 300         |
| NOK 2 495 043 4% Fixed rate term loan  | 4%                | 2021     | -          | 234           |
| NOK 12 000 000 Interest Free Loan      | 0%                | 2021     | -          | 822           |
| <b>Current borrowings</b>              |                   |          | <b>-</b>   | <b>16 562</b> |

Details of the Group's exposure to risk arising from current and non-current borrowings are set out in note 15, Financial risk management.

### USD 896 725 Nibor + 10% Term Loan (TGS)

The TGS loan was reclassified to non-current liabilities as of 31 December 2021. At 31 December 2020, the TGS loan was included in other current liabilities. The TGS loan is secured by the Utsira the multi-client survey as well as the shares in the company Axxis Multi Client AS.

### NOK 29 750 000 Nibor+5,5% Term Loan (Eksportkreditt)

The term loan was settled in 2021 in connection with the sale of the vessel Neptune Naiad. Initially the loan was to amortize through twelve quarterly instalments. The term



loan had a first priority pledge in the owned vessel, operating assets and factoring agreement.

The loan was in breach of financial covenants and was classified to current liabilities in the financial statements as of 31 December 2020. However, the Company received waiver from the two covenants for all the quarters in 2020, including year end 2020. The financial covenants were as follows:

- 1) Liquid assets of no less than 120% of outstanding loan
- 2) Equity ratio of 30% until Q4 19 and thereafter 35% till final maturity date (September 2021)

### **USD 24 739 311 Bond loan**

The USD 24 739 311 bond loan was settled in connection with the reconstruction in 2021. The loan was issued in relation to the restructuring completed in 2020, in which USD 24 739 311 of short-term payables were converted to a 2-year bond loan. The bond carried a fixed interest of 8% and was to be repaid either through cash calls or the agreed repayment schedule. For the bond loan, the group pledged shares in subsidiaries, inventories, operating assets, factoring agreement and second priority in the owned vessel.

The bond required the Group to maintain a liquidity balance of USD 2 million, and maintain a 0-dividend policy. As of 31 December 2020, the covenants for the bond loan were fulfilled.

### **Fixed rate term loans**

All fixed rate term loans were settled as a result of the reconstruction in 2021. In relation to the restructuring completed in 2020, the Group issued a series of fixed rate term loans through conversion of short-term payables to long term loan agreements. The loans were unsecured and carried a fixed interest rate from 0% to 4% p.a.

#### **Balance sheet value of assets placed as security**

| <b>USD thousands</b>  | <b>31.12.2021</b> | <b>31.12.2020</b> |
|---|-------------------|-------------------|
| Multi-client library*   | 18 280            | 36 168            |
| Property, plant and equipment                                 | -                 | 11 794            |
| Inventories   | -                 | 85                |
| <b>Total balance sheet value of assets placed as security</b> | <b>18 280</b>     | <b>48 047</b>     |

\* TGS also has security in the shares of Axxis Multi Client AS

**Note 15 Financial risk management**

The Group has during 2021 changed name to Carbon Transition ASA and implemented a new strategy. Following the restructuring in June 2021, the Group refocused the 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. The Group may also invest more broadly in the "energy transition" space. Carbon has a legacy seismic business operating under the name Axxis Geo Solutions, with a multi-client data library.

The Group is exposed to market specific and general economic cycles and macro-economic fluctuations, since changes in the general economic situation affect the demand for products and services provided by companies the Group invests in. The performance of the Axxis Geo Solutions operations is also dependent on production and development spending by oil and gas companies. Historically, in times of low oil price, demand for seismic data has been significantly reduced.

**Capital Management**

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares, or repay or issue new debt.

The Group's capital management, among other things, aims to ensure that it fulfil the interest-bearing loans terms and borrowings that define capital structure requirements. Any breaches in meeting the financial terms would permit the bank or borrower to immediately call loans and borrowings

**Market risk - price risk**

For information regarding market risk- price risk see note 13.

**Financing risk**

The Group used bank loan, bond loan and unsecured loans in addition to equity for financing purposes in 2020. During 2021 the Company successfully completed a legal reconstruction and almost all debt was settled. There was only debt to TGS in the Group per year-end 2021. The purpose of these financial instruments is to ensure that the Group has financial flexibility for investments that are necessary for the Group's operations. In addition, the Group has items such as trade receivables, trade payables etc. which is directly related to regular business operations. The Group does not use financial instruments for hedging purposes. Risk management procedures have been established by the Board and handled by the CFO.



The Group is exposed to financial risk linked to interest rate risk, liquidity risk, currency risk and credit risk. The Group's management has a continuous assessment to identify and evaluate financial risks and sets guidelines for how to handle them.

The Group does not have any financial derivatives in 2021 or 2020.

## **(i) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group is mainly exposed to credit risk related to trade receivables and other current receivables.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Current and expected future customers are oil and gas companies with sound credit ratings. Also, for other companies in the industry, historic credit losses have been negligible. Because expected credit loss is considered to be a clearly immaterial amount, no provision has been made.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due without special agreement in advance.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

## **(ii) Market risk - interest rate**

The Group does not use financial instruments to hedge interest rate risk.

Trade and other receivables and trade and other payables are interest free and with a term of less than one year, so there is no significant interest rate risk associated with these financial assets and liabilities.

The Group's sensitivity to potential changes in interest rates with an increase in 50 basis points would increase interest expense for the period with approximately USD 38 thousand in 2021 (USD 9 thousands for 2020).

## **(iii) Liquidity risk**

Liquidity risk is the risk that the Company is not able to meet its payment obligations. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed



credit facilities to meet obligations when due and to close out market positions. The Group's strategy for managing liquidity risk is to have sufficient liquidity at all times in order to meet its financial liabilities at maturity, both under normal and exceptional circumstances, without risking unacceptable losses or at the expense of the Group's reputation. The Group may need access to long-term funding. There can be no assurance that available funding sources are accessible when needed nor can there be any assurance that the Group will be able to raise new equity on favorable terms and in amounts necessary to conduct its on-going and future operations, should this be required. Furthermore, there can be no assurance that the Group will be able to obtain additional shareholder funding. Failure to access necessary liquidity could require the Group to scale back its operations or could have other materially adverse consequences for its business and its ability to meet its obligations.

The table below provides an overview of the maturity profile of all financial liabilities. For bank loans the stated amount includes estimated interest payments. In cases where the counterparty may claim earlier redemption, the amount is placed in the earliest period the payment may be required from the counterparty.

2021

| USD thousands             | Remaining Term |            |            |              |            | Total        |
|---------------------------|----------------|------------|------------|--------------|------------|--------------|
|                           | 0-3 months     | 3-6 months | 6-9 months | 9-12 months  | 1-2 years  |              |
| Borrowings*               | -              | -          | -          | -            | 896        | 896          |
| Trade payables            | 333            | -          | -          | -            | -          | 333          |
| Other current liabilities | 736            | -          | -          | 6 101        | -          | 6 837        |
| <b>Total</b>              | <b>1 069</b>   | <b>-</b>   | <b>-</b>   | <b>6 101</b> | <b>896</b> | <b>8 066</b> |

\* Borrowings is included interest

#### (iv) Market risk - foreign exchange rates

The Group operates internationally and is exposed to foreign exchange risk, primarily the NOK, GBP and EGP. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Group is exposed to currency risk as a large part of the group's expenses are denominated in NOK. Profit after tax for the Group is also affected by changes in exchange rates, as expenses and payables are converted to USD.

The NOK denominated bank loans and payables are expected to be repaid with receipts from US dollar denominated sales. The foreign currency exposure of these loans has not been hedged.

The table below shows the Group's sensitivity to potential changes in exchange rates. The calculation takes into account the currency translation of all consolidated foreign subsidiaries. The calculation in the table shows the effect on consolidated profit / loss on the average exchange rate.



| USD thousands | Change in exchange rate | Effect on profit before | Effect on OCI |
|---------------|-------------------------|-------------------------|---------------|
| 2021          | + 10 %                  | 1 486                   | -             |
|               | - 10 %                  | (1 816)                 | -             |
| 2020          | + 10 %                  | 481                     | -             |
|               | - 10 %                  | (588)                   | -             |

The Group's operations in foreign countries expose it to risks related to foreign currency movements. Currency exchange rates fluctuate due to several factors, and these include; international balance of payments, economic and financial conditions, government intervention, speculation and other factors. Changes in currency exchange rates relative to the USD may affect the USD valued assets and liabilities of the Group – primarily the company's portion of debt that is denominated in NOK. Changes in currency may also affect the Group's local expenses when operating abroad. The Group's expenses are primarily in USD and NOK. As such, the Group's earnings are exposed to fluctuations in the foreign currency market.

## Note 16 Categories of financial instruments

USD thousands

| ASSETS  | 31.12.2021        | 31.12.2020        |
|---|-------------------|-------------------|
| <b>Financial assets at amortized cost</b>                     |                   |                   |
| Cash and cash equivalents                                     | 4 005             | 5 873             |
| <b>Financial assets at fair value through profit and loss</b> |                   |                   |
| Investments   | 18 268            | -                 |
| <b>Total financial assets</b>                                 | <b>22 273</b>     | <b>5 873</b>      |
| <b>LIABILITIES</b>  | <b>31.12.2021</b> | <b>31.12.2020</b> |
| <b>Financial liabilities at amortized cost</b>                |                   |                   |
| Interest-bearing non-current liabilities                      | 896               | 17 417            |
| Interest-bearing current liabilities                          | -                 | 16 562            |
| Trade payables  | 333               | 12 251            |
| Other current liabilities                                     | 6 837             | 16 075            |
| <b>Total financial liabilities</b>                            | <b>8 065</b>      | <b>62 305</b>     |

The Group's exposure to various risks associated with the financial instruments is discussed in note 15 Financial risk management. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.



## Fair value

Due to the short-term nature of cash and cash equivalents, trade receivables and other current receivables, their carrying amount is considered to be the same as their fair value.

Interest bearing loans are recognized initially at fair value less transaction costs. Subsequent to initial recognition, interest bearing loans are measured at amortized cost using the effective interest method. Gains and losses are recognized in the consolidated statements of profit or loss when the liabilities are derecognized as well as through the amortization process. The carrying value of borrowing is less amortized cost. The carrying amount of trade and other payables is considered to be approximately the same as their fair values, due to their short-term nature. Due to the court reconstruction in June 2021 all interest-bearing debt except one loan has been settled during 2021.

The Group does not hold any financial derivatives.

## Note 17 Leases and commitments

### Leases

The Group uses the accounting standard IFRS 16 Leases. IFRS 16 Leases has from a lessee viewpoint eliminated the classification of leases as either operating leases or financial leases.

For the Group only office space comes under the classification of leases. Vessels and other seismic equipment on short-term leases come under the classification of commitments. As of 31 December 2021, the Group has no commitments in vessels, seismic equipment or office space.

Lease assets are included in the balance sheet under the item property, plant and equipment. The non-current part of the lease liability is included in the balance sheet under the item interest bearing debt non-current, and the current part under interest bearing debt current, refer to note 14.

| <b>Right-of-use assets:</b>                   |                |              |
|---|----------------|--------------|
| <b>USD thousands</b>                          | <b>Offices</b> | <b>Total</b> |
| <i>Carrying value</i>                         |                |              |
| <b>Balance right-of-use assets 01.01.2021</b> | <b>69</b>      | <b>69</b>    |
| Additions                                     | -              | -            |
| Depreciation                                  | (69)           | (69)         |
| <b>Balance right-of-use assets 31.12.2021</b> | <b>-</b>       | <b>-</b>     |

### Lease liabilities:



| <b>USD thousands</b>                        | <b>Non current*</b> | <b>Current</b> | <b>Total</b> |
|---|---------------------|----------------|--------------|
| <i>Carrying value</i>                       |                     |                |              |
| <b>Balance lease liabilities 01.01.2021</b> | -                   | 73             | 73           |
| Additions                                   | -                   | -              | -            |
| Lease payments                              |                     | (75)           | (75)         |
| Accrued interest                            |                     | 1              | 1            |
| Other adjustments                           | -                   | 1              | 1            |
| <b>Balance lease liabilities 31.12.2021</b> | -                   | 0              | 0            |

\* All lease agreement related to office space expired end of 31 May 2021.

The Group had a total cash outflow for leases of USD 0.08 million of which USD 0.001 million is related to interest in 2021. The Groups cost of low-value assets was insignificant and the Group had no variable lease payments in 2021.

| <b>Right-of-use assets:</b>                   |                |              |
|---|----------------|--------------|
| <b>USD thousands</b>                          | <b>Offices</b> | <b>Total</b> |
| <i>Carrying value</i>                         |                |              |
| <b>Balance right-of-use assets 01.01.2020</b> | 293            | 293          |
| Additions                                     | -              | -            |
| Depreciation                                  | (223)          | (223)        |
| Impairment                                    | -              | -            |
| Other adjustments                             | -              | -            |
| <b>Balance right-of-use assets 31.12.2020</b> | 69             | 69           |

#### Lease liabilities:

| <b>USD thousands</b>                        | <b>Non current*</b> | <b>Current</b> | <b>Total</b> |
|---|---------------------|----------------|--------------|
| <i>Carrying value</i>                       |                     |                |              |
| <b>Balance lease liabilities 01.01.2020</b> | 73                  | 224            | 297          |
| Additions                                   | -                   | -              | -            |
| Reclassification to current                 | (73)                | 73             | -            |
| Lease payments                              |                     | (230)          | (230)        |
| Accrued interest                            |                     | 10             | 10           |
| Other adjustments                           | -                   | (3)            | (3)          |
| <b>Balance lease liabilities 31.12.2020</b> | -                   | 73             | 73           |

\* All lease agreement related to office space expires by end of 31 May 2021.

The Group had a total cash outflow for leases of USD 0.2 million of which USD 0.01 million is related to interest in 2020. The Groups cost of low-value assets was insignificant and the Group had no variable lease payments in 2020.

#### Commitments:

The Group has commitments as of 31 December 2021 related to office rent, for the Oslo office until September 2022 and for the Houston office until April 2022. The cost



for short term leases of office rent for 2021 was USD 0.1 million and USD zero for 2020.

The Group has not entered into any contractual commitments for the rental of seismic equipment (nodes) as of 31 December 2021 or as of 31 December 2020. The cost for short term leases of seismic equipment was USD 2.4 million in 2021 and USD 11.8 million in 2020.

The Group has no commitments for short-term leases of vessels as of 31 December 2021 or as of 31 December 2020. The cost for short-term leases of vessels was USD 2.8 million in 2021 and USD 15.7 million in 2020.

## Note 18 Other current liabilities

| USD thousands                                   | 31.12.2021   | 31.12.2020    |
|---|--------------|---------------|
| Holiday pay owed                                | 146          | 152           |
| Taxes payable *                                 | 2 874        | 5 731         |
| Other accrued costs                             | 1 722        | 3 365         |
| VAT settlement                                  | (267)        | 245           |
| Balance against multi-client project partner ** | -            | 6 582         |
| <b>Total other current liabilities</b>          | <b>4 475</b> | <b>16 075</b> |

\* These taxes payables are-mainly related to Egyptian taxes for withholding and crew tax. The Group expects the withholding tax to be reduced, but since the taxes is not settled as of December 2021, the Group has decided to keep same tax level in Egypt as for 2020.

\*\* This is related to the TGS promissory note which has been classified as noncurrent liabilities per December 2021 due to the new agreement after reconstruction and new maturity date 23 March 2023. The collaboration agreement with TGS, gives Carbon Transition the right to 50% of the late sales related to the OBN multi-client project Utsira. The balance will be settled through late sales from future customer payments to TGS. Interest rate is 3 months Nibor +10%. In addition, TGS has pledged security in the multi-client library, operating assets, inventories, and factoring agreement.

## Note 19 Share capital and shareholder information

| The Company's share capital per 31.12.2021 include the following: | Number of shares | Share Capital in NOK | Par Value per share* |
|---|------------------|----------------------|----------------------|
| Ordinary shares (one share = one vote)                            | 239 760 117      | 239 760 117          | 1,00                 |

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

The Company has one class of shares, all shares provide equal rights, including the right to any dividends in line with 2020. Each of the shares carries one vote in line with



2020. Neither Carbon Transition ASA nor any of its subsidiaries directly or indirectly owns shares or treasury shares in the Company.

| Changes in number of shares                               | Shares             |
|---|--------------------|
| <b>Number of shares 01.01.2021</b>                        | <b>58 821 018</b>  |
| Reverse split 10:1  | 5 882 102          |
| New shares issued - cash settled 15.6.21                  | 144 500 000        |
| Capital increase - debt conversion to fair value 15.06.21 | 42 439 946         |
| New shares issued - cash settled 19.07.21                 | 20 000 000         |
| New shares issued - cash settled 09.08.21                 | 2                  |
| New shares issued - cash settled tranche 1 - 21.10.21     | 21 282 205         |
| New shares issued - cash settled tranche 2 - 16.11.21     | 5 655 862          |
| <b>Number of shares 31.12.2021</b>                        | <b>239 760 117</b> |

### Paid/proposed dividend

The board has decided not to propose any dividend for 2021 or 2020.

The major shareholders in Carbon Transition ASA 31 December 2021 were as follows:

| Shareholders                         | Total shares       | Ownership     |               |
|--------------------------------------|--------------------|---------------|---------------|
|                                      |                    | share         | Voting share  |
| INVESTERINGSFONDET VIKING AS         | 28 000 000         | 11.7%         | 11.7%         |
| MIDDELBOG INVEST AS                  | 14 538 461         | 6.1%          | 6.1%          |
| TIGERSTADEN AS                       | 13 760 459         | 5.7%          | 5.7%          |
| ALDEN AS                             | 11 265 384         | 4.7%          | 4.7%          |
| SPAREBANK 1 MARKETS AS               | 11 180 000         | 4.7%          | 4.7%          |
| F2 FUNDS AS                          | 9 250 000          | 3.9%          | 3.9%          |
| BECK ASSET MANAGEMENT AS             | 9 012 307          | 3.8%          | 3.8%          |
| F1 FUNDS AS                          | 8 427 223          | 3.5%          | 3.5%          |
| URTIVEN AS                           | 8 230 770          | 3.4%          | 3.4%          |
| GINNY INVEST AS                      | 6 250 230          | 2.6%          | 2.6%          |
| DNB BANK ASA                         | 6 225 280          | 2.6%          | 2.6%          |
| PHILIP HOLDING AS                    | 5 750 230          | 2.4%          | 2.4%          |
| Q CAPITAL AS                         | 5 619 230          | 2.3%          | 2.3%          |
| REDBACK AS                           | 5 000 000          | 2.1%          | 2.1%          |
| TTC INVEST AS                        | 4 000 000          | 1.7%          | 1.7%          |
| Nordnet Bank AB                      | 3 758 002          | 1.6%          | 1.6%          |
| LIVERMORE INVEST AS                  | 3 079 615          | 1.3%          | 1.3%          |
| Skandinaviska Enskilda Banken AB     | 2 500 000          | 1.0%          | 1.0%          |
| NORDNET LIVSFORSIKRING AS            | 2 089 077          | 0.9%          | 0.9%          |
| CITADELL AS                          | 2 000 000          | 0.8%          | 0.8%          |
| <b>Total 20 largest shareholders</b> | <b>159 936 268</b> | <b>66.7%</b>  | <b>66.7%</b>  |
| Total other shareholders             | 79 823 849         | 33.3%         | 33.3%         |
| <b>Total number of shares</b>        | <b>239 760 117</b> | <b>100.0%</b> | <b>100.0%</b> |



The major shareholders in Axxis Geo Solutions AS 31 December 2020 were as follows:

| Shareholders                         | Total shares      | Ownership     |               |
|--------------------------------------|-------------------|---------------|---------------|
|                                      |                   | share         | Voting share  |
| HAVILA HOLDING AS                    | 15 549 434        | 26.4%         | 26.4%         |
| ROGER IGELSTRØM                      | 2 000 000         | 3.4%          | 3.4%          |
| JOHS. HANSEN REDERI AS               | 1 413 345         | 2.4%          | 2.4%          |
| Nordnet Bank AB                      | 1 096 145         | 1.9%          | 1.9%          |
| TOM DANIELSEN                        | 1 073 166         | 1.8%          | 1.8%          |
| FRANK ROBERT SUNDE                   | 742 468           | 1.3%          | 1.3%          |
| J.P. Morgan Securities LLC           | 703 618           | 1.2%          | 1.2%          |
| NÆRINGSLIVETS HOVEDORGANISASJON      | 671 343           | 1.1%          | 1.1%          |
| DAGUSIKI HOLDING AS                  | 660 572           | 1.1%          | 1.1%          |
| DEHGHAN ZAKLAKI                      | 629 647           | 1.1%          | 1.1%          |
| YVES MEROUR                          | 541 531           | 0.9%          | 0.9%          |
| JOHN OTTO DYBVIK                     | 500 995           | 0.9%          | 0.9%          |
| MORTEN HÅVAR OLSEN                   | 500 000           | 0.9%          | 0.9%          |
| ACTION AS                            | 454 850           | 0.8%          | 0.8%          |
| ALCIDES SHIPPING AS                  | 450 712           | 0.8%          | 0.8%          |
| RONNY BRATTAAS                       | 421 763           | 0.7%          | 0.7%          |
| Deutsche Bank Aktiengesellschaft     | 400 028           | 0.7%          | 0.7%          |
| MADRA INVEST AS                      | 373 734           | 0.6%          | 0.6%          |
| NORDNET LIVSFORSIKRING AS            | 365 477           | 0.6%          | 0.6%          |
| THOMAS GRØNSTAD                      | 350 000           | 0.6%          | 0.6%          |
| <b>Total 20 largest shareholders</b> | <b>28 898 828</b> | <b>49.1%</b>  | <b>49.1%</b>  |
| Total other shareholders             | 29 922 190        | 50.9%         | 50.9%         |
| <b>Total number of shares</b>        | <b>58 821 018</b> | <b>100.0%</b> | <b>100.0%</b> |

Shares owned or controlled by members of the Board of Directors, Chief Executive Officer and Other Executive Officers **31 December 2021** were as follows:

| Board of Directors | Position     | Total shares | Ownership |              | Number of options |
|--------------------|--------------|--------------|-----------|--------------|-------------------|
|                    |              |              | share     | Voting share |                   |
| Gisle Grønlie      | Chairman     | 134 000      | 0.0 %     | 0.0 %        | 800 000           |
| Torstein Sannes    | Board member | 285 000      | 0.0 %     | 0.0 %        | 800 000           |

Share and options owned by management **31 December 2021** were as follows:

| Executive management                       | Position       | Number of shares | Number of options |
|--|----------------|------------------|-------------------|
| Nils Haugestad CFO (CFO from 1 April 2020) | CFO            | -                | -                 |
| Richard Dunlop                             | EVP Operations | 14 423           | 10 640            |

Shares owned or controlled by members of the Board of Directors, Chief Executive Officer and Other Executive Officers **31 December 2020** were as follows:



| Board of Directors            | Total shares | Ownership share | Voting share | Number of options |
|-------------------------------|--------------|-----------------|--------------|-------------------|
| Havila Holding AS 1)          | 15 549 434   | 26.4 %          | 26.4 %       | -                 |
| 1) Partly owned by Njål Sævik |              |                 |              | 42 000            |

Share and options owned by management **31 December 2020** were as follows:

| Executive management                       | Position       | Number of shares | Number of options |
|--|----------------|------------------|-------------------|
| Lee Parker (CEO till August 8, 2020)       | CEO            | 559 390          | -                 |
| Ronny Bøhn (CEO from August 8 2020)        | CEO            | -                | -                 |
| Svein Knudsen (CFO till 1 April 2020)      | CCO            | 17 000           | 106 400           |
| Nils Haugestad CFO (CFO from 1 April 2020) | CFO            | -                | -                 |
| Richard Dunlop                             | EVP Operations | 144 228          | 106 400           |

## Note 20 Related parties

The ultimate Parent of the Group is Carbon Transition ASA.

There are no transactions with related parties in 2021 and no balances on 31 December 2021. The Group transactions and balances with other Group companies in 2020 was mainly related to time charter for vessels and consultancy fees. See the figure below for balances with related parties:

| Transactions with related parties                              |            |            |
|--|------------|------------|
| USD  | 2021       | 2020       |
| <b>Hired vessels:</b>  |            |            |
| Lease payment Havila Fortune - controlled by Havila Holding AS | -          | (3 275)    |
| Lease payment Havila Aurora - controlled by Havila Holding AS  | -          | (3 746)    |
| Lease payment Geo Caspian - controlled by Havila Holding AS    | -          | (31)       |
| <b>Consultancy and accounting services:</b>                    |            |            |
| Energy Consulting AS controlled by Christian Huseby *          | -          | (159)      |
| <b>Balances with related parties</b>                           |            |            |
| USD  | 31.12.2021 | 31.12.2020 |
| <b>Account payables:</b>                                       |            |            |
| Havila Ships AS controlled by Havila Holding AS                | -          | 1 116      |

\* As of 30th June 2020, Christian Huseby was selected as Chairman of the Board at the Annual General Meeting, in addition to delivering consultancy services from April 2020. The agreement related to consultancy services was cancelled by the end of 2020. Christian Huseby continued as Chairman of the Board of Directors until 30 June 2021.



## Note 21 Personnel expenses and board remunerations

| USD thousands                                  | 2021         | 2020         |
|--|--------------|--------------|
| Wages and salaries                             | 2 462        | 2 321        |
| Social Security costs                          | 340          | 261          |
| Pension costs                                  | 150          | 103          |
| Other remuneration                             | 539          | 701          |
| Share based payment expense (refer to note 22) | 11           | 3            |
| Refund salary                                  | -33          | -            |
| <b>Total personnel expense</b>                 | <b>3 469</b> | <b>3 388</b> |

| Number of man-years at 31.12 | 2021 | 2020 |
|------------------------------|------|------|
| Group companies in Norway    | 7    | 9    |
| Group companies abroad       | 2    | 2    |

The Group has a defined contribution pension plan. The contribution plan is a retirement plan in which the Group pays fixed contributions to a separate legal entity. The Group has no further payment obligations once these contributions have been paid. Contributions are booked as cost on an ongoing basis. The Group meets the requirements for occupational pension scheme under the Act on Obligatory Occupational Pensions. The contribution pension scheme in Norway meets the legal requirements.

A loan of USD 90 thousands was given the former CEO, Lee Parker in 2020. The loan was part of a settlement agreement in 2021. No other loan or collateral has been granted to the Chairman of the Board or other related parties.

### Key management personell compensation

| USD thousands          | 2021   | 2020   |
|------------------------|--------|--------|
| Base salary            | 1 223  | 934    |
| Pension                | 60     | 37     |
| Other Benefits         | 34     | 64     |
| Number of options held | 10 640 | 21 280 |

For detailed information of executive officers and board of Directors compensation, see the remuneration report.  
See note 19 for shares held by the executive officers and Board of Directors.

## Note 22 Share based payments programs'

The Group has a share-based payment scheme for employees and one members of the Board.

The options granted gives the holder right to purchase a defined number of shares at a predetermined price if the vesting conditions are met. The exercise price has been set to fair value of the shares at grant date.

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



Set out below are summaries of options granted under the scheme:

|                            | 2021  |                   | 2020  |                   |
|----------------------------|---|-------------------|---|-------------------|
|                            | Average exercise price per share option (NOK) | Number of options | Average exercise price per share option (NOK) | Number of options |
| <b>As at 01.01</b>         | 10,1400                                       | 405 079           | 9,4500  | 749 479           |
| Granted during the year    | 1,8000  | 1 600 000         | -   | -                 |
| Adjusted during the year   | 106,5452                                      | (231 012)         | -   | -                 |
| Terminated during the year | 9,2401  | (148 400)         | 8,6400  | (344 400)         |
| <b>As at 31.12</b>         | 3,4538  | 1 625 667         | 10,1400                                       | 405 079           |
| Vested 31.12               | 106,5450                                      | 25 667            | 9,8700  | 398 079           |
| Exercisable 31.12          |   | 25 667            |   | 398 079           |

|   | 2021 | 2020 |
|---|------|------|
| <b>Share based payment cost (revenue) recognised in the period USD thousand</b> | 11   | 3    |

Share options outstanding at the end of the year have the following expiry date:

| Grant date                     | Expiry date | exercise price | Share options 31 December | Share options 31 December |
|--------------------------------|-------------|----------------|---------------------------|---------------------------|
|                                |             |                | 2021                      | 2020                      |
| 30.09.2021                     | 30.09.2028  | 1,70           | 800 000                   | -                         |
| 30.09.2021                     | 30.09.2028  | 1,90           | 800 000                   | -                         |
| 15.09.2017                     | 15.09.2022  | 69,61          | 12 600                    | 196 000                   |
| 27.09.2018                     | 27.09.2023  | 112,75         | 10 267                    | 181 079                   |
| 01.05.2019                     | 01.05.2024  | 250,00         | 2 800                     | 28 000                    |
| <b>Total number of options</b> |             |                | <b>1 625 667</b>          | <b>405 079</b>            |

| Outstanding instruments overview |                       |   |                               |                    |                               |
|----------------------------------|-----------------------|---|-------------------------------|--------------------|-------------------------------|
| Strike Price                     | Number of instruments | Weighted Average remaining contractual life | Weighted Average Strike Price | Vested instruments | Weighted Average Strike Price |
|                                  |                       |   |                               | 31.12.2021         |                               |
| Outstanding instruments          |                       |   | Vested instruments            |                    |                               |
| 1.70                             | 800 000               | 5.50  | 1.70                          | -                  | -                             |
| 1.90                             | 800 000               | 6.50  | 1.90                          | -                  | -                             |
| 69.61                            | 12 600                | 1.70  | 69.61                         | 12 600             | 69.61                         |
| 112.75                           | 10 267                | 2.49  | 112.75                        | 10 267             | 112.75                        |
| 250.00                           | 2 800                 | 3.09  | 250.00                        | 2 800              | 250.00                        |
|                                  | <b>1 625 667</b>      |   |                               | <b>25 667</b>      |                               |



The exercise price for the grants was fair value at the grant date. The options can be exercised by buying shares as settlement where one options give right to one share. For the 2021 grant, 25% of the options will be vested 30.03.2022, 30.09.22, 30.03.2023 and 30.09.2023. The fair value at grant date was 0.22 NOK/option.

The fair value has been estimated using the Black-Scholes option pricing model. When calculating fair value at grant date, the Group has assumed a volatility of 47.31% from comparable peers in the oil and gas services for both grants, 0 expected dividends, and a risk-free interest rate of 1,011% for the 2021 grant.

## Note 23 Auditors fee

### USD thousands

| <b>Expensed audit fee (excluding VAT)</b>               | <b>2021</b> | <b>2020</b> |
|---|-------------|-------------|
| Statutory audit   | 260         | 159         |
| Tax advice (incl. technical assistance with tax return) | 8           | 109         |
| Other attestation services                              | 30          | 27          |
| Other assurance services                                | -           | -           |
| <b>Total auditors fee</b>                               | <b>299</b>  | <b>295</b>  |

The Group has at the annual general meeting 23 June 2021 changed from Ernst & Young (EY) to PricewaterhouseCoopers (PwC) as the auditor for the Norwegian entities.

## Note 24 Subsidiaries and associated companies

The Group comprise of the same legal entities as of 31 December 2021 and 31 December 2020.

| <b>Subsidiary of Carbon Transition ASA:</b> | <b>Jurisdiction</b> | <b>Voting rights %</b> |
|---|---------------------|------------------------|
| Neptune Seismic AS                          | Norway              | 100%                   |
| Axxis Geo Solution Inc.                     | USA                 | 100%                   |
| PT Axxis Geo Solutions*                     | Indonesia           | 100%                   |
| Axxis Multi Client AS                       | Norway              | 100%                   |
| Axxis Production AS                         | Norway              | 100%                   |
| Carbon Transition Investment AS             | Norway              | 100%                   |
| Axxis Geo Solutions Egypt LLC**             | Egypt               | 100%                   |

\* The formal shareholdings in Axxis Geo Solutions PT is 49 %. The Group has control of operating decisions and is exposed to 100 % of variability of the company's results through a shareholder agreement. Because of this, no non-controlling interest has been recognized in the financial statements.



\*\* Axxis Production AS owns 99% and Axxis Geo Solutions ASA owns 1% of the shares in the company.

## Note 25 Earnings per shares

Basic earnings per share is calculated by dividing the net profit or loss attributable to shareholders of the Parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share include the weighted average number for ordinary shares that would be issued on the conversion of all the diluted potential ordinary shares into ordinary shares. The options described in note 18, are not included in the number of dilutive shares for 2021 due to the options is out of money and for 2020 due to a loss reported for the period.

| <b>Basic earnings (loss) per weighted average number of share</b>        | <b>2021</b> | <b>2020</b>   |
|--|-------------|---------------|
| Profit (loss) attributable to the ordinary equity holders of the company | 13 935      | (3 133)       |
| Average number of outstanding shares                                     | 131 501 057 | 58 821 018    |
| <b>Basic earnings (loss) per weighted average share (USD)</b>            | <b>0.11</b> | <b>(0.05)</b> |
| <b>Diluted earnings (loss) per share</b>                                 | <b>2021</b> | <b>2020</b>   |
| Profit (loss) attributable to the ordinary equity holders of the company | 13 935      | (3 133)       |
| Average number of outstanding shares                                     | 131 501 057 | 58 821 018    |
| <b>Diluted earnings (loss) per share (USD)</b>                           | <b>0.11</b> | <b>(0.05)</b> |

## Note 26 Cash flow information

| <b>USD thousands</b>               | <b>Liabilities arising from financing activities</b> |                          |               |
|------------------------------------|--|--------------------------|---------------|
|                                    | <b>Interest bearing debt</b>                         | <b>Lease liabilities</b> | <b>Total</b>  |
| <b>01.01.2021</b>                  | <b>33 906</b>  | <b>73</b>                | <b>33 979</b> |
| Repayment of interest bearing debt | (2 295)  | -                        | (2 295)       |
| Payment of lease liabilities       | -  | (73)                     | (73)          |
| Other*                             | (30 716)   | -                        | (30 716)      |
| Reclassification                   | -  | -                        | -             |
| <b>31.12.2021</b>                  | <b>896</b>   | <b>-</b>                 | <b>896</b>    |

\* Mainly related to debt forgiveness related to the reconstruction process.



## Liabilities arising from financing activities

| USD thousands                      | Interest bearing debt | Lease liabilities | Total         |
|------------------------------------|-----------------------|-------------------|---------------|
| <b>01.01.2020</b>                  | <b>2 256</b>          | <b>297</b>        | <b>2 553</b>  |
| Repayment of interest bearing debt | (1 440)               | -                 | (1 440)       |
| Payment of lease liabilities       |                       | (230)             |               |
| Other*                             | 33 090                | 7                 | 33 097        |
| Reclassification                   |                       | -                 | -             |
| <b>31.12.2020</b>                  | <b>33 906</b>         | <b>73</b>         | <b>33 979</b> |

\* Mainly related to trade payables converted to loans.

The non-current part of the interest-bearing debt is USD 17.4 million

### Note 27 Events after reporting period

The Group announced the sale of its node on a rope equipment to Magseis Fairfield ASA 3 March 2022.

The transaction is structured based on an earnout model. The Company will receive USD 0.5 million at closing and will additionally receive earnout payments over a three-year period conditioned on the utilization of the equipment acquired. The earnout payments are capped at a maximum of USD 12.0 million and have a minimum payment clause of USD 1.5 million, subject to certain milestones.

The completion of the transaction was subject to customary closing conditions which have been lifted 31 March 2022.

On 16 March 2022 the Group announced a new Utsira multi-client late sale of USD 1.4 million. With proceeds from this late sale the Group will repay its outstanding USD 0.9 million loan balance and increase its cash balance by approximately USD 0.5 million. As a result, the Group will have no remaining financial indebtedness after this sale.



## 5 Financial statement- Carbon Transition ASA

### 5.1. Statement of comprehensive income

| USD thousands  | Note       | 2021            | 2020            |
|--|------------|-----------------|-----------------|
| <b>Total revenue</b>   | <b>2,3</b> | <b>3 764</b>    | <b>42 429</b>   |
| <b>Other income</b>  | <b>3</b>   | <b>1 163</b>    | <b>-</b>        |
| Cost of sales  | 4          | (1 038)         | (39 957)        |
| Personnel expenses   | 18         | (2 991)         | (3 335)         |
| Other operating expenses   | 20         | (4 089)         | (3 920)         |
| <b>Total Operating Expenses</b>  |            | <b>(8 117)</b>  | <b>(47 213)</b> |
| <b>Operating profit (loss) before depreciation and amortization (EBITDA)</b> |            | <b>(3 190)</b>  | <b>(4 784)</b>  |
| Depreciation & Amortization  | 9          | (6 907)         | (5 682)         |
| <b>Operating profit (loss) (EBIT)</b>  |            | <b>(10 097)</b> | <b>(10 466)</b> |
| Gain on debt restructuring   | 2.3        | 24 062          | -               |
| Financial income   | 5          | 12              | 9 485           |
| Financial expenses   | 5          | (4 464)         | (4 315)         |
| Currency gain (loss)   | 5          | (1 575)         | (260)           |
| <b>Profit (loss) before tax</b>  |            | <b>7 937</b>    | <b>(5 556)</b>  |
| Tax income (expense)   | 6          | -               | 109             |
| <b>Profit (loss) for the period</b>  |            | <b>7 937</b>    | <b>(5 447)</b>  |



## 5.2. Statement of financial position

| USD thousands                           |             | 31.12.2021    | 31.12.2020    |
|---|-------------|---------------|---------------|
| <b>Assets</b>                           | <b>Note</b> |               |               |
| <b>Non-current assets</b>               |             |               |               |
| Property, plant and equipment           | 9           | 3 413         | 11 662        |
| Investment in subsidiaries              | 21          | 9 456         | 2 251         |
| Non current receivables group companies | 17          | 5             | -             |
| <b>Total non-current assets</b>         |             | <b>12 875</b> | <b>13 913</b> |
| <b>Current assets</b>                   |             |               |               |
| Stock of supplies                       | 10          | -             | 85            |
| Receivables group companies             | 17          | 28 627        | 28 548        |
| Other current assets                    | 8           | 184           | 231           |
| Cash and cash equivalents               | 7           | 3 732         | 194           |
| <b>Total current assets</b>             |             | <b>32 543</b> | <b>29 059</b> |
| <b>Total assets</b>                     |             | <b>45 418</b> | <b>42 972</b> |



### 5.3. Statement of financial position

| USD thousands                         |             | 31.12.2021    | 31.12.2020     |
|---------------------------------------|-------------|---------------|----------------|
| <b>Equity and Liabilities</b>         | <b>Note</b> |               |                |
| <b>Equity</b>                         |             |               |                |
| Share capital                         | 16          | 28 739        | 840            |
| Additional paid-in capital            |             | 51 171        | 38 453         |
| <b>Total paid-in capital</b>          |             | <b>79 910</b> | <b>39 294</b>  |
| Accumulated earnings and other equity |             | (35 852)      | (43 800)       |
| <b>Total Equity</b>                   |             | <b>44 058</b> | <b>(4 506)</b> |
| <b>Non current liabilities</b>        |             |               |                |
| Interest bearing debt                 | 11.22       | -             | 17 417         |
| <b>Total non current liabilities</b>  |             | <b>-</b>      | <b>17 417</b>  |
| <b>Current liabilities</b>            |             |               |                |
| Current liability of long-term debt   | 11.22       | -             | 16 511         |
| Trade payables                        | 12          | 141           | 10 557         |
| Liabilities to group companies        | 17          | 399           | 2 014          |
| Other current liabilities             | 15          | 821           | 978            |
| <b>Total current liabilities</b>      |             | <b>1 360</b>  | <b>30 060</b>  |
| <b>Total liabilities</b>              |             | <b>1 360</b>  | <b>47 478</b>  |
| <b>Total equity and liabilities</b>   |             | <b>45 418</b> | <b>42 972</b>  |

Oslo, 7 April 2022

**Gisle Grønlie**  
Chairman

**Nina Skage**  
Board member

**Torstein Sannes**  
Board member

**Nils Haugestad**  
Interim CEO



## 5.4. Statement of changes in equity

| USD thousands                      | Share capital | Additional paid-in capital | Accumulated earnings | Total equity   |
|------------------------------------|---------------|----------------------------|----------------------|----------------|
| <b>Balance as of 01.01.2021</b>    | <b>840</b>    | <b>38 453</b>              | <b>(43 800)</b>      | <b>(4 506)</b> |
| Profit (loss) for the period       |               |                            | 7 937                | 7 937          |
| 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>51 171</b>              | <b>(35 852)</b>      | <b>44 058</b>  |

| USD thousands                     | Share capital | Additional paid-in capital | Accumulated earnings | Total equity   |
|-----------------------------------|---------------|----------------------------|----------------------|----------------|
| <b>Balance as of 01.01.2020</b>   | <b>11 718</b> | <b>38 453</b>              | <b>(49 234)</b>      | <b>938</b>     |
| Profit (loss) for the period      |               |                            | (5 447)              | (5 447)        |
| Other comprehensive income (loss) |               |                            | -                    | -              |
| Write down of par value           | (10 878)      |                            | 10 878               | -              |
| Share based payment               |               |                            | 3                    | 3              |
| <b>Balance as of 31.12.2020</b>   | <b>840</b>    | <b>38 453</b>              | <b>(43 800)</b>      | <b>(4 506)</b> |



## 5.5. Statement of cash flow

| USD thousands   | Note     | 2021           | 2020           |
|---|----------|----------------|----------------|
| <b>Cash flow from operating activities</b>              |          |                |                |
| Profit before tax                                       | 6        | 7 937          | (5 556)        |
| Depreciation, amortization and write-down               | 9        | 9 787          | 5 682          |
| Reconstruction gain                                     | 5        | (24 062)       | -              |
| Currency (gain)/loss without cash flow effects          |          | 63             | (72)           |
| Interest expense  | 5        | 718            | 3 042          |
| Share based payment cost                                | 19       | 11             | 3              |
| Reconstruction payments                                 |          | (4 732)        | -              |
| Change in trade receivables                             |          | -              | 11 369         |
| Change in trade payables                                |          | (1 475)        | (30 823)       |
| Change in inventory                                     | 10       | 85             | 232            |
| Change in other current receivables                     |          | (32)           | 135            |
| Change in other non current receivables                 |          | (5)            | -              |
| Other working capital changes                           |          | 5 025          | 18 004         |
| <b>Net cash from operating activities</b>               |          | <b>(6 679)</b> | <b>2 015</b>   |
| <b>Cash flow from investing activities</b>              |          |                |                |
| Investment in property, plant and equipment             | 9        | -              | (62)           |
| Disposal of property, plant and equipment               | 9        | -              | 204            |
| Investment in subsidiaries                              | 21       | (9 345)        | (377)          |
| <b>Net cash flow from investment activities</b>         |          | <b>(9 345)</b> | <b>(235)</b>   |
| <b>Cash flow from financing activities</b>              |          |                |                |
| Repayment of interest bearing debt                      |          | (1 295)        | (1 440)        |
| Payment of lease liabilities (recognized under IFRS 16) | 14       | (23)           | (82)           |
| Net proceeds from new equity                            |          | 21 597         | -              |
| Interest paid lease liabilities                         | 14       | (0)            | (3)            |
| Interest paid   |          | (718)          | (1 374)        |
| <b>Net cash flow from financial activities</b>          |          | <b>19 562</b>  | <b>(2 899)</b> |
| <b>Net change in cash and cash equivalents</b>          |          | <b>3 537</b>   | <b>(1 119)</b> |
| Cash and cash equivalents balance 1.1                   | 7        | 194            | 1 314          |
| <b>Cash and cash equivalents balance 31.12</b>          | <b>7</b> | <b>3 732</b>   | <b>194</b>     |

## 5.6. Notes to the financial statements

### Note 1 General information about the Company and basis for presentation

#### General information

Carbon Transition ASA is a public limited listed company incorporated in Norway. The Company is listed on EURONEXT EXPAND OSLO and traded under the ticker CARBN.

The Company's registered office is at Askekroken 11, 0277 Oslo, Norway.

Carbon Transition ASA has an international liability insurance for the Board of Directors and management. The insurance coverage is up to MNOK 50 per year for total revenue of MNOK 612 and applies to the Parent company including subsidiaries

The Company's financial statements are prepared in accordance with International Financial Reporting Standards («IFRS») as adopted by the European Union ("EU"), their interpretations adopted by the International Accounting Standards Board (IASB) and the additional requirements of the Norwegian Accounting Act as of 31 December 2021.

The notes are an integral part of the Company's financial statements.

The Company's financial statements have been prepared on a historical cost basis, except for certain financial assets financial instruments that have been measured at fair value.

The Company's financial statements are presented in thousands of USD.

Further, the Company applies the same accounting policies as described in note 1 and 2 in the notes to the consolidated financial statements where relevant, except that unrealized foreign exchange gain (loss) on non-current intercompany loans is recognized in the statements of profit and loss.

Shares in subsidiaries (see note 21) are presented at cost less impairment. Impairment is recognized based upon the carrying value of the individual shares and net intercompany receivables in the subsidiaries less the estimated recoverable amount (based on discounted estimated future cash flows). If estimated recoverable amounts increase, impairment charges are reversed accordingly. There is no fixed plan for repayment of long-term intercompany receivables and payables.

#### Changes in accounting principles

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 financial statements



## Key accounting estimates and judgement

The Company makes estimate and assumptions concerning the future. The resulting accounting estimates could deviate from the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

### Revenue recognition

The Company uses the percentage of completion method in accounting for revenue for contract seismic surveys. Progress is measured in a manner generally consistent with the physical progress on the project. Use of the percentage of completion method requires the Company to estimate the services performed to date as a proportion of the total service to be performed. The proportion of services performed to total services to be performed can differ from management's estimate, influencing the amount of revenue recognized in the period.

## Note 2 Segment reporting

The Company only operated in one segment, which is based on the node seismic contract revenue stream directly in the Parent or through its subsidiaries, and therefore no split of operating expenses has been included in the note. In 2021 the revenue stream is based on intercompany services to company having seismic contract and from Covid compensation.

Revenue recognition for the node seismic contract segment in 2020 is based on the same principles as the IFRS financial statements.

| <b>USD thousands</b>                               |              |               |
|--|--------------|---------------|
| <b>Income statement</b>                            | <b>2021</b>  | <b>2020</b>   |
| Contracts for seismic acquisitions                 | -            | 2 508         |
| Other revenue*                                     | 3 764        | 39 921        |
| <b>Total revenue from contracts with customers</b> | <b>3 764</b> | <b>42 429</b> |

| <b>USD thousands</b>        |              |               |
|-----------------------------|--------------|---------------|
| <b>Geographical markets</b> | <b>2021</b>  | <b>2020</b>   |
| Norway                      | 3 528        | 39 921        |
| USA                         | 236          | -             |
| Brazil                      | -            | 2 508         |
| <b>Total revenue</b>        | <b>3 764</b> | <b>42 429</b> |



| <b>USD thousands</b>   |              |               |
|------------------------|--------------|---------------|
| <b>Major customers</b> | <b>2021</b>  | <b>2020</b>   |
| Customer 1             | 2 832        | 36 760        |
| Customer 2             | 1 163        | 3 161         |
| Customer 3             | 692          | 2 508         |
| Other                  | (923)        | -             |
| <b>Total revenue</b>   | <b>3 764</b> | <b>42 429</b> |

### Note 3 Revenue and cost from contract with clients

| <b>USD thousands</b>                                |              |               |
|---|--------------|---------------|
| <b>Income statement</b>                             | <b>2021</b>  | <b>2020</b>   |
| Contracts for seismic acquisition                   | -            | 2 508         |
| Other revenue                                       | 3 764        | 39 921        |
| <b>Total revenue from contracts with customers</b>  | <b>3 764</b> | <b>42 429</b> |
| At a point in time                                  | -            | -             |
| Over time   | 3 764        | 42 429        |
| <b>Total revenues from contracts with customers</b> | <b>3 764</b> | <b>42 429</b> |

### Cost to fulfill contracts and cost to obtain contracts

| <b>USD thousands</b>  | <b>2021</b> | <b>2020</b> |
|---|-------------|-------------|
| <b>Contract assets</b>  |             |             |
| Assets recognized for cost to fulfill a contract in the balance 01.01                 | -           | 69          |
| Assets recognized for costs to fulfill a contract (mobilization costs)                | -           | -           |
| Amortization of assets recognized for cost to fulfill a contract (mobilisation costs) | -           | (69)        |
| <b>Total contract assets</b>  | <b>-</b>    | <b>0</b>    |

The Company has no current contract liabilities per 31. December 2021 or 2020.

| <b>Other income</b>       |              |             |
|---------------------------|--------------|-------------|
| <b>USD thousands</b>      | <b>2021</b>  | <b>2020</b> |
| Covid-19 compensation     | 1 163        | -           |
| <b>Total other income</b> | <b>1 163</b> | <b>-</b>    |

### Performance obligations

#### Contract seismic and imaging

The contracts for seismic surveys have an expected duration of less than one year. Because of this, the Company does not disclose information about transaction price allocated to unsatisfied or partly unsatisfied performance obligations for these contracts. Contracts for seismic surveys usually have a billing schedule with frequent billings, so there will not be a material difference in timing of the payments and the progress in the projects.



#### Note 4 Cost of sales

##### USD thousands

| <b>Cost of sales</b>               | <b>2021</b>    | <b>2020</b>     |
|------------------------------------|----------------|-----------------|
| Vessel cost                        | (220)          | (16 966)        |
| Crew & project management          | (262)          | (8 674)         |
| Seismic, source and node equipment | (280)          | (13 289)        |
| Agent related expenses             | (276)          | (960)           |
| Mobilization amortization          | -              | (69)            |
| <b>Total operating expenses</b>    | <b>(1 038)</b> | <b>(39 957)</b> |

#### Note 5 Financial items

##### USD thousands

| <b>Financial income</b>              | <b>2021</b> | <b>2020</b>  |
|--------------------------------------|-------------|--------------|
| Interest income                      | 1           | 0            |
| Other financial income               | -           | 3 847        |
| Group contribution (from subsidiary) | 11          | 5 637        |
| <b>Total financial income</b>        | <b>12</b>   | <b>9 485</b> |

| <b>Financial expenses</b>         | <b>2021</b>  | <b>2020</b>  |
|-----------------------------------|--------------|--------------|
| Interest expense                  | 486          | 1 227        |
| Interest expense suppliers        | 231          | 1 815        |
| Other financial expenses          | 866          | 1 273        |
| Exchange losses                   | -            | -            |
| Write-down shares in subsidiaries | 2 881        | -            |
| <b>Total financial expenses</b>   | <b>4 464</b> | <b>4 315</b> |

|  |                |              |
|--|----------------|--------------|
| Exchange gains                             | 842            | 3 249        |
| Exchange losses                            | (2 418)        | (3 509)      |
| <b>Total currency exchange gain (loss)</b> | <b>(1 575)</b> | <b>(260)</b> |

#### Note 6 Tax

)(



| <b>USD thousands</b>  | <b>2021</b> | <b>2020</b>  |
|---|-------------|--------------|
| <b>Specification of tax expense (income) for the year</b>   |             |              |
| Current income tax (including withholding tax)  | -           | -            |
| Change in deferred tax  | -           | (109)        |
| <b>Total tax expense (income)</b>   | <b>-</b>    | <b>(109)</b> |
| <b>Reconciliation of actual against expected tax expense (income) at the income tax rate of 22%</b> |             |              |
| Profit (loss) before tax  | 7 937       | (5 556)      |
| 22% tax   | 1 746       | (1 222)      |
| <b>Tax effect from:</b>   |             |              |
| Withholding tax abroad  | -           | (109)        |
| Permanent differences   | 696         | (86)         |
| Not booked deferred tax assets  | (1 633)     | 1 503        |
| Currency effect   | (809)       | (195)        |
| <b>Calculated tax expense (income)</b>  | <b>-</b>    | <b>(109)</b> |
| Effective tax rate for the Company  | -           | 1.0          |

| <b>USD thousands</b>                     | <b>31.12.2021</b> | <b>31.12.2020</b> |
|--|-------------------|-------------------|
| <b>Temporary differences</b>             |                   |                   |
| Non current assets                       | (4 109)           | (1 683)           |
| Accruals                                 | (41 580)          | (45 757)          |
| Gain/loss account                        | (1 934)           | -                 |
| Accumulated loss carried forward         | (8 783)           | (18 157)          |
| <b>Temporary differences at 31.12.</b>   | <b>(56 408)</b>   | <b>(65 597)</b>   |
| <b>Deferred tax assets (liabilities)</b> | <b>12 410</b>     | <b>14 431</b>     |

Deferred tax assets are not recognized per December 2021. The management evaluated the deferred tax assets to be uncertain when to be utilized in the future. This evaluation is performed yearly.

There is no time limit for use of loss carried forward in Norway.

## Note 7 Bank deposits, cash in hand

| <b>USD thousands</b>       | <b>31.12.2021</b> | <b>31.12.2020</b> |
|----------------------------|-------------------|-------------------|
| Bank deposits              | 3 646             | 114               |
| Restricted bank deposits   | 86                | 80                |
| <b>Total bank deposits</b> | <b>3 732</b>      | <b>194</b>        |

Restricted bank deposits relate to employee withholding tax. These deposits are subject to regulatory restrictions and are therefore not available for general use by the Company. The account is used to settle employee withholding tax.



**Note 8 Other current assets**

| USD thousands                     | 31.12.2021 | 31.12.2020 |
|-----------------------------------|------------|------------|
| Prepayments                       | 145        | 151        |
| Accrued income                    | -          | 80         |
| VAT settlement                    | 39         | -          |
| <b>Total other current assets</b> | <b>184</b> | <b>231</b> |

**Note 9 Property, plant and equipment**

| USD thousands                         | Vessel  | Seismic and<br>node equipment | Projects in<br>progress | Computer<br>equipment | Lease asset | Total tangible<br>assets |
|---------------------------------------|---------|-------------------------------|-------------------------|-----------------------|-------------|--------------------------|
| <b>2021</b>                           |         |                               |                         |                       |             |                          |
| <b>Cost at 01.01.21</b>               | 8 171   | 17 372                        | 29                      | 196                   | 184         | 25 952                   |
| Additions                             | -       | -                             | -                       | -                     | -           | -                        |
| Disposal                              | (5 459) | (5 171)                       | (29)                    | -                     | (184)       | (10 843)                 |
| Impairment                            | (2 711) | (813)                         | -                       | -                     | -           | (3 524)                  |
| <b>Cost at 31.12.21</b>               | -       | 11 388                        | -                       | 196                   | -           | 11 584                   |
| <b>Accumulated depreciation 01.01</b> | (4 717) | (9 259)                       | -                       | (153)                 | (162)       | (14 290)                 |
| Depreciation                          | (351)   | (2 967)                       | -                       | (42)                  | (22)        | (3 383)                  |
| Disposal                              | 5 067   | 4 251                         | -                       | -                     | 184         | 9 502                    |
| <b>Accumulated depreciation at 31</b> | (0)     | (7 976)                       | -                       | (195)                 | -           | (8 170)                  |
| <b>Carrying amount at 01.01.21</b>    | 3 454   | 8 114                         | 29                      | 43                    | 22          | 11 662                   |
| <b>Carrying amount at 31.12.21</b>    | (0)     | 3 412                         | -                       | 1                     | -           | 3 413                    |

Economic lifetime in years      3-10 years      3-5 years      3-10 years      2-5 years

| USD thousands                               | Vessel  | Seismic and<br>node equipment | Projects in<br>progress | Computer<br>equipment | Lease asset | Total tangible<br>assets |
|---|---------|-------------------------------|-------------------------|-----------------------|-------------|--------------------------|
| <b>2020</b>                                 |         |                               |                         |                       |             |                          |
| <b>Cost at 01.01.20</b>                     | 8 171   | 17 557                        | 29                      | 196                   | 184         | 26 136                   |
| Additions                                   | -       | 62                            | -                       | -                     | -           | 62                       |
| Disposal                                    | -       | (246)                         | -                       | -                     | -           | (246)                    |
| Reclass                                     | -       | -                             | -                       | -                     | -           | -                        |
| Currency translation adjustment             | -       | -                             | -                       | -                     | -           | -                        |
| <b>Cost at 31.12.20</b>                     | 8 171   | 17 372                        | 29                      | 196                   | 184         | 25 952                   |
| <b>Accumulated depreciation 01.01.20</b>    | (3 504) | (5 189)                       | -                       | (88)                  | (73)        | (8 854)                  |
| Depreciation                                | (1 213) | (4 095)                       | -                       | (65)                  | (88)        | (5 461)                  |
| Disposal                                    | -       | 25                            | -                       | -                     | -           | 25                       |
| Currency translation adjustment             | -       | -                             | -                       | -                     | -           | -                        |
| <b>Accumulated depreciation at 31.12.20</b> | (4 717) | (9 259)                       | -                       | (153)                 | (162)       | (14 290)                 |
| <b>Carrying amount at 01.01.20</b>          | 4 667   | 12 368                        | 29                      | 108                   | 110         | 17 283                   |
| <b>Carrying amount at 31.12.20</b>          | 3 454   | 8 114                         | 29                      | 43                    | 22          | 11 662                   |

Economic lifetime in years      3-10 years      3-5 years      3-10 years      2-5 years

According to IFRS the carrying amount of intangible assets and property, plant and equipment are reviewed at each balance sheet date to determine whether there is any



indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Management regularly evaluates its fleet plan and capital expenditure level in light of market conditions. In 2021 and 2020 management performed such evaluations which did not result in any need for impairments at the year-end 2021 or 2020.

The Company has no asset held for sale at the end of 2021 or 2020.

The Company sold the vessel Neptune Naiad in June. An impairment of USD 3.5 million was made before the transaction. The settlement was performed with loan settlement to Sanco Holding AS from the reconstruction and time charter payment on Sanco Star used on the UK contract in 2021, so there was no cash effect on this sale.

The climate risk for stranded equipment is evaluated as low, since the Company has sold the node seismic equipment 2 March 2022, see note 23 Events after reporting period.

#### Note 10 Inventories

| USD thousands            | 31.12.2021 | 31.12.2020 |
|--------------------------|------------|------------|
| Purchased finished goods | -          | 85         |
| <b>Net inventories</b>   | <b>-</b>   | <b>85</b>  |

The inventories consist of fuel.

The amount of inventories recognized as an expense in cost of sales during 2021 was USD 0.2 million and for 2020 the amount was USD 1.1 million.

#### Note 11 Interest bearing debt

| USD thousands                          | Interest rate (%) | Maturity | 31.12.2021 | 31.12.2020    |
|--|-------------------|----------|------------|---------------|
| USD 24 739 311 Bond Loan               | 8%                | 2022     | -          | 17 417        |
| <b>Non-current borrowings</b>          |                   |          | <b>-</b>   | <b>17 417</b> |
| Lease Liabilities                      | 5%                | 2021     | -          | 22            |
| NOK 29 750 000 Floating rate term loan | Nibor + 0.5%      | 2021     | -          | 1 160         |
| USD 24 739 311 Bond loan               | 8%                | 2022     | -          | 6 033         |
| USD 5 780 326 Fixed rate term loan     | 4%                | 2021     | -          | 5 695         |
| USD 1 490 633 4% Fixed rate term loan  | 4%                | 2021     | -          | 1 244         |
| USD 1 332 704 4% Fixed rate term loan  | 4%                | 2021     | -          | 1 300         |
| NOK 2 495 043 4% Fixed rate term loan  | 4%                | 2021     | -          | 234           |
| NOK 12 000 000 Interest Free Loan      | 0%                | 2021     | -          | 822           |
| <b>Current borrowings</b>              |                   |          | <b>-</b>   | <b>16 511</b> |
| <b>Total borrowings</b>                |                   |          | <b>-</b>   | <b>33 929</b> |



Details of the Company's exposure to risk arising from current and non-current borrowings are set out in note 12, Financial risk management.

### **NOK 29 750 000 Nibor+5,5% Term Loan (Eksportkreditt)**

The term loan was settled in 2021 in connection with the sale of the vessel Neptune Naiad. Initially the loan was to amortize through twelve quarterly instalments. The term loan had a first priority pledge in the owned vessel, operating assets and factoring agreement.

The loan was in breach of financial covenants and was classified to current liabilities in the financial statements as of 31 December 2020. However, the Company had received waiver from the two covenants for all the quarters in 2020, including year-end 2020.

The financial covenants were as follows:

- 1) Liquid assets of no less than 120% of outstanding loan
- 2) Equity ratio of 30% until Q4 19 and thereafter 35% till final maturity date (September 2021).

### **USD 24 739 311 Bond loan**

The USD 24 739 311 bond loan was settled in connection with the legal court reconstruction in 2021. The loan was issued in relation to a restructuring completed in 2020, in which USD 24 739 311 of short-term payables were converted to a 2-year bond loan. The bond carried a fixed interest of 8% and was to be repaid either through cash calls or the agreed repayment schedule. For the bond loan, the group pledged shares in subsidiaries, inventories, operating assets, factoring agreement, and second priority in the owned vessel.

The bond required the Group to maintain a liquidity balance of USD 2 million and maintain a 0-dividend policy. As of 31 December 2020, the covenants for the bond loan were fulfilled.

### **Fixed rate term loans**

All fixed rate term loans were settled as a result of a reconstruction in 2021. In relation to the restructuring completed in 2020, the Company issued a series of fixed rate term loans through conversion of short-term payables to long term loan agreements. The loans were unsecured and carried a fixed interest rate from 0% to 4% p.a.

#### **Balance sheet value of assets placed as security**

| <b>USD thousands</b>  | <b>31.12.2021</b> | <b>31.12.2020</b> |
|---|-------------------|-------------------|
| Vessel, equipment and maintenance                             | -                 | 11 662            |
| Investment in subsidiaries                                    | -                 | 2 251             |
| Stock of supplies   | -                 | 85                |
| <b>Total balance sheet value of assets placed as security</b> | <b>-</b>          | <b>13 998</b>     |



## **Note 12 Financial risk management**

The Company's has during the year changed name to Carbon Transition ASA and implemented a new strategy. Following the restructuring in June 2021, the Company through the subsidiary Carbon Transition Investment AS refocused the 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. The Company may also invest more broadly in the "energy transition" space. Carbon has a legacy seismic business operating under the name Axxis Geo Solutions, with a multi-client data library.

The Company is exposed to market specific and general economic cycles and macro-economic fluctuations, since changes in the general economic situation affect the demand for products and services provided by companies the Company invests in. The performance of the Axxis Geo Solutions operations is also dependent on production and development spending by oil and gas companies. Historically, in times of low oil price, demand in exploration spending, where the Company is active, has been reduced in much greater extent than production related spending.

### **Capital Management**

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares, or repay or issue new debt.

### **Financing risk**

The Company used bank loan, bond loan and unsecured loans in addition to equity for financing purposes in 2020. During 2021 the Company successfully completed a legal reconstruction, and all debt was settled. There was no debt in the Company per year-end 2021. The purpose of these financial instruments is to ensure that the Company has financial flexibility for investments that are necessary for the Company's operations. In addition, the Company has items such as trade receivables, trade payables etc. which is directly related to regular business operations. The Company does not use financial instruments for hedging purposes. Risk management procedures have been established by the Board and handled by the CFO.

The Company is exposed to financial risk linked to interest rate risk, liquidity risk, currency risk and credit risk. The Company's management has a continuous assessment to identify and evaluate financial risks and sets guidelines for how to handle them.

The Company does not have any financial derivatives in 2021 or 2020.



## **(i) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is mainly exposed to credit risk related to trade receivables and other current receivables.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Current and expected future customers are oil and gas companies with sound credit ratings. Also, for other companies in the industry, historic credit losses have been negligible. Because expected credit loss is considered to be a clearly immaterial amount, no provision has been made.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 120 days past due without special agreement in advance.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

All trade receivable was fully paid during 2021 and 2020, and therefore no provision for losses.

## **(ii) Market risk - interest rate**

The Company does not use financial instruments to hedge interest rate risk.

Trade and other receivables and trade and other payables are interest free and with a term of less than one year, so there is no significant interest rate risk associated with these financial assets and liabilities.

The Company's sensitivity to potential changes in interest rates for 2020 with an increase in 50 basis points would increase interest expense for the period with approximately USD 9 thousands and zero for 2021 since the Company did not have any debt per December 2021.

## **(iii) Liquidity risk**

Liquidity risk is the risk that the Company is not able to meet its payment obligations.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The



Company's strategy for managing liquidity risk is to have sufficient liquidity at all times in order to meet its financial liabilities at maturity, both under normal and exceptional circumstances, without risking unacceptable losses or at the expense of the Company's reputation. The Company may need access to long-term funding. There can be no assurance that available funding sources are accessible when needed nor can there be any assurance that the Company will be able to raise new equity on favorable terms and in amounts necessary to conduct its on-going and future operations, should this be required. Furthermore, there can be no assurance that the Company will be able to obtain additional shareholder funding. Failure to access necessary liquidity could require the Company to scale back its business or could have other materially adverse consequences for its business and its ability to meet its obligations.

The table below provides an overview of the maturity profile of all financial liabilities. For bank loans the stated amount includes estimated interest payments. In cases where the counterparty may claim earlier redemption, the amount is placed in the earliest period the payment may be required from the counterparty.

2021

| USD thousands             | Remaining Term |            |            |             |           | Total      |
|---------------------------|----------------|------------|------------|-------------|-----------|------------|
|                           | 0-3 months     | 3-6 months | 6-9 months | 9-12 months | 1-2 years |            |
| Trade payables            | 141            | -          | -          | -           | -         | 141        |
| Other current liabilities | 821            | -          | -          | -           | -         | 821        |
| <b>Total</b>              | <b>962</b>     | <b>-</b>   | <b>-</b>   | <b>-</b>    | <b>-</b>  | <b>962</b> |

#### (iv) Market risk - foreign exchange rates

The Company operates internationally and is exposed to foreign exchange risk, primarily the NOK. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant Company entity. The Company is exposed to currency risk as some parts of the Company's expenses are denominated in NOK. Profit after tax for the Company is also affected by changes in exchange rates, as expenses and payables are converted to USD.

The NOK denominated bank loans and payables are expected to be repaid with receipts from US dollar denominated sales. The foreign currency exposure of these loans has not been hedged.

The table below shows the Company's sensitivity to potential changes in exchange rates. The calculation in the table below shows the effect on profit / loss on the average exchange rate.



| USD thousands | Change in exchange rate USD/NOK | Effect on profit before tax | Effect on OCI |
|---------------|---------------------------------|-----------------------------|---------------|
| 2021          | + 10 %                          | 722                         | -             |
|               | - 10 %                          | -882                        | -             |
| 2020          | + 10 %                          | 481                         | -             |
|               | - 10 %                          | (588)                       | -             |

The Company's operations in foreign countries expose it to risks related to foreign currency movements. Currency exchange rates fluctuate due to several factors, and these include international balance of payments, economic and financial conditions, government intervention, speculation and other factors. Changes in currency exchange rates relative to the USD may affect the USD valued assets and liabilities of the Company. Changes in currency may also affect the Company's local expenses when operating abroad. The Company's expenses are primarily in USD and NOK. As such, the Company's earnings are exposed to fluctuations in the foreign currency market.

## Note 13 Categories of financial instruments

### USD thousands

| Financial assets at amortized cost | 31.12.2021   | 31.12.2020 |
|------------------------------------|--------------|------------|
| <b>ASSETS</b>                      |              |            |
| Cash and cash equivalents          | 3 732        | 194        |
| <b>Total financial assets</b>      | <b>3 732</b> | <b>194</b> |

| Financial liabilities at amortized cost  | 31.12.2021 | 31.12.2020    |
|--|------------|---------------|
| <b>LIABILITIES</b>                       |            |               |
| Interest-bearing non-current liabilities | -          | 17 417        |
| Interest-bearing current liabilities     | -          | 16 511        |
| Trade payables                           | 141        | 10 557        |
| Other current liabilities                | 821        | 978           |
| <b>Total financial liabilities</b>       | <b>962</b> | <b>45 464</b> |

Carbon Transition ASA exposure to various risks associated with the financial instruments is discussed in note 12 Financial risk management. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.



## Note 14 Leases and commitments

### Leases

The Company uses the accounting standard IFRS 16 Leases. IFRS 16 Leases has from a lessee viewpoint eliminated the classification of leases as either operating leases or financial leases.

For the Company only office space comes under the classification of leases. Vessels and other seismic equipment on short term leases come under the classification of commitments. As of 31 December 2021, the Company has no commitments in vessels, seismic equipment or office space.

Lease assets are included in the balance sheet under the item property, plant and equipment. The non-current part of the lease liability is included in the balance sheet under the item interest bearing debt non-current, and the current part under interest bearing debt current, refer to note 11.

#### Right-of-use assets:

| <b>USD thousands</b>                          | <b>Offices</b> | <b>Total</b> |
|---|----------------|--------------|
| <i>Carrying value</i>                         |                |              |
| <b>Balance right-of-use assets 01.01.2021</b> | <b>24</b>      | <b>24</b>    |
| Additions                                     | -              | -            |
| Depreciation                                  | (24)           | (24)         |
| <b>Balance right-of-use assets 31.12.2021</b> | <b>-</b>       | <b>-</b>     |

#### Lease liabilities:

| <b>USD thousands</b>                        | <b>Non-current*</b> | <b>Current</b> | <b>Total</b> |
|---|---------------------|----------------|--------------|
| <i>Carrying value</i>                       |                     |                |              |
| <b>Balance lease liabilities 01.01.2021</b> | -                   | 24             | 24           |
| Lease payments                              | -                   | (24)           | (24)         |
| Accrued interest                            | -                   | 0              | 0            |
| <b>Balance lease liabilities 31.12.2021</b> | <b>-</b>            | <b>0</b>       | <b>0</b>     |

\* The lease agreement related to office space expired as of 28 February 2021.

The Company had a total cash outflow for leases of USD 0.02 million in 2021. The Company had no low-value assets or variable lease payments in 2021.

#### Right-of-use assets:

| <b>USD thousands</b>                          | <b>Offices</b> | <b>Total</b> |
|---|----------------|--------------|
| <i>Carrying value</i>                         |                |              |
| <b>Balance right-of-use assets 01.01.2020</b> | <b>110</b>     | <b>110</b>   |
| Depreciation                                  | (86)           | (86)         |
| <b>Balance right-of-use assets 31.12.2020</b> | <b>24</b>      | <b>24</b>    |



## Lease liabilities:

| <b>USD thousands</b>                        | <b>Non-current*</b> | <b>Current</b> | <b>Total</b> |
|---|---------------------|----------------|--------------|
| <i>Carrying value</i>                       |                     |                |              |
| <b>Balance lease liabilities 01.01.2020</b> | 22                  | 86             | 109          |
| Additions                                   |                     |                | -            |
| Reclassification to current                 | (22)                | 22             | -            |
| Lease payments                              | -                   | (86)           | (86)         |
| Accrued interest                            | -                   | 3              | 3            |
| Other adjustments                           | -                   | (2)            | (2)          |
| <b>Balance lease liabilities 31.12.2020</b> | <b>-</b>            | <b>24</b>      | <b>24</b>    |

\* The lease agreement related to office space expires as of 28 February 2021.

The Company had a total cash outflow for leases of USD 0.09 million of which USD 0.003 million is related to interest in 2020. The Company had no low-value assets or variable lease payments in 2020.

## Commitments:

The Company has commitments as of December 2021 related to office rent until September 2022. The cost for short term leases of office rent for 2021 was USD 0.1 million and USD zero for 2020. The Company has not entered into any contractual commitments for the rental of seismic equipment (nodes) as of 31 December 2021 or as of 31 December 2020. The cost for short-term leases of seismic equipment was USD 0.2 million in 2021 and USD 11.8 million in 2020.

The Company has no commitments for short-term leases of vessels as of 31 December 2021 or as of 31 December 2020. There was no cost for short term leases of vessels in 2021. The cost for short term leases of vessels was USD 14.5 million in 2020.

## Note 15 Other current liabilities

| <b>USD thousands</b>                   | <b>31.12.2021</b> | <b>31.12.2020</b> |
|--|-------------------|-------------------|
| Holiday pay owed                       | 167               | 174               |
| Other accrued costs                    | 654               | 1 327             |
| VAT settlement                         | -                 | (523)             |
| <b>Total other current liabilities</b> | <b>821</b>        | <b>978</b>        |



## Note 16 Share capital and shareholder information

| The Company's share capital per 31.12.2021 include the following: | Number of shares | Share Capital in NOK | Par Value per share* |
|---|------------------|----------------------|----------------------|
| Ordinary shares (one share = one vote)                            | 239 760 117      | 239 760 117          | 1.00                 |

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

The Company has one class of shares, all shares provide equal rights, including the right to any dividends in line with 2020. Each of the shares carries one vote in line with 2020. Neither Carbon Transition ASA nor any of its subsidiaries directly or indirectly owns shares or treasury shares in the Company.

| Changes in number of shares                               | Shares             |
|---|--------------------|
| <b>Number of shares 01.01.2021</b>                        | <b>58 821 018</b>  |
| Reverse split 10:1  | 5 882 102          |
| New shares issued - cash settled 15.6.21                  | 144 500 000        |
| Capital increase - debt conversion to fair value 15.06.21 | 42 439 946         |
| New shares issued - cash settled 19.07.21                 | 20 000 000         |
| New shares issued - cash settled 09.08.21                 | 2                  |
| New shares issued - cash settled tranche 1 - 21.10.21     | 21 282 205         |
| New shares issued - cash settled tranche 2 - 16.11.21     | 5 655 862          |
| <b>Number of shares 31.12.2021</b>                        | <b>239 760 117</b> |

### Paid/proposed dividend

The board has decided not to propose any dividend for 2021 or 2020.



The major shareholders in Carbon Transition ASA 31 December 2021 were as follows:

| Shareholders                         | Total shares       | Ownership     |               |
|--------------------------------------|--------------------|---------------|---------------|
|                                      |                    | share         | Voting share  |
| INVESTERINGSFONDET VIKING AS         | 28 000 000         | 11.7%         | 11.7%         |
| MIDDELBORG INVEST AS                 | 14 538 461         | 6.1%          | 6.1%          |
| TIGERSTADEN AS                       | 13 760 459         | 5.7%          | 5.7%          |
| ALDEN AS                             | 11 265 384         | 4.7%          | 4.7%          |
| SPAREBANK 1 MARKETS AS               | 11 180 000         | 4.7%          | 4.7%          |
| F2 FUNDS AS                          | 9 250 000          | 3.9%          | 3.9%          |
| BECK ASSET MANAGEMENT AS             | 9 012 307          | 3.8%          | 3.8%          |
| F1 FUNDS AS                          | 8 427 223          | 3.5%          | 3.5%          |
| URTIVEN AS                           | 8 230 770          | 3.4%          | 3.4%          |
| GINNY INVEST AS                      | 6 250 230          | 2.6%          | 2.6%          |
| DNB BANK ASA                         | 6 225 280          | 2.6%          | 2.6%          |
| PHILIP HOLDING AS                    | 5 750 230          | 2.4%          | 2.4%          |
| Q CAPITAL AS                         | 5 619 230          | 2.3%          | 2.3%          |
| REDBACK AS                           | 5 000 000          | 2.1%          | 2.1%          |
| TTC INVEST AS                        | 4 000 000          | 1.7%          | 1.7%          |
| Nordnet Bank AB                      | 3 758 002          | 1.6%          | 1.6%          |
| LIVERMORE INVEST AS                  | 3 079 615          | 1.3%          | 1.3%          |
| Skandinaviska Enskilda Banken AB     | 2 500 000          | 1.0%          | 1.0%          |
| NORDNET LIVSFORSIKRING AS            | 2 089 077          | 0.9%          | 0.9%          |
| CITADELL AS                          | 2 000 000          | 0.8%          | 0.8%          |
| <b>Total 20 largest shareholders</b> | <b>159 936 268</b> | <b>66.7%</b>  | <b>66.7%</b>  |
| Total other shareholders             | 79 823 849         | 33.3%         | 33.3%         |
| <b>Total number of shares</b>        | <b>239 760 117</b> | <b>100.0%</b> | <b>100.0%</b> |



The major shareholders in Axxis Geo Solutions AS 31 December 2020 were as follows:

| Shareholders                         | Total shares      | Ownership     |               |
|--------------------------------------|-------------------|---------------|---------------|
|                                      |                   | share         | Voting share  |
| HAVILA HOLDING AS                    | 15 549 434        | 26.4%         | 26.4%         |
| ROGER IGELSTRØM                      | 2 000 000         | 3.4%          | 3.4%          |
| JOHS. HANSEN REDERI AS               | 1 413 345         | 2.4%          | 2.4%          |
| Nordnet Bank AB                      | 1 096 145         | 1.9%          | 1.9%          |
| TOM DANIELSEN                        | 1 073 166         | 1.8%          | 1.8%          |
| FRANK ROBERT SUNDE                   | 742 468           | 1.3%          | 1.3%          |
| J.P. Morgan Securities LLC           | 703 618           | 1.2%          | 1.2%          |
| HOVEDORGANISASJON                    | 671 343           | 1.1%          | 1.1%          |
| DAGUSIKI HOLDING AS                  | 660 572           | 1.1%          | 1.1%          |
| DEHGHAN ZAKLAKI                      | 629 647           | 1.1%          | 1.1%          |
| YVES MEROUR                          | 541 531           | 0.9%          | 0.9%          |
| JOHN OTTO DYBVIK                     | 500 995           | 0.9%          | 0.9%          |
| MORTEN HÅVAR OLSEN                   | 500 000           | 0.9%          | 0.9%          |
| ACTION AS                            | 454 850           | 0.8%          | 0.8%          |
| ALCIDES SHIPPING AS                  | 450 712           | 0.8%          | 0.8%          |
| RONNY BRATTAAS                       | 421 763           | 0.7%          | 0.7%          |
| Deutsche Bank Aktiengesellschaft     | 400 028           | 0.7%          | 0.7%          |
| MADRA INVEST AS                      | 373 734           | 0.6%          | 0.6%          |
| NORDNET LIVSFORSIKRING AS            | 365 477           | 0.6%          | 0.6%          |
| THOMAS GRØNSTAD                      | 350 000           | 0.6%          | 0.6%          |
| <b>Total 20 largest shareholders</b> | <b>28 898 828</b> | <b>49.1%</b>  | <b>49.1%</b>  |
| Total other shareholders             | 29 922 190        | 50.9%         | 50.9%         |
| <b>Total number of shares</b>        | <b>58 821 018</b> | <b>100.0%</b> | <b>100.0%</b> |

Shares owned or controlled by members of the Board of Directors, Chief Executive Officer and Other Executive Officers 31 December 2021 were as follows:

| Board of Directors | Position     | Total shares | Ownership |              | Number of options |
|--------------------|--------------|--------------|-----------|--------------|-------------------|
|                    |              |              | share     | Voting share |                   |
| Gisle Grønlie      | Chairman     | 134 000      | 0.0 %     | 0.0 %        | 800 000           |
| Torstein Sannes    | Board member | 285 000      | 0.0 %     | 0.0 %        | 800 000           |

Share and options owned by management 31 December 2021 were as follows:

| Executive management                       | Position       | Number of shares | Number of options |
|--|----------------|------------------|-------------------|
| Nils Haugestad CFO (CFO from 1 April 2020) | CFO            | -                | -                 |
| Richard Dunlop                             | EVP Operations | 14 423           | 10 640            |

Shares owned or controlled by members of the Board of Directors, Chief Executive Officer and Other Executive Officers 31 December 2020 were as follows:

| Board of Directors            | Position     | Total shares | Ownership |              | Number of options |
|-------------------------------|--------------|--------------|-----------|--------------|-------------------|
|                               |              |              | share     | Voting share |                   |
| Havila Holding AS 1)          |              | 15 549 434   | 26.4 %    | 26.4 %       | -                 |
| 1) Partly owned by Njål Sævik | Board member |              |           |              | 42 000            |



Share and options owned by management **31 December 2020** were as follows:

| <b>Executive management</b>                | <b>Position</b> | <b>Number of shares</b> | <b>Number of options</b> |
|--|-----------------|-------------------------|--------------------------|
| Lee Parker (CEO till August 8, 2020)       | <b>CEO</b>      | 559 390                 | -                        |
| Ronny Bøhn (CEO from August 8 2020)        | CEO             | -                       | -                        |
| Svein Knudsen (CFO till 1 April 2020)      | CCO             | 17 000                  | 106 400                  |
| Nils Haugestad CFO (CFO from 1 April 2020) | CFO             | -                       | -                        |
| Richard Dunlop                             | EVP Operations  | 144 228                 | 106 400                  |

### Note 17 Related parties / Intercompany

#### USD thousands

| <b>Non current receivables group companies</b>       | <b>31.12.2021</b> | <b>31.12.2020</b> |
|--|-------------------|-------------------|
| Carbon Transtion Investment AS                       | 5                 | -                 |
| <b>Total non current receivables group companies</b> | <b>5</b>          | <b>-</b>          |

#### USD thousands

| <b>Current receivables group companies</b> | <b>31.12.2021</b> | <b>31.12.2020</b> |
|--|-------------------|-------------------|
| Axxis Multi Client AS *                    | 14 314            | 12 367            |
| Axxis Geo Solutions Inc.                   | -                 | 742               |
| Axxis Production AS                        | 12 358            | 15 132            |
| Axxis Geo Solutions Egypt LLC              | 1 411             | -                 |
| PT Axxis Geo Solutions                     | 305               | 305               |
| Carbon Transition Investment AS            | 235               | -                 |
| Neptune Seismic AS                         | 5                 | 2                 |
| <b>Total receivables group companies</b>   | <b>28 627</b>     | <b>28 548</b>     |

\* The intercompany receivables to Axxis Multi Client AS had per December 2019 been accrued for write down of USD 41.7 million. The amount relates to acquiring of the multi-client project Utsira which completed October 2019. The write-down has not been reversed per December 2021.

#### USD thousands

| <b>Current liabilities group companies</b> | <b>31.12.2021</b> | <b>31.12.2020</b> |
|--|-------------------|-------------------|
| Axxis Geo Solutions Inc.                   | 141               | 1 379             |
| Axxis Production AS                        | -                 | 377               |
| PT Axxis Geo Solutions                     | 257               | 257               |
| <b>Total liabilities group companies</b>   | <b>399</b>        | <b>2 014</b>      |

For more information on related parties see note 20 for the Group.

#### USD thousands

| <b>Revenue from group companies</b>  | <b>2021</b>  | <b>2020</b>   |
|--------------------------------------|--------------|---------------|
| Axxis Geo Solutions Inc.             | 236          | -             |
| Axxis Multi Client AS                | 692          | 3 161         |
| Axxis Production AS                  | 2 832        | 36 762        |
| <b>Total revenue group companies</b> | <b>3 760</b> | <b>39 923</b> |



## USD thousands

| Cost from group companies         | 2021         | 2020          |
|-----------------------------------|--------------|---------------|
| Axxis Geo Solutions Inc.          | 1 360        | 11 983        |
| PT Axxis Geo Solutions            | -            | 257           |
| <b>Total cost group companies</b> | <b>1 360</b> | <b>12 240</b> |

For more information on related parties see note 20 for the Group.

## USD thousands

| Revenue from investment in subsidiaries               | 2021      | 2020         |
|---|-----------|--------------|
| Group contribution correction Axxis Production AS     | (224)     | 5 637        |
| Group contribution from Carbon Transtition AS         | 235       | -            |
| <b>Total revenue from investement in subsidiaries</b> | <b>11</b> | <b>5 637</b> |

## Note 18 Personnel expenses and board remunerations

| USD thousands                                  | 2021         | 2020         |
|--|--------------|--------------|
| Wages and salaries                             | 2 100        | 1 588        |
| Social Security costs                          | 318          | 26           |
| Pension costs                                  | 150          | 203          |
| Other remuneration                             | 445          | 1 516        |
| Share based payment expense (refer to note 22) | 11           | 3            |
| Refund salary                                  | (33)         | -            |
| <b>Total personnel expense</b>                 | <b>2 991</b> | <b>3 335</b> |

| Number of man-years at 31.12 | 2021 | 2020 |
|------------------------------|------|------|
| Companies in Norway          | 7    | 9    |

The Company has a defined contribution pension plan. The contribution plan is a retirement plan in which the Company pays fixed contributions to a separate legal entity. The Company has no further payment obligations once these contributions have been paid. Contributions are booked as cost on an ongoing basis. The Company meets the requirements for occupational pension scheme under the Act on Obligatory Occupational Pensions. The contribution pension scheme in Norway meets the legal requirements.

A loan of USD 90 thousands was given the former CEO, Lee Parker in 2020. The loan was part of a settlement agreement in 2021. No other loan or collateral has been granted to the Chairman of the Board or other related parties.

## Key management personell compensation

| USD thousands          | 2021  | 2020   |
|------------------------|-------|--------|
| Base salary            | 1 031 | 504    |
| Pension                | 60    | 37     |
| Other Benefits         | 7     | 3      |
| Number of options held | -     | 10 640 |



For detailed information of executive officers and board of Directors compensation, see the remuneration report.  
See note 16 for shares held by the Company's Board of Directors.

### Note 19 Share based payments programs

The Company has a share-based payment scheme for employees and one members of the Board.

The options granted gives the holder right to purchase a defined number of shares at a predetermined price if the vesting conditions are met. The exercise price has been set to fair value of the shares at grant date.

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

Set out below are summaries of options granted under the scheme:

|                            | 2021  |                   | 2020  |                   |
|----------------------------|---|-------------------|---|-------------------|
|                            | Average exercise price per share option (NOK) | Number of options | Average exercise price per share option (NOK) | Number of options |
| <b>As at 01.01</b>         | 10,1400                                       | 405 079           | 9,4500  | 749 479           |
| Granted during the year    | 1,8000  | 1 600 000         | -   | -                 |
| Adjusted during the year   | 106,5452                                      | (231 012)         | -   | -                 |
| Terminated during the year | 9,2401  | (148 400)         | 8,6400  | (344 400)         |
| <b>As at 31.12</b>         | 3,4538  | 1 625 667         | 10,1400                                       | 405 079           |
| Vested 31.12               | 106,5450                                      | 25 667            | 9,8700  | 398 079           |
| Exercisable 31.12          |   | 25 667            |   | 398 079           |

|   | 2021      | 2020     |
|---|-----------|----------|
| <b>Share based payment cost (revenue) recognised in the period USD thousand</b> | <b>11</b> | <b>3</b> |

Share options outstanding at the end of the year have the following expiry date and exercise prices:

| Grant date                     | Expiry date | Exercise price | Share options 31 December 2021 | Share options 31 December 2020 |
|--------------------------------|-------------|----------------|--------------------------------|--------------------------------|
| 30.09.2021                     | 30.09.2028  | 1.70           | 800 000                        | -                              |
| 30.09.2021                     | 30.09.2028  | 1.90           | 800 000                        | -                              |
| 15.09.2017                     | 15.09.2022  | 69.61          | 12 600                         | 196 000                        |
| 27.09.2018                     | 27.09.2023  | 112.75         | 10 267                         | 181 079                        |
| 01.05.2019                     | 01.05.2024  | 250.00         | 2 800                          | 28 000                         |
| <b>Total number of options</b> |             |                | <b>1 625 667</b>               | <b>405 079</b>                 |



| Outstanding instruments overview |                         |   |                               |                               |                               |  |
|----------------------------------|-------------------------|---|-------------------------------|-------------------------------|-------------------------------|--|
| Strike Price                     | Number of instruments   | Weighted Average remaining contractual life | Weighted Average Strike Price | Vested instruments 31.12.2021 | Weighted Average Strike Price |  |
|                                  | Outstanding instruments |   |                               | Vested instruments            |                               |  |
| 1.70                             | 800 000                 | 5.50  | 1.70                          | -                             | -                             |  |
| 1.90                             | 800 000                 | 6.50  | 1.90                          | -                             | -                             |  |
| 69.61                            | 12 600                  | 1.70  | 69.61                         | 12 600                        | 69.61                         |  |
| 112.75                           | 10 267                  | 2.49  | 112.75                        | 10 267                        | 112.75                        |  |
| 250.00                           | 2 800                   | 3.09  | 250.00                        | 2 800                         | 250.00                        |  |
|                                  | <b>1 625 667</b>        |   |                               | <b>25 667</b>                 |                               |  |

The exercise price for the grants was fair value at the grant date. The options can be exercised by buying shares as settlement where one options give right to one share. For the 2021 grant, 25% of the options will be vested 30.03.2022, 30.09.22, 30.03.2023 and 30.09.2023. The fair value at grant date was 0.22 NOK/option.

The fair value has been estimated using the Black-Scholes option pricing model. When calculating fair value at grant date, the Group has assumed a volatility of 47.31% from comparable peers in the oil and gas services for both grants, 0 expected dividends, and a risk-free interest rate of 1,011% for the 2021 grant.

#### Note 20 Auditors fee

##### USD thousands

| Expensed audit fee (excluding VAT)                      | 2021       | 2020       |
|---|------------|------------|
| Statutory audit   | 174        | 134        |
| Tax advice (incl. technical assistance with tax return) | 7          | 109        |
| Other attestation services                              | 19         | 27         |
| <b>Total auditors fee</b>                               | <b>200</b> | <b>270</b> |

The Company has at the annual general meeting 23 June 2021 changed from Ernst & Young (EY) to PricewaterhouseCoopers (PwC) as the auditor.



**Note 21 Subsidiaries and associated companies**

Carbon Transition ASA (CT ASA) comprise of the following legal entities as of 31 December 2021.

USD thousands

| Subsidiary of Carbon Transition<br>ASA: | Jurisdiction | Total Equity    | Net<br>Income/<br>(loss) | Carrying<br>value |
|---|--------------|-----------------|--------------------------|-------------------|
| Neptune Seismic AS                      | Norway       | (9)             | (5)                      | -                 |
| Axxis Geo Solution Inc.                 | USA          | 17              | (20)                     | 100               |
| Axxis Geo Solutions PT*                 | Indonesia    | 427             | (7)                      | -                 |
| Axxis Multi Client AS                   | Norway       | (38 543)        | (3 448)                  | -                 |
| Axxis Production AS                     | Norway       | (8 512)         | (8 112)                  | 6                 |
| Carbon Transition Investment AS         | Norway       | 18 471          | 9 122                    | 9 351             |
| Axxis Geo Solutions Egypt LLC**         | Egypt        | 3 951           | (865)                    | 1                 |
| <b>Total</b>                            |              | <b>(24 198)</b> | <b>(3 334)</b>           | <b>9 456</b>      |

\* The formal shareholding in Axxis Geo Solutions PT is 49 %. The Group has control of operating decisions and is exposed to 100 % of variability of the company's' results through a shareholder agreement. Because of this, no non-controlling interest has been recognized in the financial statements.

\*\* Axxis Geo Solutions Egypt LLC is owned by Axxis Production AS 99% and Carbon Transition ASA by 1% of the shares.

The Company holds 100 percent of all shares (except Axxis Geo Solution PT and Axxis Geo Solution Egypt LLC as mentioned above) and all voting rights for its subsidiaries.

**Note 22 Cash flow information**

**Liabilities arising from financing activities**

| USD thousands                      | Interest bearing<br>debt | Lease liabilities | Total         |
|------------------------------------|--------------------------|-------------------|---------------|
| <b>01.01.2021</b>                  | <b>33 905</b>            | <b>24</b>         | <b>33 929</b> |
| Repayment of interest bearing debt | (1 295)                  | -                 | (1 295)       |
| Payment of lease liabilities       |                          | (24)              |               |
| Other*                             | (32 610)                 |                   | (32 610)      |
| <b>31.12.2021</b>                  | <b>-</b>                 | <b>-</b>          | <b>-</b>      |

\* Mainly related to debt forgiveness related to the reconstruction process.



**Liabilities arising from financing activities**

| <b>USD thousands</b>               | <b>Interest bearing debt</b> | <b>Lease liabilities</b> | <b>Total</b>  |
|------------------------------------|------------------------------|--------------------------|---------------|
| <b>01.01.2020</b>                  | <b>2 257</b>                 | <b>108</b>               | <b>2 365</b>  |
| Repayment of interest bearing debt | (1 440)                      | -                        | (1 440)       |
| Payment of lease liabilities       |                              | (86)                     |               |
| Other*                             | 33 088                       | 1                        | 33 089        |
| Reclassification                   |                              |                          | -             |
| <b>31.12.2020</b>                  | <b>33 905</b>                | <b>24</b>                | <b>33 929</b> |

\* Mainly related to trade payables converted to loans.  
The non-current part of the interest-bearing debt is USD 17.4 million

**Note 23 Events after reporting period**

The Group announced the sale of its node on a rope equipment to Mageis Fairfield ASA 3 March 2022.

The transaction is structured based on an earnout model. The Company will receive USD 0.5 million at closing and will additionally receive earnout payments over a three-year period conditioned on the utilization of the equipment acquired. The earnout payments are capped at a maximum of USD 12.0 million and have a minimum payment clause of USD 1.5 million, subject to certain milestones.

The completion of the transaction was subject to customary closing conditions which have been lifted 31 March 2022.

On 16 March 2022 the Group announced a new Utsira multi-client late sale of USD 1.4 million. With proceeds from this late sale the Group will repay its outstanding USD 0.9 million loan balance and increase its cash balance by approximately USD 0.5 million. As a result, the Group will have no remaining financial indebtedness after this sale.



To the General Meeting of Carbon Transition ASA

## *Independent Auditor's Report*

### *Report on the Audit of the Financial Statements*

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#### *Opinion*

We have audited the financial statements of Carbon Transition ASA, which comprise:

- The financial statements of the parent company Carbon Transition ASA (the Company), which comprise the statement of financial position at 31 December 2021, statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Carbon Transition ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2021, statement of comprehensive income, statement of change in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

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#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 1 year from the election by the general meeting of the shareholders on 23.06.2021 for the accounting year 2021.

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PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo  
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no  
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

## Independent Auditor's Report - Carbon Transition ASA



### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. During 2021, Carbon Transition ASA completed a restructuring of the Group and refocused the business model. The refocusing resulted in investments where we focused on the valuation. The Group's legacy seismic business carries the same characteristics and risks as last year and have consequently also been in our focus in 2021.

| Key Audit Matter   | How our audit addressed the Key Audit Matter  |
|--|---|
| <p><i>Valuation of multi-client library</i></p> <p>This has been an area of focus as the multi-client library accounts for approximately 50% of the Group's total assets per 31 December 2021.</p> <p>Management used judgment in determining whether the carrying amount of the multi-client library exceeded the recoverable amount. The judgement was important in relation to assumptions such as expected discounted future cash flows. There is an inherent uncertainty in forecasting future sales of the multi-client library which is impacted by factors such as: the overall exploration and production spending within the oil and gas industry, interest in specific regions, whether licenses to perform exploration in the various regions exist or will be awarded in the future and other factors. Even small changes in assumptions, or the discount rate may impact the value of the multi-client library.</p> <p>We refer to note 11, where management explains how the multi-client libraries are valued under IAS 36 and IAS 38.</p> | <p>We obtained and gained an understanding of management's impairment assessment related to the multi-client library.</p> <p>We evaluated management's assessment of impairment indicators and management's estimates related to sales forecasts. Our audit procedures included inquiries and evaluations of management and senior sales personnel's assumptions regarding the current market, licensing rounds and exploration activities. This included inspection of supporting documentation, assessing the basis for key assumptions, and testing of the key assumptions. We found no significant deviations.</p> <p>Furthermore, we evaluated and found that the valuation methodology was reasonable. We assessed the discount rate by comparing key components used with external market data, as well as comparing the overall level with discount rates used by other companies within the industry. We considered that the discount rates were within an appropriate range.</p> <p>We also tested mathematical accuracy of the value in use calculations by recalculating the value in use model. We found the assessment to be mathematically accurate.</p> <p>We evaluated the disclosures in note 11 and found them to appropriately describe the assessment of carrying value of the multi-client libraries.</p> |
| <p><i>Valuation of investments</i></p> <p>This has been an area of focus as the investments account for approximately</p>  | <p>We evaluated management's valuation processes. Our audit procedures included inquiries, inspection of</p>  |

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## Independent Auditor's Report - Carbon Transition ASA



30% of the Group's total assets per 31 December 2021.

Some of the investments are unlisted and valued with use of unobservable inputs and classified as level 3 in the fair value hierarchy. A certain degree of judgment is applied in determining the assumptions that market participants would use when pricing observable market data is not available.

We refer to note 13, where management explains their valuation techniques and assumptions used in the model to determine fair value per 31 December 2021.

supporting documentation, assessing the basis for key assumptions and testing of the key assumptions. We found that management's processes and their assessment to be reasonable.

We evaluated management's assumptions through comparing the data they used to observable inputs in external markets where such data was available, and to other internal data where we deemed those as reliable audit evidence.

We evaluated the disclosures in note 13. We found that the disclosure appropriately describes the valuation of the investments.

### *Other Information*

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

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

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

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

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going

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## Independent Auditor's Report - Carbon Transition ASA



concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other

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Independent Auditor's Report - Carbon Transition ASA



matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### *Report on Other Legal and Regulatory Requirements*

#### *Report on compliance with Regulation on European Single Electronic Format (ESEF)*

##### *Opinion*

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name Carbon Transition ASA-2021-12-31-en have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

##### *Management's Responsibilities*

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

##### *Auditor's Responsibilities*

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: <https://revisorforeningen.no/revisjonsberetninger>

Oslo, 7 April 2022

**PricewaterhouseCoopers AS**

Martin Alexandersen

State Authorised Public Accountant

(This document is signed electronically)

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 Securely signed with Brevio

Revisjonsberetning

**Signers:**

| <b>Name</b>            | <b>Method</b> | <b>Date</b>      |
|------------------------|---------------|------------------|
| Alexandersen, Martin H | BANKID_MOBILE | 2022-04-07 11:14 |

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Norway

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Skatteetaten

|                               |                               |  |
|-------------------------------|-------------------------------|--|
| Vår dato<br>05.12.2019        | Din/Deres dato<br>08.11.2019  | Saksbehandler<br>Lars Waalorp                      |
| 800 80 000<br>Skatteetaten.no | Din/Deres referanse           | Telefon<br>32212244                                |
| Org.nr<br>974761076           | Vår referanse<br>2019/6696236 | Postadresse<br>Postboks 9200 Grønland<br>0134 OSLO |

AXXIS GEO SOLUTIONS ASA  
Strandveien 50  
1366 LYSAKER

Att. Maiken Aalde

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk

Vi viser til deres brev av 8. november 2019 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for følgende selskaper:

|  |                            |
|--|----------------------------|
| <b>Axxis Production AS</b>                 | <b>org.nr. 823 324 642</b> |
| <b>Axxis Multi Client International AS</b> | <b>org.nr. 923 778 098</b> |

Søknaden ble sendt til Skattedirektoratet. Skattedirektoratets myndighet til å treffe enkeltvedtak etter regnskapsloven § 3-4 tredje ledd ble delegert til skattekontoret med virkning fra 1. juni 2019.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskapene dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

### Bakgrunn

Axxis Production AS og Axxis Multi Client International AS er 100 % eid av Axxis Geo Solutions ASA. Selskapene leier og driver skip som leverer tjenester innen havbunnsseismikk til norske og internasjonale kunder innen olje- og gassindustrien. Engelsk er selskapenes arbeidsspråk. Morselskapet er tidligere gitt tillatelse til å bruke engelsk språk i årsregnskapet og årsberetningen.

### Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:



"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt særlig vekt på at selskapene er direkte eid av et selskap som også har tillatelse til å benytte engelsk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle sentrale aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Lars Waalorp  
seniorrådgiver  
Brukerdialog, brukerkontakt  
Skatteetaten

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.*



# AXXIS PRODUCTION AS ANNUAL REPORT 2021

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## BOARD OF DIRECTORS REPORT

### Operations and location

Axxis Production AS (referred to as the "Company") is a 100% owned subsidiary of Carbon Transition ASA (referred to as the "Parent").

The Company is engaged in the international geophysical industry and focuses its activities in the growing Ocean Bottom Node ("OBN") segment of the marine seismic market. The Company's registered office is at Askekroken 11, 0277 Oslo, Norway.

The Company's business strategy is to secure both contract and multi-client projects, and the Company was established in order to operate both the multi-client and contract projects of the Parent. The secured contract and multi-client projects will be operated by the Company, and costs related to the operation of the projects will be charged from the Company to the subsidiary in the Group holding the contract.

In 2021 there has been one operations in the Company, one exclusive contracts for CNOOC in the UK Sea. In 2020 there has been three operations in the Company, one invoiced to the subsidiary Axxis Geo Solutions Egypt LLC and two exclusive contracts for Equinor in the North Sea.

### Going concern

The Company is 100% owned by the Parent.

The Company have corporate tax liabilities in Egypt and the cash flow to settle these liabilities is expected to be received from the Egyptian company Axxis Geo Solutions Egypt LLC, which is owned 99% by the Company. Late sales of USD 13.7 million is expected to flow into the Egyptian company and settle intercompany liabilities and thereafter to pay dividend to the Company.

The Group prepares and maintains a rolling P&L and cash forecast, in addition to key balance sheet items (trade payables, long-term debt, and cash). In the Group's current forecast, cash and cash equivalents are expected to remain positive for the 12-month period following the 2021 financial statements.

The Group has sufficient working capital for covering the SG&A for 12 months. However, the Company will still be dependent on securing multi-client late sales, profit from the investments to invest or secure new equity to invest further in multi-client and new strategic investments.

Management and the Board has used its best judgements in the evaluation of the going concern assumption. The Company incurred a net loss of USD 10 328 123 during the year ended December 31, 2021 and, as of that date, the Company's current liabilities exceeded its total assets by USD 9 916 855. These events or conditions, along with other matters as described above, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The management and the Board are evaluating options to address the Company's negative position.



### Comments related to the financial statements

The financial statements are prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The notes are an integral part of the financial statements.

In 2021 there has been one operations in the Company, one exclusive contracts for CNOOC in the UK Sea. In 2020 there has been three operations in the Company, one invoiced to invoiced to the subsidiary Axxis Geo Solutions Egypt LLC and two exclusive contracts for Equinor in the North Sea.

In the 2021, the Company reported a loss after tax of USD 10 328 132 , compared to a gain after tax of USD 4 627 384 in 2020.

At year end, the Company had total assets of USD 4 867 640, compared to USD 15 954 373 in 2020. Cash as of December 2021 of USD 5 551 compared to USD 4 702 576 same period last year. In addition to intercompany receivables of USD 4 581 754 in 2021 compared to USD 10 793 749 in 2020.

As at 31 December 2021, the Company has total negative equity of USD 9 916 855, compared to positive equity of USD 613 812 in 2020.

Intercompany liabilities of USD 12 358 119 in 2021 compared to 15 340 440 per December 2020.

Other current liabilities of USD 2 335 530 in 2021 is related to corporate tax in Egypt and UK, compared to zero tax in 2020.

The Company is part of the consolidated financial statements of the Group prepared on a historical cost basis. Contact the Parent company Carbon Transition ASA to get hold of the consolidated financial statement for 2021.

### Risk

The Company is exposed to risk factors including, but not limited to, the factors described below.

#### *Market risk*

The Company is exposed to market specific and general economic cycles and macro-economic fluctuations, since changes in the general economic situation affect the demand for products and services provided by companies the Company invests in. The performance of the Axxis operations is also dependent on production and development spending by oil and gas companies. Historically, in times of low oil price, demand for seismic data has been significantly reduced.

#### *Credit risk*

The Company is faced with credit risk in terms of deposits with banks as well as receivables due from counterparts. The Company may also invest in financial credit instruments and may in such instances be assuming credit risk. Delayed or loss of payments from these parties may adversely impair the Company's liquidity. The concentration of the Company's customers in the oil and gas industry may impact the Company's overall exposure to credit risk. The Company evaluates the credit quality of its counterparts to minimize the risk of payment delinquency, but no assurance can be given that the Company will be able to avoid this risk. During 2021, the Company did not experience any material receivables losses.

#### *Liquidity risk*



Liquidity risk is the risk that the Company is not able to meet its payment obligations. The Company is dependent on liquidity from its investments, access to long-term funding and timely payments of receivables from customers. There can be no assurance that available funding sources are accessible when needed nor can there be any assurance that the Company will be able to raise new equity or access alternative sources of funds should this be required. The Company continuously monitors its cash receipts and payment obligations to ensure sufficient liquidity to meet operational needs.

#### *Foreign exchange risk*

The Company presents its consolidated financial report in USD, the functional currency for the Company and all subsidiaries. Currency exchange rates fluctuate for several reasons, including international balance of payments, economic and financial conditions, government intervention, speculation and other factors. The Company is primarily exposed to USD and NOK, and fluctuations in foreign exchange rates may therefore impact earnings. The Company has not established hedging arrangements to mitigate the possible adverse effects of this exposure.

The revenue and cash flow from operations gives the Company adequate working capital for ongoing operations and commitments. The Company's revenue is primarily from large international oil and gas companies, including companies owned whole or in part by governments, and the Board deems the Company's exposure to credit risk as relatively limited due to the nature of the Company's customer base.

#### **The working environment and personnel**

The number of employees in the Company is zero, and therefore no injuries or accidents have been reported.

The Company's policy prohibits unlawful discrimination against employees, on account of ethnic or national origin, age, gender, sexual orientation or religion. Respect for the individual is the cornerstone of this policy and the Company also aims to treat its employees with dignity and respect.

The Board of Directors consists of 1 man and 1 woman.

#### **The Environment**

The commitment to the environment forms an integrated part of the Company's Health & Safety Policy.

As stewards of the environment, it is the collective responsibility of the Company and our people to protect the environments that we work in. Our Goal of zero harm to the environment was achieved in 2021 as we had zero environmental recordable incidents throughout our operations. The Company's intent is to conduct our business in harmony with the environment. Our goal is no damage to the environment; our challenge is to deliver this along with our services and products. Our Policies underscores our commitment to the environment and outline our responsibilities throughout our operations.

Our mission is to minimize our footprint wherever we work through the implementation of five key strategies at work locations:

- Minimization of waste by design and purchase.
- Managing waste output to follow best environmental practice.
- Guarding against accidental and operational pollution.
- Provision for mitigation of any accidental and operational pollution.



- Site remediation after operations.

#### **Research and development**

The Company does no material research and development activity.

#### **Allocation of Net Profit (loss)**

The Board of Directors has proposed the net loss for the Company of USD 10 328 132 to be attributed to accumulated earning and other equity.

The Company's distributable equity as of 31.12.2021 was zero.

Oslo, 25 March 2022

Nils Haugestad  
Chairman

Nina Midtlie  
Board member



## FINANCIAL STATEMENTS

### INCOME STATEMENT

| USD  | Note | Full Year 2021      | Full Year 2020      |
|--|------|---------------------|---------------------|
| <b>Total revenue</b>   | 2    | 3 358 241           | 45 965 002          |
| Cost of sales  | 3    | (11 618 925)        | (39 986 875)        |
| Other operating expenses   | 4    | (30 987)            | (51 497)            |
| <b>Total operating expenses</b>  |      | <b>(11 649 912)</b> | <b>(40 038 372)</b> |
| <b>Operating profit (loss)<br/>before depreciation and<br/>amortization (EBITDA)</b> |      | <b>(8 291 671)</b>  | <b>5 926 630</b>    |
| Depreciation & Amortization  |      | -                   | -                   |
| <b>Operating profit (loss) (EBIT)</b>  |      | <b>(8 291 671)</b>  | <b>5 926 630</b>    |
| Financial income   |      | -                   | 1                   |
| Financial expenses   |      | (2 426)             | (3 212)             |
| Currency gain (loss)   |      | 181 982             | 14 405              |
| <b>Profit (loss) before tax</b>  |      | <b>(8 112 114)</b>  | <b>5 937 824</b>    |
| Tax income (expenses)  | 5    | (2 216 018)         | (1 310 440)         |
| <b>Profit (loss) for the period</b>  |      | <b>(10 328 132)</b> | <b>4 627 384</b>    |



## BALANCE SHEET

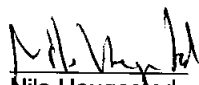
USD

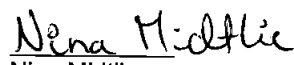
| <b>Assets</b>                   | <b>Note</b> | <b>31.12.2021</b> | <b>31.12.2020</b> |
|---------------------------------|-------------|-------------------|-------------------|
| <b>Non current assets</b>       |             |                   |                   |
| Investment in subsidiaries      | 10          | 820               | 820               |
| <b>Total non current assets</b> |             | <b>820</b>        | <b>820</b>        |
| <b>Current assets</b>           |             |                   |                   |
| Receivables group companies     | 7           | 4 581 754         | 10 793 749        |
| Other current assets            | 8           | 279 516           | 457 229           |
| Cash and cash equivalents       | 9           | 5 551             | 4 702 576         |
| <b>Total current assets</b>     |             | <b>4 866 820</b>  | <b>15 953 554</b> |
| <b>Total assets</b>             |             | <b>4 867 640</b>  | <b>15 954 373</b> |

USD

| <b>Equity and Liabilities</b>         | <b>Note</b> | <b>31.12.2021</b>  | <b>31.12.2020</b> |
|---------------------------------------|-------------|--------------------|-------------------|
| <b>Equity</b>                         |             |                    |                   |
| Share capital                         | 6           | 5 556              | 5 556             |
| Additional paid-in capital            |             | -                  | -                 |
| <b>Total paid-in capital</b>          |             | <b>5 556</b>       | <b>5 556</b>      |
| Accumulated earnings and other equity |             | (9 922 411)        | 608 256           |
| <b>Total equity</b>                   |             | <b>(9 916 855)</b> | <b>613 812</b>    |
| <b>Current liabilities</b>            |             |                    |                   |
| Trade payables                        |             | 90 846             | 121               |
| Liabilities to group companies        | 7           | 12 358 119         | 15 340 440        |
| Other current liabilities             | 8           | 2 335 530          | -                 |
| <b>Total current liabilities</b>      |             | <b>14 784 495</b>  | <b>15 340 561</b> |
| <b>Total equity and liabilities</b>   |             | <b>4 867 640</b>   | <b>15 954 373</b> |

Oslo, 25 March 2022

  
Nils Haugestad  
Chairman

  
Nina Midtlien  
Board member



## STATEMENT OF CHANGES IN EQUITY

| USD                               | Share capital | Additional paid in capital | Accumulated earnings | Total equity       |
|-----------------------------------|---------------|----------------------------|----------------------|--------------------|
| <b>Balance as of 1.1.2021</b>     | <b>5 556</b>  | <b>-</b>                   | <b>608 256</b>       | <b>613 812</b>     |
| Change IB Group contribution 2020 |               |                            | (202 536)            | (202 536)          |
| <b>New balance 01.01.2021</b>     | <b>5 556</b>  | <b>-</b>                   | <b>405 721</b>       | <b>411 277</b>     |
| Profit (loss) for the period      | -             | -                          | (10 328 132)         | (10 328 132)       |
| <b>Balance as of 31.12.2021</b>   | <b>5 556</b>  | <b>-</b>                   | <b>(9 922 411)</b>   | <b>(9 916 855)</b> |

| USD  | Share capital | Additional paid in capital | Accumulated earnings | Total equity   |
|--|---------------|----------------------------|----------------------|----------------|
| <b>Balance as of 1.1.2020</b>              | <b>5 556</b>  | <b>-</b>                   | <b>715</b>           | <b>6 271</b>   |
| Profit (loss) for the period               | -             | -                          | 4 627 384            | 4 627 384      |
| Group contribution from the Parent company | -             | -                          | 377 378              | 377 378        |
| Group contribution to the Parent company   |               |                            | (4 397 221)          | (4 397 221)    |
| <b>Balance as of 31.12.2020</b>            | <b>5 556</b>  | <b>-</b>                   | <b>608 256</b>       | <b>613 812</b> |

The Company have corporate tax liabilities in Egypt and the cash flow to settle these liabilities is from the Egyptian company Axxis Geo Solutions Egypt LLC which is owned 99% by the Company. Late sales of USD 13.7 million is expected to flow into the Egyptian company and settle intercompany liabilities and thereafter to pay dividend to the Company.



STATEMENT OF CASH FLOW

| USD   | Note | Full Year 2021     | Full Year 2020     |
|---|------|--------------------|--------------------|
| <b>Cash flow from operating activities</b>      |      |                    |                    |
| Profit before tax                               |      | (8 112 114)        | 4 627 384          |
| Depreciation and amortization                   |      | -                  | -                  |
| Change in trade payables                        |      | 90 725             | (522)              |
| Change in fuel stock                            |      | -                  | 444 523            |
| Change in other current receivables             | 7    | 6 389 709          | 1 092 895          |
| Change in other current liabilities             | 7    | (3 065 345)        | 2 554 138          |
| <b>Net cash from operating activities</b>       |      | <b>(4 697 025)</b> | <b>8 718 418</b>   |
| <b>Cash flow from investing activities</b>      |      |                    |                    |
| <b>Net cash flow from investment activities</b> |      | -                  | -                  |
| <b>Cash flow from financing activities</b>      |      |                    |                    |
| Net Group contribution from/to Parent company   |      | -                  | (4 019 843)        |
| <b>Net cash flow from financial activities</b>  |      | -                  | <b>(4 019 843)</b> |
| <b>Net change in cash and cash equivalents</b>  |      | <b>(4 697 025)</b> | <b>4 698 575</b>   |
| Cash and cash equivalents balance 1.1           |      | 4 702 576          | 4 001              |
| <b>Cash and cash equivalents balance 31.12</b>  |      | <b>5 551</b>       | <b>4 702 576</b>   |



## NOTES TO ANNUAL REPORT

### NOTE 1 ACCOUNTING PRINCIPLES

Axxis Production AS (the Company) is a 100% owned subsidiary of Carbon Transition ASA (the Parent), being the Parent company 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, with both an ocean-bottom seismic contract business and a multi-client data library.

The Company is a limited liability company in Norway. The Company's registered office is at Askekroken 11, 0277 Oslo, Norway.

The Company's business strategy is to secure OBN projects both in Norway and internationally. In 2021 there has been one operations in the Company, one exclusive contracts for CNOOC in the UK Sea. In 2020 there has been three operations in the Company, one invoiced to the subsidiary Axxis Geo Solutions Egypt LLC and two exclusive contracts for Equinor in the North Sea.

There is no employees in the Company.

The financial statements of the Company were authorized by the Board of Directors on 25 March 2022.

The financial statements are prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The notes are an integral part of the financial statements.

The Company is part of the consolidated financial statements of Axxis Group prepared on a historical cost basis. Contact the Parent company Carbon Transition ASA to get hold of the consolidated financial statement for 2020.

#### **Going concern**

The Company is 100% owned by the Parent.

The Company have corporate tax liabilities in Egypt and the cash flow to settle these liabilities is expected to be received from the Egyptian company Axxis Geo Solutions Egypt LLC, which is owned 99% by the Company. Late sales of USD 13.7 million is expected to flow into the Egyptian company and settle intercompany liabilities and thereafter to pay dividend to the Company.

The Group prepares and maintains a rolling P&L and cash forecast, in addition to key balance sheet items (trade payables, long-term debt, and cash). In the Group's current forecast, cash and cash equivalents are expected to remain positive for the 12-month period following the 2021 financial statements.

The Group has sufficient working capital for covering the SG&A for 12 months. However, the Company will still be dependent on securing multi-client late sales, profit from the investments to invest or secure new equity to invest further in multi-client and new strategic investments.



Management and the Board has used its best judgements in the evaluation of the going concern assumption. The Company incurred a net loss of USD 10 328 123 during the year ended December 31, 2021 and, as of that date, the Company's current liabilities exceeded its total assets by USD 9 916 855. These events or conditions, along with other matters as described above, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The management and the Board are evaluating options to address the Company's negative position.

### **Presentation currency**

The Company presents its financial reports in USD. Functional currency for the Company is USD as all the majority part of expenses are nominated and paid in USD from January 1, 2020. For presentation in the 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 profit or loss are converted and translated into USD at the average exchange rate for each quarter. Exchange rate differences arising from the translation to presentation currency are recognized in Other Comprehensive Income.

### **Foreign Currency**

Transactions in foreign currencies are translated to USD using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in non-functional currencies are translated into functional currency spot rate of exchange ruling at the date of the balance sheet. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominate in non-functional currencies are recognized in the income statement.

### **Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received for services in the ordinary course of the company's activities.

### **Taxes**

#### **a) Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured using the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income. Current income tax relating to items directly in equity is recognized in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulation are subject to interpretation and establishes provisions where appropriate.

#### **b) Deferred tax**

Deferred tax is provided for using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted on the balance sheet date and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the



Company and it is probable that the temporary difference will not reverse in the foreseeable future.

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

**Provisions**

Provisions are recognized when the company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**Cash flow statement**

The cash flow statement is presented using the indirect method.

**Cash and cash equivalents**

Cash and cash equivalents include cash at hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.



NOTE 2 REVENUE

USD

| <b>Operating revenue</b>              | <b>Full Year 2021</b> | <b>Full Year 2020</b> |
|---------------------------------------|-----------------------|-----------------------|
| Sales revenue                         | 6 121 296             | 12 160 911            |
| Mobilization & demobilization revenue | 2 896 563             | 2 773 601             |
| Intercompany revenue                  | (5 659 618)           | 31 030 490            |
| <b>Total revenue</b>                  | <b>3 358 241</b>      | <b>45 965 002</b>     |

The intercompany revenue in 2021 is negative due to new ruling from tax authorities in Egypt where the added withholding tax on the intercompany invoices in 2020 needed to be reversed in 2021. The new ruling was an answer from Egyptian tax authorities when we sent an application for reduced withholding tax rate and the answer back was net taxation of Axxis Production AS in Egypt. The change was performed in November 2021.



## NOTE 3 COST OF SALES

| <b>Cost of sales</b>               | <b>Full Year 2021</b> | <b>Full Year 2020</b> |
|------------------------------------|-----------------------|-----------------------|
| Fuel cost                          | 714 148               | 795 730               |
| Vessel and equipment hire          | 5 006 519             | 5 670 000             |
| Crew & project management          | 345 899               | 2 328 181             |
| Seismic, source and node equipment | 1 182 947             | 2 030 596             |
| Mobilization costs                 | -                     | 2 919 346             |
| Agent's related costs              | 351 346               | 301 218               |
| Intercompany costs to Egypt        | -                     | 25 941 804            |
| Intercompany costs to CNOOC        | 3 493 066             | -                     |
| Prepaid crew tax                   | 525 000               | -                     |
| <b>Total cost of sales</b>         | <b>11 618 925</b>     | <b>39 986 875</b>     |

Intercompany expenses for 2021 are related to services provided by the parent company Carbon Transition ASA and the sister company Axxis Geo Solutions Inc related to the CNOOC project in the North Sea. The CNOOC project started in June 2021 and finished in August 2021.

Intercompany expenses for 2020 are pass-through expenses related to the Egypt contract work and multi-client project for Western Geco in Egypt, which were completed in 2020. Mobilization of these projects started in 2019.



NOTE 4 OTHER OPERATING EXPENSES

USD

| <b>Other operating expenses</b>       | <b>Full Year 2021</b> | <b>Full Year 2020</b> |
|---------------------------------------|-----------------------|-----------------------|
| Accounting and other consultancy fees | 21 278                | 43 447                |
| Audit fees                            | 9 638                 | 7 213                 |
| Communication costs                   | 70                    | 837                   |
| <b>Total other expenses</b>           | <b>30 987</b>         | <b>51 497</b>         |



## NOTE 5 TAX

| USD  | Full Year 2021     | Full Year 2020   |
|--|--------------------|------------------|
| <b>Specification of tax expense for the year</b>   |                    |                  |
| Current income tax (including withholding tax)   | (2 219 638)        | 1 310 440        |
| Change in deferred tax (income)  | -                  | -                |
| Currency   | 3 620              | -                |
| <b>Total tax expense (- tax income)</b>  | <b>(2 216 018)</b> | <b>1 310 440</b> |
| <b>Reconciliation of actual against expected tax expense at the income tax rate of 22%</b> |                    |                  |
| Profit before tax  | (8 112 114)        | 5 937 824        |
| 22% tax  | (1 784 665)        | 1 306 321        |
| <b>Tax effect from:</b>  |                    |                  |
| Non taxable income   | -                  | -                |
| Corporate tax abroad   | 2 219 638          | -                |
| Other permanent differences  | (366)              | 15 499           |
| Currency effect  | (3 620)            | (316)            |
| Not booked deferred tax asset  | 1 785 032          | (11 064)         |
| <b>Calculated tax expense for the Company</b>  | <b>2 216 019</b>   | <b>1 310 440</b> |
| Effective tax rate for the Company   | -27%               | 22%              |

Effective tax rate will be impacted by differences in local tax rates and as a result of conversion from local currencies to NOK.

### There are no taxes payables in the balance sheet

To offset the taxes payables the Company will:

|   |   |                  |
|---|---|------------------|
| Use withholding tax paid abroad               | - | 70 198           |
| Give Group contribution to the Parent company | - | 1 240 242        |
| Total   | - | <b>1 310 440</b> |

| USD                                      | 31.12.2021         | 31.12.2020 |
|--|--------------------|------------|
| <b>Deferred tax liabilities (assets)</b> |                    |            |
| Non current assets                       | -                  | -          |
| Receivables                              | -                  | -          |
| Accumulated tax loss carried forward     | (8 113 780)        | -          |
| <b>Temporary differences at 31.12.</b>   | <b>(8 113 780)</b> | -          |
| Deferred tax (liabilities) assets (22%)* | <b>1 785 032</b>   | -          |

\* The company has evaluated the use of the loss carried forward and has not seen any firm possibility to utilize this loss, the deferred tax asset has therefore not been booked for 2021. This evaluation is performed regularly and at least once a year.

There is no time limit for use of loss carried forward in Norway.



NOTE 6 SHAREHOLDERS

| The company's share capital 31.12.2021 is as follows: | Number of shares | Value per share | NOK    |
|---|------------------|-----------------|--------|
| Ordinary shares (one share = one vote)                | 1 000            | 50.00           | 50 000 |

**Paid/proposed dividend**

The Board has decided not to recommend a dividend for 2021.

**Ownership structure**

The company is 100% owned by Carbon Transition ASA (the Parent). Contact the Parent at Askekroken 11, 0277 Oslo, Norway to get hold of the consolidated financial statements.



## NOTE 7 RELATED PARTY TRANSACTIONS

The transactions and balances with related parties for 2021 are related to services provided by the parent company Carbon Transition ASA and the sister company Axxis Geo Solutions Inc related to the CNOOC project in the North Sea. The CNOOC project started in June 2021 and finished in August 2021.

The transactions and balances with related parties for 2020 is mainly related to services provided by the parent company Axxis Geo Solutions ASA towards the subsidiary Axxis Geo Solutions Egypt LLC in relation to the seismic service of a contract project in Egypt, which started operation in December 2019 and finished in July 2020. See the figure below:

### USD

| <b>Operational revenue:</b>               | <b>Full Year 2021</b> | <b>Full Year 2020</b> |
|---|-----------------------|-----------------------|
| Axxis Geo Solutions Egypt LLC             | (5 659 618)           | 31 030 490            |
| <b>Total revenue from related parties</b> | <b>(5 659 618)</b>    | <b>31 030 490</b>     |

### USD

| <b>Operational cost:</b>               | <b>Full Year 2021</b> | <b>Full Year 2020</b> |
|--|-----------------------|-----------------------|
| Carbon Transition ASA                  | 2 306 941             | 36 781 150            |
| Axxis Geo Solutions Inc                | 1 186 126             | -                     |
| <b>Total cost from related parties</b> | <b>3 493 066</b>      | <b>36 781 150</b>     |

### Balances with related parties:

#### USD

| <b>Current receivables group companies</b> | <b>31.12.2021</b> | <b>31.12.2020</b> |
|--|-------------------|-------------------|
| Axxis Geo Solutions Egypt LLC              | 4 581 754         | 10 793 749        |
| <b>Total receivable group companies</b>    | <b>4 581 754</b>  | <b>10 793 749</b> |

#### USD

| <b>Current liabilities group companies</b> | <b>31.12.2021</b> | <b>31.12.2020</b> |
|--|-------------------|-------------------|
| Carbon Transition ASA                      | 12 358 119        | 15 132 365        |
| Axxis Geo Solutions Inc                    | -                 | 208 075           |
| <b>Total liabilities group companies</b>   | <b>12 358 119</b> | <b>15 340 440</b> |

See note 1 for information of the transactions.



## NOTE 8 COMBINED NOTES, BALANCE SHEET

### USD

| <b>Other current assets</b>       | <b>31.12.2021</b> | <b>31.12.2020</b> |
|-----------------------------------|-------------------|-------------------|
| Prepaid withholding tax Egypt     | 175 000           | -                 |
| Prepaid crew tax CNOOC            | 26 026            | -                 |
| Other current assets              | 78 490            | 457 229           |
| <b>Total other current assets</b> | <b>279 516</b>    | <b>457 229</b>    |

### USD

| <b>Other current liabilities</b>       | <b>31.12.2021</b> | <b>31.12.2020</b> |
|--|-------------------|-------------------|
| Corporate tax accrual Egypt and UK     | 2 335 530         | -                 |
| <b>Total other current liabilities</b> | <b>2 335 530</b>  | <b>-</b>          |

The Company is in dialogue with tax authorities in Egypt about the taxation for work performed in 2020.

The agreed proceed is deemed profit with taxation of margin. The margin is not finally settled.

The management has made a best estimate for the tax burden in Egypt, but the amount can change to be both lower and higher when finally settled.



NOTE 9 BANK DEPOSIT, CASH IN HAND

USD

| <b>Bank deposits, cash in hand</b> | <b>31.12.2021</b> | <b>31.12.2020</b> |
|------------------------------------|-------------------|-------------------|
| Bank deposits                      | 5 551             | 4 702 576         |
| <b>Total bank deposits</b>         | <b>5 551</b>      | <b>4 702 576</b>  |



NOTE 10 INVESTMENT IN SUBSIDIARIES

USD

| <b>Investment in subsidiaries</b>       | <b>31.12.2021</b> | <b>31.12.2020</b> |
|---|-------------------|-------------------|
| Shares in AGS Egypt LLC                 | 820               | 820               |
| <b>Total investment in subsidiaries</b> | <b>820</b>        | <b>820</b>        |

**Ownership structure**

The company is 99% owned by Axxis Production AS and 1% owned by the ultimate Parent Carbon Transition ASA. The consolidated account and ultimate Parent is Carbon Transition ASA. Contact Carbon Transition ASA at Askekroken 11, 0277 Oslo, Norway to get hold of the consolidated financial statements.



NOTE 11 EVENT AFTER THE BALANCE SHEET DATE

No material events occurred between the balance sheet date and the date when the accounts were presented which provide new information about conditions prevailing on the balance sheet date.



To the General Meeting of Axxis Production AS

## *Independent Auditor's Report*

### *Opinion*

We have audited the financial statements of Axxis Production AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 in the financial statements and the Board of Directors' report, which indicates that the Company incurred a net loss of 10 328 123 during the year ended December 31, 2021 and, as of that date, the Company's current liabilities exceeded its total assets by 9 916 855. As stated in Note 1 and the Board of Directors' report, these events or conditions, along with other matters as set forth in Note 1 and the Board of Directors' report, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Other Information*

The Board of Directors (management) is responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the

PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo  
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no  
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Independent Auditor's Report - Axxis Production AS



financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

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

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

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

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*Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Oslo, 25 March 2022  
**PricewaterhouseCoopers AS**

Martin Alexandersen  
State Authorised Public Accountant

(2)



Independent Auditor's Report - Axxis Production AS



(This document is signed electronically)

(3)



 Securely signed with Brevio

Revisjonsberetning

**Signers:**

| <i>Name</i>            | <i>Method</i> | <i>Date</i>      |
|------------------------|---------------|------------------|
| Alexandersen, Martin H | BANKID_MOBILE | 2022-03-25 15:45 |

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