

REPORT SECOND QUARTER 2023



“Environmental regulations on the pollution of oceans tighten world-wide, while the need for sustainable solutions increases. Soiltech’s STT system cleans contaminated water without the use of chemicals. The STT has been a fantastic success with 25 operations ongoing and 562 million liters of water cleaned.”

-Jan Erik Tveteraas, CEO Soiltech AS

SECOND QUARTER 2023

(Numbers in brackets refer to corresponding period in 2022)

Soiltech had a record high activity in Q2. The revenue was MNOK 64.5. The EBITDA was MNOK 14 whereas profit before tax came in strong at MNOK 7.7. The demand for our sustainable waste treatment and recycling services continues to grow following tightening of environmental regulations globally.

HIGHLIGHTS

- Strong operational performance – full commercial uptime on all units in operation
- International expansion continues – operations performed in Italy, Mexico, and moving to Columbia and Lebanon in Q3
- Entered a new market for pipe cleaning at oil refineries
- Secured a new 7-year loan facility of NOK 73 million with Sandnes Sparebank

NEW CONTRACTS

- *Odffjell Drilling*. Secured two-rig deal on Deepsea Atlantic and Deepsea Aberdeen
- *Transocean*. Awarded a contract for waste management on Transocean Barents offshore Lebanon
- *Equinor*. Awarded a contract for our Swarf Removal System (SRS) on an Equinor operated platform off Norway
- *Oil refinery*. Contract to treat contaminated fluid from pipe cleaning in connection with maintenance on an oil refinery in Italy
- *Undisclosed client*. Contract for waste reduction and recovery on a jackup in the UK with our market leading STT technology

RESULTS

Revenues in Q2 2023 amounted to NOK 64.5m (NOK 46.4m) and EBITDA from Operations was NOK 14.0m (NOK 10.1m) with an EBITDA margin of 22%. Profit before tax came to NOK 7.7m (NOK 5.6m).

Revenues for the first six months of 2023 amounted to NOK 104.9m (NOK 90.3m), EBITDA from operations was NOK 21.9m (NOK 19.4m), and profit before tax came to NOK 9.3m (NOK 4.5m).

International operations counted for 24% of the revenues.

OPERATIONS

Soiltech's activity in Q2 increased significantly. Several new projects started up and Soiltech had ongoing operations in Norway, UK, the Netherlands, Italy, Mexico, and Abu Dhabi during the quarter.

Commercial uptime was 100% on all projects. There were no lost time incidents and no spills to ground or sea.

As at quarter-end, the equipment fleet consisted of slop treatment units (STT), solids handling equipment, tank and pit cleaning technologies, swarf removal system, other waste handling equipment and biodegradable chemicals.

INVESTMENTS AND FINANCING

In June 2023, Soiltech secured a 7-year loan facility of NOK 73 million with Sandnes Sparebank, in order to finance the company's growth. The new loan facility comes in addition to the existing bank facility of NOK 75 million, bringing the total facilities to NOK 148 million.

Net-interest bearing debt as at 30.06.2023 was NOK 81.8m (39.8m). The increase is related to the financing of ongoing investments in equipment for added treatment and waste handling capacity.

Cashflow YTD 2023 from operating activities was NOK 5.1m. Cashflow from Investing

activities was NOK -28.7m as the company is building capacity for anticipated growth. Following a net contribution of NOK 0.2m from financing activities, the Net cashflow for the first half 2023 was - 23.4m. The cash position was NOK 15.4m as at 30.06.2023.

OUTLOOK

The market outlook is strong, with a robust demand for Soiltech’s market-leading technologies for waste reduction, waste recovery and reuse.

Q2 represented a significant increase in revenues compared to previous quarters. We expect this level of activity to be maintained also in the second half of 2023. Going into 2024 and 2025, we expect the market will continue to improve, resulting in further

growth for Soiltech, as we continue to gain market share.

ABOUT SOILTECH

Soiltech is an innovative cleantech service provider specializing in sustainable treatment, recycling and handling of contaminated water and solid industrial waste streams. The Company operates world-wide, with its head-office in Sandnes, Norway.

Learn more: www.soiltech.no

Sandnes, 29 August 2023

Soiltech AS

The Board of Directors

KEY FIGURES Q2 2023 (UNAUDITED)

INCOME STATEMENT (NOK 1,000)	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Revenues	64 470	40 417	46 407	104 887	90 320
Operating cost	39 475	22 904	26 361	62 380	50 996
Gross profit	24 995	17 513	20 046	42 506	39 324
	39 %	43 %	43 %	41 %	44 %
SG&A	10 955	9 670	9 934	20 625	19 967
EBITDA from operations	14 040	7 843	10 112	21 882	19 357
	22 %	19 %	22 %	21 %	21 %
Adjustments*	-31	1 127		1 096	5 763
Reported EBITDA	14 072	6 715	10 112	20 786	13 594
Depreciation	4 662	4 082	3 952	8 744	7 568
OPERATING PROFIT	9 409	2 634	6 159	12 042	6 026
	15 %	7 %	13 %	11 %	7 %
Net financial items	-1 752	-1 030	-518	-2 783	-1 518
PROFIT BEFORE TAX	7 657	1 605	5 641	9 260	4 508
	12 %	4 %	12 %	9 %	5 %

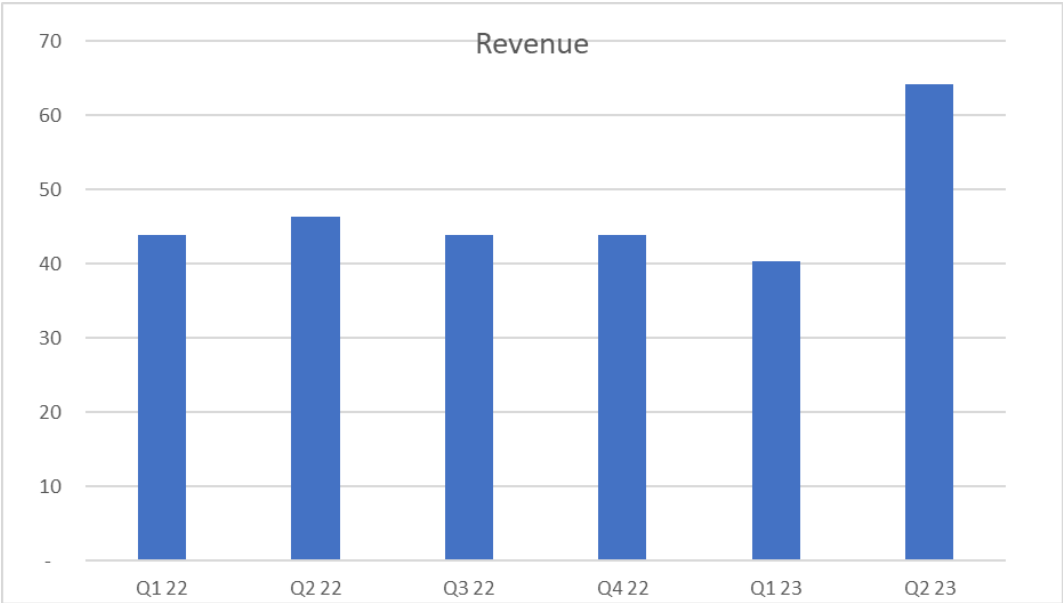
*Adjustments are cost related to share incentive scheme

Note – IFRS - As from Q2 2023 the company has changed its financial reporting from NGAAP to IFRS. The change has been implemented retrospectively using 01.01.2022 as date of transition. The effects of the transition are limited and are not considered to have a material impact on the figures presented in this report. Further details on the change are presented in note 11 below.

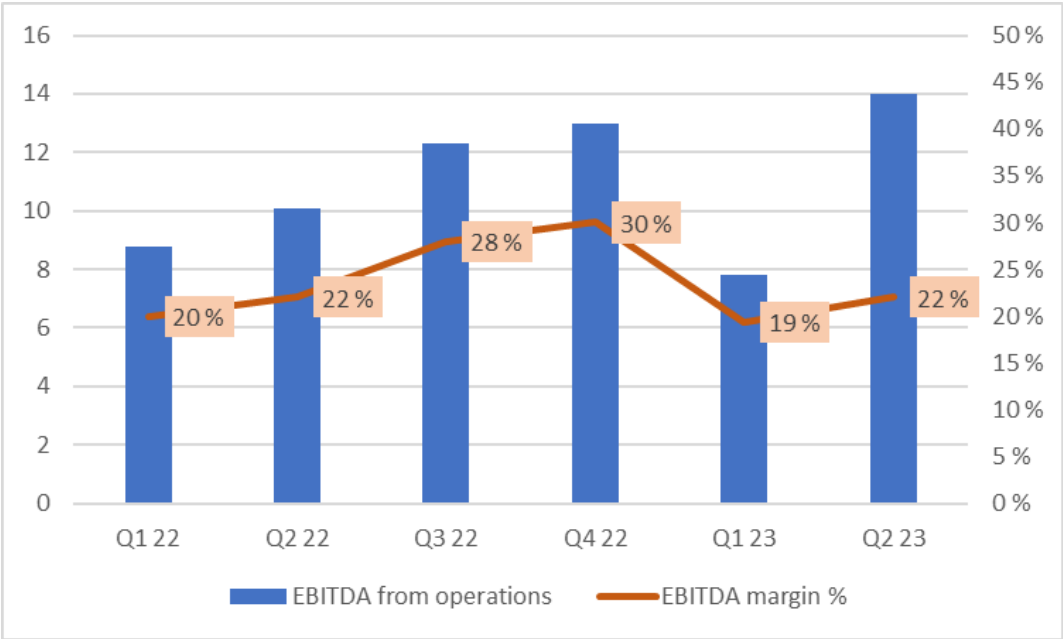
BALANCE SHEET (NOK 1,000)	30.06.2023	30.06.2022	31.12.2022
ASSETS			
Deferred tax asset	13 226	134	15 263
Intangible assets	6 743	614	6 795
Plant, property and equipment	152 963	121 664	130 300
Right-of-use asset	60 623	42 643	40 352
Other non-current assets	806	670	738
Non-Current assets	234 361	165 725	193 448
Inventories	238		238
Trade receivables	51 457	34 594	29 244
Cash and Cash equivalents	15 410	37 234	38 832
Other current assets	5 707	5 521	8 047
Current assets	72 813	77 349	76 361
TOTAL ASSETS	307 173	243 074	269 810
EQUITY AND LIABILITIES			
Share capital	741	721	741
Other paid-in equity	83 948	68 968	85 080
Other reserves	1 308	3 231	-
Retained earnings	63 853	45 499	56 630
Total equity	149 850	118 419	142 451
Borrowings	47 443	40 735	38 892
Lease liabilities	33 489	28 433	16 742
Deferred tax liabilities	-	7 024	-
Other non-current liabilities	19 668	894	18 877
Total non-current liabilities	100 600	77 086	74 511
Trade payables	18 206	10 133	9 902
Borrowings	13 298	8 529	13 298
Lease liabilities	8 872	5 973	7 935
Tax payable	-	931	-
Other current liabilities	16 347	22 003	21 713
Total current liabilities	56 723	47 569	52 848
	157 323	124 655	127 359
TOTAL EQUITY AND LIABILITIES	307 173	243 074	269 810
Equity ratio (%)	49 %	49 %	53 %

STATEMENT OF CASH FLOWS (NOK 1,000)	01.01 - 30.06.2023
Profit before tax	9 260
Net cashflow from operating activities	5 128
Net cashflow from investing activities	-28 754
Net cashflow from financing activities	204
Total net cash flow	-23 422
Cash at beginning of period	38 832
Cash at end of period 30.06.2023	15 410

Quarterly revenue 2022 – Q2 2023 (MNOK)



Quarterly EBITDA from operations 2022 – Q2 2023 (MNOK)



Condensed consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Second quarter		First half year	
		2023	2022	2023	2022
OPERATING REVENUES AND COST					
Revenue	3	64 149	46 407	104 524	90 320
Other operating income	3	321	0	363	0
Total operating income	3	64 470	46 407	104 887	90 320
Cost of materials		-16 324	-10 904	-23 780	-19 774
Personnel expenses		-27 830	-21 080	-49 853	-47 885
Depreciation and amortisation		-4 663	-3 952	-8 744	-7 568
Other operating expenses		-6 250	-4 316	-10 473	-9 068
Total operating expenses		-55 067	-40 252	-92 850	-84 295
Operating profit (loss)		9 403	6 155	12 037	6 025
Net foreign exchange gains (losses)		138	145	946	-80
Financial income		112	117	262	211
Financial expenses		-1 998	-776	-3 985	-1 647
Net financial items		-1 748	-514	-2 777	-1 517
Profit (loss) before tax		7 655	5 642	9 260	4 508
Income tax expense	4	-1 684	-1 241	-2 037	-992
Profit (loss) for the period		5 971	4 400	7 222	3 517
Total comprehensive income is attributable to:					
Shareholders in Soiltech AS		5 971	4 400	7 222	3 517
Earnings per share (NOK)					
Basic earnings per share	9	0,806	0,594	0,975	0,475
Diluted earnings per share	9	0,693	0,525	0,844	0,416

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK 1000

ASSETS	Note	30.06.2023	31.12.2022	30.06.2022
Non-current assets				
Deferred tax assets	4	13 226	15 263	134
Intangible assets		6 743	6 795	614
Property, plant & equipment		152 963	130 300	121 664
Right-of-use assets		60 623	40 352	42 643
Other non-current assets		806	738	670
Total non-current assets		234 361	193 448	165 725
Current assets				
Inventories		238	238	0
Trade receivables	6	51 457	29 244	34 594
Cash and cash equivalents		15 410	38 832	37 234
Other current assets		5 707	8 047	5 521
Total current assets		72 812	76 361	77 349
TOTAL ASSETS		307 173	269 810	243 074
EQUITY AND LIABILITIES				
	Note	30.06.2023	31.12.2022	30.06.2022
Equity				
Share capital		741	741	721
Other paid-in equity		83 948	85 080	68 968
Other reserves		1 308	0	3 231
Retained earnings		63 853	56 630	45 499
Total equity		149 850	142 451	118 419
LIABILITIES				
Borrowings	5,7,8	47 443	38 892	40 735
Lease liabilities	7,8	33 489	16 742	28 433
Deferred tax liabilities	4	0	0	7 024
Other non-current liabilities	6	19 668	18 877	894
Total non-current liabilities		100 600	74 511	77 086
Current liabilities				
Trade payables	8	18 206	9 902	10 133
Borrowings	5,7,8	13 298	13 298	8 529
Lease liabilities	7,8	8 872	7 935	5 973
Tax payable	4	0	0	931
Other current liabilities	8	16 347	21 713	22 003
Total current liabilities		56 723	52 848	47 569
Total liabilities		157 323	127 359	124 655
Total equity and liabilities		307 173	269 810	243 074

CONSOLIDATED STATEMENT OF CASH FLOW

NOK 1000	01.01 - 30.06.2023	01.01 - 30.06.2022
Cash flows from operating activities		
Operating profit (loss)	9 260	4 508
Income taxes paid	0	0
Depreciation and amortisation	8 744	7 568
Cash effect of currency exchange differences	631	0
Changes in trade receivables, contract assets/liabilities	-15 872	7 263
Changes in trade payables	6 523	-3 294
Changes in inventories	0	0
Changes in other accruals and prepayments	-4 157	-2 073
Net cash flow from operating activities	5 127	13 972
Cash flows from investment activities		
Purchase of property, plant & equipment	-28 754	-22 604
Net cash flow from investment activities	-28 754	-22 604
Cash flows from financing activities		
Proceeds from new borrowings	15 200	17 109
Repayments on borrowings	-6 649	-5 105
Payment of principal portion of lease liabilities	-5 306	-3 834
Interest paid	-3 041	-1 592
Proceeds from capital increase	0	55
Net cash flow from financing activities	204	6 633
NET CASH FLOW FOR THE PERIOD	-23 423	-1 998
Cash and cash equivalents 01.01	38 832	39 232
Cash and Cash equivalents 30.06	15 410	37 234

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(NOK 1000)	Note	Share capital	Other paid-in	Other reserves	Retained earnings	Total equity
2023						
Balance at 31 December 2022 (NGAAP)		741	83 948	1 132	57 132	142 953
Effects of transition to IFRS		0	0	0	-502	-502
Balance at 31 December 2022		741	83 948	1 132	56 631	142 451
Profit for the period		0	0		7 222	7 222
Other comprehensive income		0	0	176	0	176
Total comprehensive income		0	0	176	7 222	7 399
<i>Transactions with owners</i>						
Share-based payment		0	0	0	0	0
Contributions of equity		0	0	0	0	0
Balance at 30 June 2023		741	83 948	1 308	63 853	149 850
2022						
Balance at 31 December 2021 (NGAAP)		720	68 914	1 131	42 485	113 249
Effects of transition to IFRS		0	0	0	-502	-502
Balance at 1 January 2022		720	68 914	1 131	41 983	112 747
Profit for the period		0	0	0	3 517	3 517
Other comprehensive income		0	0	2 100	0	2 100
Total comprehensive income		0	0	2 100	3 517	5 617
<i>Transactions with owners</i>						
Share-based payment		1	55	0	0	55
Addition from acquisition				0	0	0
Balance at 30 June 2022		721	68 968	3 231	45 499	118 419

Notes

Note 1 – General information

Soiltech AS (the 'Company') is a limited company domiciled in Norway. The registered office of the Company is Koppholen 25, 4313, Sandnes, Norway.

The Company is an innovative cleantech service provider specializing in the treatment, recycling and responsible handling of contaminated water and solid industrial waste streams. The Company is listed on the NOTC in Oslo with ticker code 'SOIL'. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together referred to as the 'Group'). These interim consolidated financial statements are presented in accordance with IFRS, while the most recent annual financial statements were prepared in accordance with Norwegian Generally Accepted Accounting Principles (NGAAP). Date of transition to IFRS is 1 January 2022 and all comparative figures have been restated accordingly. Reference is made to note 11 for details on the effects of the transition.

Note 2 – Summary of general accounting policies

The general accounting policies applied in the preparation of these interim consolidated financial statements are set out below. Specific accounting policies related to the individual areas in the financial statements are described in the relevant notes.

Basis for preparation

The interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, with the addition of some extra disclosures to compensate for the fact that the most recent annual financial statements were not prepared in accordance with IFRS.

The interim consolidated financial statements are presented in Norwegian Kroner (NOK), and have been rounded to the nearest thousand unless otherwise stated. As a result of rounding adjustments, amounts and percentages may not add up to the total.

The interim financial statements are prepared on a going concern basis.

Accounting estimates

Items in the financial statements are to a varying degree affected by estimates and assumptions made by management, reference is made to the relevant notes for the affected items.

Estimates with a material impact on the financial statements, combined with a significant estimation uncertainty, consists of recognition of deferred tax asset (note 4).

Foreign currency translation

The functional currency of the Group is NOK. For consolidation purposes, the results and financial position of all the Group's entities with a functional currency other than NOK are translated using the closing rate at the balance sheet date.

New and amended IFRS standards not yet adopted

Of new standards and interpretations that are not mandatory for the current reporting period, none are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 3 – Revenues

Overall description of contracts with customers

The Group's revenue mainly derives from the sale of services related to contaminated water and slop treatment, as well as cuttings handling, to customers within the oil & gas industry. The key element of the service deliveries is the deployment and operation of Slop Treatment Technology (STT) units at the customer's premises.

The contract consideration is determined mainly on the basis of agreed daily rates for equipment and personnel, respectively. The rates vary depending on whether the equipment is in active use during operations or in standby mode, for example during rig moves and in-between operations.

Depending on the contract, costs of mobilization and demobilization of equipment and personnel may be recovered through the agreed daily rates or through separate fees. Such fees are, however, generally not material when compared to the total consideration expected from the contract.

Consideration is normally invoiced monthly, based on actual deliveries.

Accounting policies

The contracts are considered to consist of only a performance obligation, which is satisfied over time. Progress is measured assuming that the agreed daily rates reflect the value of the services as continuously provided to the customer. In short, revenue is therefore mostly recognized with the same amount that the Group has a right to invoice, with the exception of fees associated with mobilization and demobilization, which are recognized linearly over the expected contract duration.

Revenues by product category

(amounts in NOK 1000)	Second quarter		Year to date	
	2023	2022	2023	2022
Water treatment services	44 281	34 385	74 629	61 819
Other waste management services	20 189	12 022	30 257	28 501
Total	64 470	46 407	104 887	90 320

Revenues by geography

(amounts in NOK 1000)	Year to date	
	2023	2022
Norway	80 944	77 781
International	23 942	12 539
Total	104 887	90 320

Revenues from major customers

(amounts in NOK 1000)	Year to date	
	2023	2022
Customer 1	32 688	29 318
Customer 2	21 069	12 034
Customer 3	12 177	10 891
Customer 4	8 285	13 520
Total from major customers	74 219	65 763
Other (less than 10% each)	30 668	24 557
Total	104 887	90 320

Note 4 – Income tax

Accounting policies

The Group is mainly subject to ordinary corporate taxation in Norway, and within the same tax group with respect to offsetting of deferred tax. Income tax is therefore recognized on the basis of a general application of IAS 12 without the need for further judgments or policies of significance. The Group is also subject to local taxation in foreign jurisdiction where it has operations.

Basis for recognition of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable (more than 50%) that sufficient taxable profits will be available to realize the deductible temporary difference or carryforward of unused tax losses or tax credits.

Deferred tax assets are reviewed at each reporting date. In considering their recoverability, the Group assesses the likelihood of recovery within a reasonably foreseeable timeframe, typically a minimum of five years, taking into account the future expected income profile and business model of each relevant company or country, and any potential legislative restrictions on use. Short-term timing differences are generally recognized ahead of losses and other tax attributes as these are likely to reverse more quickly.

Basis for tax expense in interim periods

Due to materiality tax expense in interim periods is measured by multiplying profit before tax by nominal tax rate of 22%

Note 5 – Borrowings

Accounting policies

Borrowings are initially recognized at fair value, including transaction costs directly attributable to the transaction, and are subsequently measured at amortized cost.

Covenants

Due to the loan from Sandnes Sparebank, the group is subject to the following covenants:

- Net Interest bearing Debt (NIBD)/EBITDA > 4
- Book equity > 30%
- Approval from bank if dividend/group contribution

Compliance with the covenants is measured quarterly, first time based on the audited annual accounts for 2023.

Specification of borrowings 30.06.2023

(amounts in NOK 1000)	Nominal interest rate	Nominal amount	Capitalized financing fees	Carrying amount
Innovasjon Norge	6,7 %	5 167	0	5 167
Sandnes Sparebank	3 m Nibor+2.5%	55 574	0	55 574
Carrying amount as per 30.06.2023		60 741		60 741
Non-current borrowings				47 443
Current borrowings				13 298

Specification of borrowings – 31.12.2022

(amounts in NOK 1000)	Nominal interest rate	Nominal amount	Capitalized financing fees	Carrying amount
Innovasjon Norge	6,0 %	6 458	0	6 458
Sandnes Sparebank	3 m Nibor+2.5%	45 731	0	45 731
Carrying amount as per 31.12.2022		52 190		52 190
Non-current borrowings				38 892
Current borrowings				13 298

Specification of borrowings – 30.06.2022

(amounts in NOK 1000)	Nominal interest rate	Nominal amount	Capitalized financing fees	Carrying amount
Innovasjon Norge	5.2%	7 750	0	7 750
Sandnes Sparebank	3 m Nibor+2.5%	41 514	0	41 514
Carrying amount as per 30.06.2022		49 264		49 264
Non-current borrowings				40 735
Current borrowings				8 529

Scheduled loan repayments – 30.06.2023

(amounts in NOK 1000)	Next year	1-2 years	2-5 years	More than 5 years
Innovasjon Norge	2 880	2 700	-	-
Sandnes Sparebank	10 254	18 273	16 327	-
Total	13 134	20 973	16 327	0

Scheduled loan repayments – 31.12.2022

(amounts in NOK 1000)	Next year	1-2 years	2-5 years	More than 5 years
Innovasjon Norge	2 908	4 076	-	0
Sandnes Sparebank	13 428	24 622	14 067	0
Total	16 336	28 698	14 067	0

Scheduled loan repayments – 30.06.2022

(amounts in NOK 1000)	Next year	1-2 years	2-5 years	years
Innovasjon Norge	2 941	5 498	-	0
Sandnes Sparebank	12 849	24 036	9 577	0
Total	15 790	29 534	9 577	0

For loans with floating interest rates, the amounts above are calculated using the prevailing interest rate for the relevant period.

Carrying amount of assets pledged as security

(amounts in NOK 1000)	30.06.2023	31.12.2022	30.06.2022
Property, plant & equipment	152 963	130 300	121 664
Trade receivables	51 816	29 244	34 594
Total	204 779	159 544	156 258

Note 6 – Financial derivatives

Accounting policies

Financial derivatives consist of currency forward contracts. Although the contracts are held for hedging purposes, the Group does not apply hedge accounting. The forward contracts are measured at fair value through profit or loss. Gains and losses are presented as financial income or expense, respectively. Currency forward contracts are measured at level 2 in the fair value hierarchy, as the present value of future cash flows is based on the forward exchange rates at the balance sheet date.

Currency forward contracts

A currency forward contract was entered into in relation to a contract for the sale of equipment to Kuwait in 2014, in Soiltech's subsidiary Sorbwater Technology AS. Whether and when this revenue will materialize is subject to significant uncertainty. The forward contract is rolled over pending a final outcome and is included in the balance sheet under Other current liabilities with MNOK 3.9.

Note 7 – Financial assets and liabilities

Current Financial assets per category

(amounts in NOK 1000)	2023	2022
<i>Financial assets at amortised cost</i>		
Trade receivables	51 816	34 594
Other assets	5 707	5 521
<i>Financial assets at fair value through profit or loss</i>		
Cash and cash equivalents	15 410	37 234
Carrying amount as at 30.06	72 934	77 349

Financial liabilities per category

(amounts in NOK 1000)	2023		2022	
	Current	Non-current	Current	Non-current
<i>Financial liabilities at amortised cost</i>				
Borrowings	13 298	47 443	8 529	40 735
Lease liabilities	8 872	33 489	5 973	28 433
Trade payables	18 023		10 133	0
<i>Financial liabilities at fair value through profit or loss</i>				
Currency forward contracts	3 935	0	0	0
Carrying amount as at 30.06.	44 128	80 932	24 635	69 168

Fair value

For items measured at amortized cost, carrying amount is considered to be a reasonable approximation to fair value.

Note 8 – Financial risk and capital management

The Company policies for management of capital and financial risk aim to support the current strategy and vision of maintaining a high rate of growth and development of prospective business opportunities. The Company's capital structure shall be robust enough to maintain the desired freedom of action and utilize growth opportunities, based on strict assessments relating to the allocation of capital. The Group relies heavily on bank financing. The loan covenants to which the Group is subject play a key role in how capital is managed and allocated, in order to maintain a low financing risk and financial flexibility. See note 5 borrowings for further details on the Group's current financing.

Market risk

The Group's exposure to financial market risk is mainly related to interest rates on external financing and various forms of currency risks. The Company has a diversified client list and evaluates changes in pricing structure contract by contract, as part of its mitigation process to cover for increased interest cost. The Company has not entered into any interest swap agreements.

Currency risk

The Company has Norwegian kroner (NOK) as its base currency. However, through its operations outside Norway, the Company is exposed to fluctuations in certain exchange rates mainly Euro (EUR), British Pound (GBP) and American dollar (USD). The Company also has currency risks linked to both balance sheet monetary items and investments in foreign countries.

Interest rate risk

The Company has floating interest rates based on NIBOR on all its interest-bearing loans and borrowings according to the financial strategy, see Note 5 borrowings, and is thereby influenced by changes in the interest market. An increase of 1 percentage point in the Company's' floating interest rate means a change in net interest expenses of approximately MNOK 1.

Credit risk

Assets that may give rise to credit risk comprising mainly trade receivables and bank deposits. For the latter, the counterparties are mainly banks established in the Nordic countries, which indicates that the credit risk should be regarded as negligible. Trade receivables are characterized by a concentration in the customer base, in terms of country and industry. The customers, however, are primarily large companies with high credit ratings, and the agreed payment terms in the contracts typically ensure that any overdue amounts are kept at low level. Thus, credit losses have historically been insignificant.

Liquidity risk

As at year-end, the Group's portfolio of loans and loan facilities is well diversified both with regards to maturity profile and lenders. In June 2023 the Company entered a 7-year loan facility of MNOK 73 with Sandnes Sparebank. Together with the existing loan facility of NOK 75m with Sandnes Sparebank, both facilities total NOK 148m. The unused portion of the credit facilities was NOK 86 as at 30.06.2023.

Summary of contractual maturities 30.06.2023

(amounts in NOK 1000)	Next year	1-2 years	2-5 years	More than 5 years
Lease liabilities	13 595	15 935	17 825	5 541
Borrowings	13 134	20 973	16 327	0
Trade payables	18 023	0	0	0
Currency forward contracts	3 935	0	0	0
Total	48 688	36 908	34 151	5 541

Note 9 – Earnings per share

Earnings per share	Second quarter		Year to date	
(amounts in NOK 1000)	2023	2022	2023	2022
Basic earnings per share	0,806	0,594	0,975	0,475
Diluted earnings per share	0,693	0,525	0,844	0,416

Earnings

(amounts in NOK 1000)	2023	2022	2023	2022
Profit (loss) for the period	5 971	4 400	7 222	3 517

Shares used as the denominator

(amounts in 1000)	2023	2022	2023	2022
Weighted average number of shares	7 405	7 405	7 405	7 405

Adjustments for calculation of diluted earnings per share

	2023	2022	2023	2022
Share options	1 215	970	1 155	1 052
Weighted average number of shares and potential shares	8 620	8 375	8 560	8 458

Note 10 – Events after the reporting period

After the balance sheet date there are only events in the ordinary course of business and no events of an adjusting or non-adjusting nature.

Note 11 – Transition from NGAAP to IFRS

In connection with the transition to IFRS, the management has carried out a thorough review of the group's business and its accounting policies currently applied under NGAAP. Although the transition requires changes in the treatment of operating leases and goodwill, the overall conclusion has been that the transition has a very limited impact on the financial reporting of the group. Further details of

the most significant changes per transition date and year end 2022 are explained in notes to the reconciliations below.

Effect of transition on statement of financial position per 01.01.2022

(amounts in NOK 1000)	Note	NGAAP	Adjust-ments	Reclassi- fications	IFRS
Assets					
Non-current assets					
Deferred tax assets	C	0	142	0	142
Intangible assets		461	0	0	461
Property, plant & equipment		88 968	0	0	88 968
Right-of-use assets	B	33 508	6 141	0	39 649
Other non-current assets		294	0	0	294
Total non-current assets		123 231	6 282	0	129 513
Current assets					
Inventories		0	0	0	0
Trade receivables	A	28 945	0	5 376	34 321
Cash and cash equivalents		39 232	0	0	39 232
Other current assets	A	21 435	0	-5 376	16 059
Total current assets		89 613	0	0	89 612
Total assets		212 844	6 282	0	219 125
Equity and liabilities					
Equity					
Share capital		720	0	0	720
Other paid-in equity		70 045	0	0	70 045
Other reserves		0	0	0	0
Retained earnings	C	42 485	-502	0	41 983
Total equity		113 249	-502	0	112 748
Liabilities					
Non-current liabilities					
Borrowings	B	40 106	0	-8 962	31 144
Lease liabilities	B	0	5 499	14 309	19 808
Deferred tax liabilities		6 040	0	0	6 040
Provisions		911	0	0	911
Other non-current liabilities		55	0	0	55
Total non-current liabilities		47 112	5 499	5 347	57 958

Current liabilities

Trade payables	A	13 321	0	459	13 780
Borrowings	B	16 418	0	-10 303	6 115
Lease liabilities	B	0	1 286	4 955	6 241
Tax payable		931	0	0	931
Other current liabilities	A	21 813	0	-459	21 354
Total current liabilities		52 483	1 286	-5 347	48 421
Total liabilities		99 595	6 784	0	106 379
Total equity and liabilities		212 844	6 282	0	219 127

Effect of transition on statement of financial position per 31.12.2022

(amounts in NOK 1000)	Note	NGAAP	Adjust-ments	Reclassi- fications	IFRS
Assets					
Non-current assets					
Deferred tax assets	c	15 133	130	0	15 263
Intangible assets	C	6 835	-40	0	6 795
Property, plant & equipment		130 300	0	0	130 300
Right-of-use assets	B	47 126	5 668	-12 442	40 352
Other non-current assets		738	0	0	738
Total non-current assets		200 132	5 758	-12 442	193 448
Current assets					
Inventories		238	0	0	238
Trade receivables	A	22 288	0	6 956	29 244
Cash and cash equivalents		38 832	0	0	38 832
Other current assets	A	15 003	0	-6 956	8 047
Total current assets		76 360	0	0	76 361
Total assets		276 492	5 758	-12 442	269 809
Equity and liabilities					
Equity					
Share capital		741	0	0	741
Other paid-in equity		85 080	0	0	85 080
Other reserves		0	0	0	0
Retained earnings	C	57 132	-502	0	56 630
Total equity		142 953	-502	0	142 451

Liabilities

Non-current liabilities

Borrowings		61 795	0	-22 903	38 892
Lease liabilities	B	0	4 652	12 090	16 742
Deferred tax liabilities		0	0	0	0
Provisions		796	0	0	796
Other non-current liabilities		18 081	0	0	18 081
Total non-current liabilities		80 672	4 652	-10 813	74 511

Current liabilities

Trade payables	A	9 178	0	724	9 902
Borrowings		21 254	0	-7 956	13 298
Lease liabilities	B	0	1 609	6 327	7 935
Tax payable		0	0	0	0
Other current liabilities	A	22 437	0	-724	21 713
Total current liabilities		52 869	1 609	-1 629	52 848

Total liabilities		133 539	6 260	-12 442	127 359
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Total equity and liabilities		276 492	5 758	-12 442	269 810
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Note A – Trade receivables and trade payables

In order to achieve a more correct classification in the balance sheet, the Company has decided to reclassify receivables relating to earned, not invoiced revenue from other current assets to trade receivables. Correspondingly, the provision for trade payables for which no invoice has been received has also been reclassified from other current liabilities to trade payables.

Note B – Leasing

For operating leases, the lease payments have been expensed continuously under NGAAP. As IFRS does not distinguish between operating and financial leases, all leases are recognized in the balance sheet as right-of-use assets and lease liabilities. The transition adjustments relate exclusively to the rental of office premises. For these leases, the Company has decided to recognize the right-of-use assets with a carrying amount as if IFRS 16 had been applied since commencement date. A discount rate of 4,6% has been applied when calculating the liability for the office leases.

Summary of adjustments for office leases

(amounts in NOK 1000)	31.12.2022	01.01.2022	2022
Right-of-use asset	5 668	6 141	
Lease liability	- 6 260	- 6 784	
Deferred tax asset	130	142	
Retained earnings	462	502	
Depreciation			1 420
Other operating expenses		-	1 742
Financial expenses			272
Income tax expense			11
Profit (loss) for the period		-	40

Note C – Reclassifications relating to finance leases

In previous reporting under NGAAP, the Group's liabilities relating to financial leases have been presented together with ordinary bank loans in the balance sheet. Starting from the transition to IFRS, these are presented separately as lease liabilities in the balance sheet.

As of end 2022, the group had entered into several lease agreements for the lease of STT units under construction, but not yet handed over to the Company. Previous balance sheet prepared under NGAAP, included assets and liabilities corresponding to the accrued payments from the bank to the manufacturer of the equipment. An adjustment of MNOK 12,4 is therefore made to both right-of-use assets and lease liabilities since IFRS does not permit recognition of these items until the date of commencement of the lease.

Note D – Acquisition of Sorbwater Technology AS in 2022

In august 2022 the Company acquired Sorbwater Technology AS. Prior to this, the Company has not been involved in any business combinations that could be eligible for a retrospective application of IFRS 3. When accounting for the acquisition of Sorbwater Technology AS under NGAAP, all assessments and assumptions were made in light of a possible future transition to IFRS. As a result, the differences were limited to those areas where NGAAP prohibits the use of IFRS solutions. These areas comprise amortization of goodwill under NGAAP, as well as the treatment of transaction costs. While transaction costs are always recognized as expense under IFRS, they are treated as part of the consideration under NGAAP, which in practice leads to increased goodwill.

Summary of adjustment for goodwill

(amounts in NOK 1000)	31.12.2022	2022
Intangible assets	-40	
Depteiation and amortization		187
Other operating expenses		-227