

REPORT FOURTH QUARTER 2023



“Soiltech deliver strong results in Q4. The new contracts in the quarter demonstrate the strength of our technology portfolio and the commitment of our personnel. Our international operations are growing, while the North Sea market continue to be very strong for Soiltech.”

- Jan Erik Tveteraas, Soiltech CEO

FOURTH QUARTER 2023

(Numbers in brackets refer to corresponding period in 2022)

Soiltech continues the growth and delivered another strong quarter, with revenues of MNOK 58, EBITDA from operations of MNOK 13.6, and profit before tax of MNOK 14.8.

For the full year of 2023, revenues came to MNOK 229.3, a growth of 28.5% compared to 2022. EBITDA from operations came to MNOK 51.2 (+13%) whereas Profit before tax was MNOK 32.3.

The success can be attributed to an increasing demand for Soiltech's innovative and sustainable waste treatment technologies, as clients are looking for solutions reducing their carbon emissions.

HIGHLIGHTS

- Our global footprint expands, with international operations accounting for 27% of revenues, with operations in 10 countries in 2023
- Several new contracts announced
- Excellent operational performance with full commercial uptime on all operating units

NEW CONTRACTS

- Contract with Transocean for the provision of waste management services on Transocean Spitsbergen, working for Equinor in Norway, with startup in Q1 2024.
- Contract with Transocean for waste management services on Transocean Barents, working for Eni in deepwater offshore Cyprus Q3 2023 – Q1 2024
- Contract with Noble for treatment of contaminated water (STT) in Norway on the jackup rig Noble Integrator. The rig

started working for Harbour Energy in Q4 2023.

Post quarter awards:

- Contract with Equinor for cuttings handling services on Oseberg Sør, with estimated startup in Q1 2024.
- Contract with Well Expertise for treating contaminated water (STT) on a mobile rig in the North Sea, with estimated startup in Q2 2024.
- Contract with Wintershall DEA for treating contaminated water (STT) on jack-up rig Ran in Mexico with estimated startup in Q4 2024.

RESULTS

In Q4 2023, Soiltech's revenues reached MNOK 58, a substantial increase from MNOK 43.9 in the same period last year. EBITDA from operations was MNOK 13.6 (MNOK 13.2), with an EBITDA margin of 23%. Profit before tax amounted to MNOK 14.8 (MNOK 7.1).

As of 31.12.23, the basis for a contingent liability assumed in connection with the Sorbwater transaction was not fulfilled. Therefore, a gain of MNOK 15 was recognized and goodwill of MNOK 5.1 was impaired, resulting in a net gain of MNOK 9.9 in the quarter.

For the full year of 2023, Soiltech's revenues amounted to MOK 229.3 (MNOK 178.2), whereas EBITDA from operations was MNOK 51.2 (MNOK 45.3), and profit before tax came to MNOK 32.3 (MNOK 18.8), including the net gain of MNOK 9.9.

OPERATIONS

Operations were robust in the quarter, with great feedback from clients on the Soiltech technologies and the performance of our personnel. We achieved 100% commercial uptime across all projects, with no incidents or spills.

INVESTMENTS AND FINANCING

As of December 31, 2023, our net-interest bearing debt amounted to MNOK 92.6, reflecting an increase from MNOK 44.2 as at end 2022. The increase is related to ongoing investments in equipment.

Year to date, the cash flow from operating activities reached MOK 36.7, while cash flow from investing activities was MNOK -64, due to our capacity expansion initiatives. Following a net contribution of MNOK 15.2 from financing activities, the net cash flow for the full year of 2023 stood at MNOK -12. The cash position on December 31, 2023, was MNOK 26.8. The book equity ratio was 49%.

OUTLOOK

The outlook is positive. Soiltech's market-leading technologies for waste reduction, recovery, and reuse continue to gain momentum and market share. The total market for waste treatment is growing, as environmental restrictions for discharging contaminated water tighten world-wide.

Going into 2024, Q1 typically has a lower activity due to the winter season. For 2024 as a whole, we foresee a continued strengthening in the market, which also is expected for 2025.

The Board emphasizes that any forward-looking statements contained in this report could depend on factors beyond its control and are subject to risks and uncertainties. Accordingly, actual results may differ materially.

ABOUT SOILTECH

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

Learn more: www.soiltech.no

Sandnes, 27 February 2024

Soiltech AS

The Board of Directors

KEY FIGURES Q4 2023 (UNAUDITED)

INCOME STATEMENT (NOK 1,000)	Q4 2023	Q4 2022	FY 2023	FY 2022
REVENUES	58 011	43 923	229 279	178 170
Operating cost	-32 924	-23 313	-135 157	-98 928
GROSS PROFIT	25 086	20 610	94 122	79 242
	43%	47%	41%	44%
SG&A	-11 517	-7 419	-42 925	-33 918
EBITDA FROM OPERATIONS	13 569	13 191	51 197	45 324
	23%	30%	22%	25%
Adjustments*	-1 460	-209	-3 042	-6 628
EBITDA	12 109	12 983	48 155	38 696
Depreciation	-4 695	-4 523	-17 930	-16 031
Impairment**	-5 050	0	-5 050	0
Other gains**	15 000	0	15 000	0%
OPERATING PROFIT	17 364	8 459	40 174	22 665
	30%	19%	18%	13%
Net financial items	-2 579	-1 350	-7 894	-3 862
PROFIT BEFORE TAX	14 785	7 109	32 280	18 803
	25%	16%	14%	11%

*Adjustments are non-cash cost related to share incentive scheme and other non-recurring costs

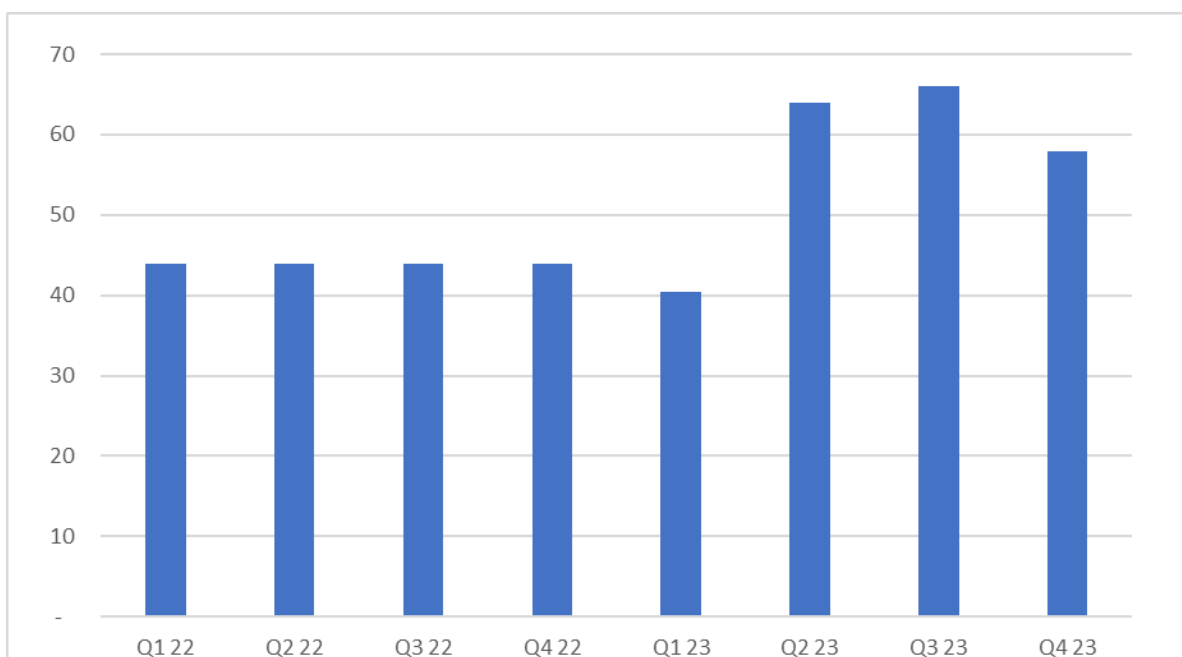
** As of 31.12.23, the basis for a contingent liability assumed in connection with the Sorbwater transaction was not fulfilled. Therefore, a gain of MNOK 15 was recognized and goodwill of MNOK 5.1 was impaired, resulting in a net gain of MNOK 9.9.

Note – IFRS - As from Q2 2023 the company changed its financial reporting from NGAAP to IFRS. The change has been implemented retrospectively using 01.01.2022 as the 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.

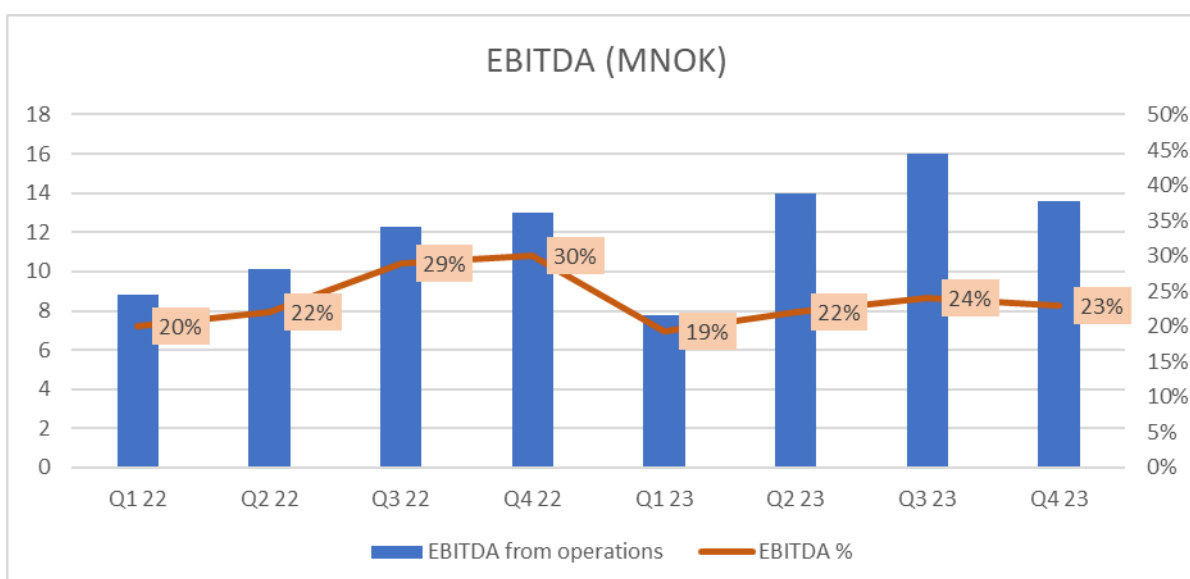
BALANCE SHEET	31/12/2023	31/12/2022
(NOK 1,000)		
ASSETS		
Deferred tax asset	10 403	15 272
Intangible assets	1 811	6 795
Plant, property and equipment	181 117	130 300
Right-of-use asset	71 140	40 352
Investments in subsidiaries	-	-
Other non-current assets	762	738
Non-Current assets	265 234	193 457
Inventories	159	238
Trade receivables	44 195	29 244
Cash and cash equivalents	26 783	38 832
Other current assets	14 310	8 047
Current assets	85 447	76 362
TOTAL ASSETS	350 681	269 818
EQUITY AND LIABILITIES		
Share capital	741	741
Other paid-in equity	83 948	83 948
Other reserves	1 826	1 132
Retained earnings	84 050	56 639
Total equity	170 565	142 460
Borrowings	68 913	38 892
Lease liabilities	41 847	16 742
Deferred tax liabilities	-	-
Other non-current liabilities	669	18 877
Total non-current liabilities	111 429	74 511
Trade payables	13 153	9 901
Borrowings	16 860	13 298
Lease liabilities	10 409	7 935
Tax payable	-	-
Other current liabilities	28 265	21 713
Total current liabilities	68 687	52 848
Total liabilities	180 115	127 359
TOTAL EQUITY AND LIABILITIES	350 681	269 818
Equity ratio (%)	49%	53%

STATEMENT OF CASH FLOWS (NOK 1,000)		01.01 - 31.12.2023
Profit before tax		32 280
Net cashflow from operating activities		36 748
Net cashflow from investing activities		-64 028
Net cashflow from financing activities		15 231
Total net cash flow		-12 049
Cash at beginning of period		38 832
Cash at end of period 31.12.2023		26 783

Quarterly revenue 2022 – Q4 2023 (MNOK)



Quarterly EBITDA from operations 2022 – Q4 2023 (MNOK)



Condensed consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit or loss (amounts in NOK 1000)	Note	Fourth quarter		Full year	
		2023	2022	2023	2022
Revenue	3	58 238	43 923	229 112	177 073
Other operating income	3	-228	0	167	1 097
Total operating income	3	58 011	43 923	229 279	178 170
Cost of materials		-4 783	-5 162	-39 696	-33 499
Personnel expenses		-32 261	-23 363	-115 990	-90 104
Depreciation and amortisation		-4 695	-4 523	-17 930	-16 032
Impairment		-5 050	0	-5 050	0
Other operating expenses		-8 858	-2 401	-25 442	-15 857
Total operating expenses		-55 647	-35 450	-204 109	-155 492
Other gains	9	15 000	0	15 000	0
Operating profit		17 364	8 474	40 170	22 678
Net foreign exchange gains (losses)		-305	40	186	-138
Financial income		34	170	296	539
Financial expenses		-2 307	-1 575	-8 371	-4 277
Net financial items		-2 578	-1 365	-7 890	-3 876
Profit before tax		14 785	7 109	32 280	18 803
Income tax expense	4	-991	-1 564	-4 869	-4 146
Profit for the period		13 794	5 545	27 411	14 657
Total comprehensive income is attributable to:					
Owners of Soiltech AS		13 794	5 545	27 411	14 657
TRANSFERS					
Transfers to other equity		13 794	5 545	27 411	14 657
Total allocations		13 794	5 545	27 411	14 657
Earnings per share (NOK)					
Basic earnings per share	9	1,86	0,75	3,70	1,98
Diluted earnings per share	9	1,73	0,71	3,44	1,86

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(amounts in NOK 1000)

ASSETS	Note	31/12/2023	31/12/2022	01/01/2022
Non-current assets				
Deferred tax assets	4	10 403	15 272	0
Intangible assets		1 811	6 795	461
Property, plant & equipment		181 117	130 300	88 968
Right-of-use assets		71 140	40 352	39 649
Investments in subsidiaries		0	0	
Other non-current assets		762	738	294
Total non-current assets		265 234	193 457	129 372
Receivables				
Inventories		159	238	0
Trade receivables	6	44 195	29 244	34 321
Cash and cash equivalents		26 783	38 832	39 232
Other current assets		14 310	8 047	16 059
Total current assets		85 447	76 362	89 612
TOTAL ASSETS		350 681	269 818	218 984
EQUITY AND LIABILITIES				
Equity	Note	31/12/2023	31/12/2022	01/01/2022
Share capital		741	741	720
Other paid-in equity		83 948	83 948	70 045
Other reserves		1 826	1 132	0
Retained earnings		84 050	56 639	41 983
Total equity		170 565	142 460	112 748
LIABILITIES				
Borrowings	5,7,8	68 913	38 892	31 144
Lease liabilities	7,8	41 847	16 742	19 808
Deferred tax liabilities	4	0	0	5 898
Other non-current liabilities	6	669	15 796	966
Total non-current liabilities		111 429	71 430	57 817
Current liabilities				
Trade payables	8	13 153	9 017	13 780
Borrowings	5,7,8	16 860	13 325	6 370
Lease liabilities	7,8	10 409	8 820	6 241
Tax payable	4	0	0	931
Other current liabilities	8	28 265	24 767	21 099
Total current liabilities		68 687	55 929	48 421
Total liabilities		180 116	127 359	106 238
Total equity and liabilities		350 681	269 818	218 984

CONSOLIDATED STATEMENT OF CASH FLOW

(amounts in NOK 1000)

	2023	2022
Cash flows from operating activities		
Profit before tax	32 280	18 803
Income taxes paid	0	-933
Depreciation, amortisation and impairment	22 980	16 032
Interest expense	7 757	4 221
Other gains	-15 000	0
Profit/(loss) on investing activities	0	-982
Changes in trade receivables, contract assets/liabilities	-14 533	6 555
Changes in trade payables	2 186	-4 596
Changes in other accruals and prepayments	1 078	6 617
Net cash flow from operating activities	36 748	45 716
Cash flows from investment activities		
Purchase of property, plant & equipment & Intangible assets	-64 028	-49 900
Sale of property, plant and equipment	0	1 250
Investment in subsidiary net of cash acquired	0	-467
Net cash flow from investment activities	-64 028	-49 117
Cash flows from financing activities		
Proceeds from new borrowings	45 561	25 301
Repayments on borrowings	-13 226	-10 371
Payment of principal portion of lease liabilities	-10 567	-7 518
Interest paid	-6 537	-4 448
Proceeds from capital increase	0	55
Net cash flow from financing activities	15 231	3 019
NET CASH FLOW FOR THE PERIOD	-12 049	-400
Cash and cash equivalent 01.01	38 832	39 232
Cash and Cash equivalents 31.12	26 783	38 832

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(amounts in NOK 1000)	Share capital	Other paid-in equity	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	-493	-493
Balance at 31 December 2022	741	83 948	1 132	56 639	142 460
Profit for the period	0	0	0	27 411	27 411
Other comprehensive income	0	0	694	0	694
Total comprehensive income	0	0	694	27 411	28 105
<i>Transactions with owners</i>					
Share-based payment	0	0	0	0	0
Contributions of equity	0	0	0	0	0
Balance at 31 December 2023	741	83 948	1 826	84 051	170 565
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	14 657	14 657
Other comprehensive income	0	0	1	0	1
Total comprehensive income	0	0	1	14 657	14 657
<i>Transactions with owners</i>					
Share-based payment	1	55	0	0	55
Consideration shares business combination	20	14 980	0	0	15 000
Balance at 31 December 2022	741	83 948	1 132	56 639	142 460

Notes to the Consolidated financial statements

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 technology company specializing in the treatment, recycling and responsible handling of contaminated water and solid industrial waste streams on site. 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').

The consolidated financial statements for the year ended 31 December 2023 were approved and authorized for issue in accordance with a resolution of the board of directors on 19th of March 2024.

The Group presents consolidated financial statements in accordance with IFRS for the first time. In previous years, the consolidated 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 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 consolidated financial statements have been prepared in accordance with the IFRS® Accounting Standard* as adopted by the (EU) and additional disclosure requirements in the Norwegian Accounting Act as effective of 31 December 2023.

The 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 financial statements are prepared on a going concern basis.

Accounting estimates and judgements

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, comprise the following:

- Recognition of deferred tax asset (note 4).

Segment information

Given the uniform nature of the Group's services and the centralized management from its head office in Norway, the entire Group is considered as a single operating segment for internal reporting purposes.

Foreign currency translation

The companies within the Group primarily use NOK as their functional currency. For consolidation purposes, the results and financial position of all the Group's entities that have a functional currency other than NOK are translated using the closing rate at the balance sheet date. Income and expenses for each income statement are translated using the yearly average exchange rate.

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 treatment of contaminated water (i.e. slop), cuttings handling, cleaning services and other related services, for customers within the oil & gas industry. The key element of the service deliveries is the deployment and supervision of treatment and handling equipment at the customer's site, to meet the specific purification targets defined in the contracts.

The contract consideration is composed mainly of agreed daily rates for equipment and personnel, respectively, and reimbursement of costs plus a markup. Rates vary depending on whether the equipment is in active use during ongoing operations or in standby, for example when the equipment is on location but not in Operation.

Typically, the contract deliveries follow the operation on the rig. However, all contracts can be terminated by the customer without cause on a short notice, with only completion of existing work order.

Costs of mobilization and demobilization of equipment and personnel are normally recovered through the agreed daily rates, except for some contracts, where they are reimbursed separately. Such reimbursement is, however, generally not material in relation to the total contract consideration.

Consideration is normally invoiced monthly, based on actual deliveries.

Accounting policies

The contracts are considered to consist of only one performance obligation, which is satisfied over time. Progress is measured on the basis of the time the STT unit is available to service the customer. In practice, revenue based on daily rates are thus recognized with the amount that the Company has a right to invoice. As a practical simplification based on materiality, any fees associated with

mobilization and demobilization are recognized linearly over the period of the contract they relate to.

Cost of mobilization is considered to be cost to fulfil a contract and are recognized as an asset when incurred. The asset is subsequently amortized over the contract period, as cost of materials and personnel expenses.

Revenues by product category

(amounts in NOK 1000)	Fourth quarter		Year to date	
	2023	2022	2023	2022
Slop- and water treatment services	34 227	31 625	153 033	128 368
Other revenue*	23 784	12 299	76 246	49 802
Total	58 011	43 923	229 279	178 170

*Other revenue is revenue from cuttings handling, cleaning services, swarf handling and associated services.

Revenues by geography

(amounts in NOK 1000)	2023	2022
Norway	167 007	149 289
International*	62 272	28 881
Total	229 279	178 170

*International revenue comes mainly from UK, Netherlands, Abu Dhabi and other countries.

Revenues from major customers

(amounts in NOK 1000)	2023	2022
Customer 1	68 579	59 379
Customer 2	39 454	30 595
Customer 3	27 532	20 406
Customer 4	23 454	27 028
Total from major customers	159 019	137 408
Other (less than 10% each)	70 260	40 762
Total	229 279	178 170

Note 4 – Income tax

Accounting policies

The Group consists of companies 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.

Basis for recognition of deferred tax assets

Deferred tax assets are recognized when it is probable that the company will have a sufficient profit for tax purposes in subsequent periods to utilize the tax asset. The Group recognize previously unrecognized deferred tax assets to the extent it has become probable that the Group can utilize the deferred tax asset. Similarly, the Group will reduce a deferred tax asset to the extent that the Group no longer regards it as probable that it can utilize the deferred tax asset. Deferred tax and deferred tax assets are measured on the basis of the expected future tax rates applicable to the companies in the Group where temporary differences have arisen based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax and deferred tax assets are recognized at their nominal value and classified as non-current asset (non-current liabilities) in the consolidated statement of financial position.

Specification of income tax expense

(amounts in NOK 1000)	2023	2022
Tax payable	0	0
Change in deferred tax	4 869	4 146
Change in tax expense for previous years	0	0
Income tax expense	4 869	4 146

Reconciliation of tax expense with tax calculated at nominal rate

(amounts in NOK 1000)	2 023	2 022
Profit (loss) before tax	32 280	18 803
Tax at nominal rate in Norway (22 %)	7 102	4 137
Permanent differences	- 2 205	35
Effect of different tax rates in foreign opera	0	0
Change in deferred tax not recognised	- 28	25
Income tax expense	4 869	4 146
Effective tax rate	15%	22%

Specification of deferred tax liabilities and assets – 2023

(amounts in NOK 1000)	31/12/2022	Profit or loss	OCI	31/12/2023
Fixed assets	- 17 064	- 2 296	0	- 19 359
Customer contracts	0	0	0	0
Other	- 173	- 838	0	- 1 011
Total deferred tax liabilities	- 17 236	- 3 133	0	- 20 370
Reclass between deferred tax liabilities and	17 236	3 133	0	20 370
Net deferred tax liabilities	-	-	0	0
Fixed assets	0	0	0	0
Tax losses carried forward	24 011	2 080	0	21 931
Other	8 673	317	0	8 989
Total deferred tax assets	32 683	1 763	0	30 920
Reclass between deferred tax liabilities and	- 17 236	- 3 133	0	- 20 370
Non-recognized deferred tax assets	- 175	28	0	- 147
Net deferred tax assets	15 272	4 869	0	10 403

Specification of deferred tax liabilities and assets – 2022

(amounts in NOK 1000)	01/01/2022	Profit or loss	OCI	Business comb- ination	Other	31/12/2022
Fixed assets	-11 710	-3 817	0	-1 537	0	-17 064
Customer contracts	0	0	0	0	0	0
Other	0	-173	0	0	0	-173
Total deferred tax liabilities	-11 710	-3 990	0	-1 537	0	-17 237
Reclass between deferred tax liabilities and assets	6 012	3 964	0	1 537	5 898	17 412
Non-recognized deferred tax assets	-200	25	0	0	0	-175
Net deferred tax liabilities	-5 899	0	0	0	5 898	0
Fixed assets	0	0	0	0	0	0
Tax losses carried forward	0	-1 759	0	25 770	0	24 011
Other	6 012	1 578	0	1 083	0	8 673
Total deferred tax assets	6 012	-181	0	26 853	0	32 684
Reclass between deferred tax liabilities and assets	-6 012	-3 964	0	-1 537	-5 898	-17 411
Non-recognized deferred tax assets	0	0	0	0	0	0
Net deferred tax assets	0	-4 145	0	25 316	-5 898	15 272

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. There has not been any material transaction cost during the year.

Covenants

The loan facility with Sandnes Sparebank entered in 2023 has the following covenants:

- NIBD/EBITDA < 4
- Book equity > 30%
- Approval from bank if dividend/group contribution

Specification of borrowings – 31.12.2023

(amounts in NOK 1000)	Nominal interest rate	Nominal amount	Capitalized financing fees	Carrying amount
Innovasjon Norge	7,7%	3 875	0	3 875
Sandnes Sparebank	3 m.Nibor+2.5%	81 898	0	81 898
Carrying amount as per 31.12.2023		85 773		85 773
Non-current borrowings				68 913
Current borrowings				16 860

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%	45 758	0	45 758
Carrying amount as per 31.12.2022		52 217	0	52 217
Non-current borrowings				38 892
Current borrowings				13 325

Contractual payments on borrowings – 31.12.2023

(amounts in NOK 1000)	Next year	1-2 years	2-5 years	More than 5 years
Innovasjon Norge	2 813	1 330	0	0
Sandnes Sparebank	18 580	17 612	47 024	14 453
Total	21 393	18 942	47 024	14 453

Contractual payments on borrowings – 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	0
Sandnes Sparebank	13 555	12 776	26 090	0
Total	16 463	16 852	26 090	0

For loans with floating interest rates, the amounts above are calculated using the current interest rate per the relevant year end.

Carrying amount of assets pledged as security

(amounts in NOK 1000)	31.12.23	31.12.22	01.01.22
Property, plant & equipment	180 954	127 230	88 968
Trade receivables	44 171	29 338	34 321
Total	225 124	156 568	123 289

Note 16 – 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 of MUSD 0.74 was entered into in relation to the sale of certain 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 has been rolled forward multiple times pending a final outcome, and the current contract matures at 04.03.2024. At year end the liability was MNOK 3.7. This is included in the statement of financial position under Other current liabilities.

Note 7 – Financial assets and liabilities

(amounts in NOK 1000)	Year to date	
	2023	2022
<i>Financial assets at amortised cost</i>		
Trade receivables	44 195	29 244
Other assets	14 310	8 047
<i>Financial assets at fair value through profit or loss</i>		
Cash and cash equivalents	26 783	38 832
Carrying amount as at 31.12.23	85 288	76 124

Financial liabilities per category

(amounts in NOK 1000)	2023		2022	
	Current	Non-current	Current	Non-current
<i>Financial liabilities at amortised cost</i>				
Borrowings	16 860	68 913	13 325	38 892
Lease liabilities	10 409	41 847	8 820	16 742
Trade payables	13 153		9 017	13 780
<i>Financial liabilities at fair value through profit or loss</i>				
Currency forward contracts	3 672	0	3 081	0
Carrying amount as at 31.12	44 094	110 760	34 243	69 414

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 Group's policies for management of capital and financial risk aim to support the current strategy and target of maintaining a high rate of growth and developing prospective business opportunities. The Group'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 debt financing consist of bank and leasing financing. The loan covenants to which the Group is subject play a key role in how capital is managed and allocated, to maintain a low financing risk and financial flexibility. See note 15 borrowings for further details on the Group's 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 Group 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 Group has not entered into any interest swap agreements.

Currency risk

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

Currency exposure – 31.12.2023

(amounts in NOK 1000)	USD	EUR	GBP	SUM NOK
Trade receivables	11 190	851	5 517	17 558
Cash and cash equivalents	3 076	912	3 827	7 814
Trade payables	- 65	0	0	65
Currency forward contracts	- 7 494	0	0	7 494
Net exposure	6 707	1 762	9 344	17 813

Currency exposure – 31.12.2022

(amounts in NOK 1000)	USD	EUR	GBP	SUM NOK
Trade receivables	978	3 179	3 754	7 911
Cash and cash equivalents	110	644	3 042	3 796
Trade payables	- 1 704	0	-136	1 841
Currency forward contracts	- 7 267	0	0	7 267
Net exposure	7 883	3 823	6 660	2 599

Interest rate risk

The Company loan and leasing agreements have floating interest rates based on NIBOR according to the financial strategy, see Note 15 borrowings, and is thereby influenced by changes in the interest market. A change of increase of 1 percentage point in NIBOR means a change in yearly net interest expenses of approximately MNOK 1.5.

Credit risk

Assets that may give rise to credit risk comprise 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 an existing loan facility of MNOK 75 with Sandnes Sparebank, the facilities total MNOK 148. The unused portion of the credit facilities was MNOK 55.3 as at 31.12.2023.

Summary of contractual maturities 31.12.2023

(amounts in NOK 1000)	Next year	1-2 years	2-5 years	More than 5 years
Lease liabilities	12 442	13 581	20 614	16 556
Borrowings	21 393	18 942	47 024	14 453
Trade payables	13 153	0	0	0
Total non-derivative	46 988	32 523	67 639	31 009
Currency forward contracts	3 672	0	0	0
Total derivative	3 672	0	0	0
Total	50 660	32 523	67 639	31 009

Note 9 – Earnings per share

Earnings per share	Fourth quarter		Year to date	
(amounts in NOK 1000)	2023	2022	2023	2022
Basic earnings per share	1,86	0,75	3,70	1,98
Diluted earnings per share	1,73	0,71	3,44	1,86
Earnings				
(amounts in NOK 1000)	2023	2022	2023	2022
Profit (loss) for the period	13 794	5 545	27 411	14 657
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
<i>Adjustments for calculation of diluted earnings per share</i>				
Options	571	454	571	454
Weighted average number of shares and potential shares	7 977	7 860	7 977	7 860

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	-	142	-	142
Intangible assets		461	-	-	461
Property, plant & equipment		88 968	-	-	88 968
Right-of-use assets	B	33 508	6 141	-	39 649
Other non-current assets		294	-	-	294
Total non-current assets		123 231	6 282	-	142
Current assets					
Inventories		-	-	-	-
Trade receivables	A	28 945	-	5 376	34 321
Cash and cash equivalents		39 232	-	-	39 232
Other current assets	A	21 435	-	5 376	16 059
Total current assets		89 613	-	-	89 612
Total assets		212 844	6 282	-	142
Equity and liabilities					
Equity					
Share capital		720	-	-	720
Other paid-in equity		70 045	-	-	70 045
Other reserves		-	-	-	-
Retained earnings	C	42 485	502	-	41 983
Total equity		113 249	502	-	112 748
Liabilities					
Non-current liabilities					
Borrowings	B	40 106	-	8 962	31 144
Lease liabilities	B	-	5 499	14 309	19 808
Deferred tax liabilities		6 040	-	142	5 898
Provisions		911	-	-	911
Other non-current liabilities		55	-	-	55
Total non-current liabilities		47 112	5 499	5 206	57 817
Current liabilities					
Trade payables	A	13 321	-	459	13 780
Borrowings	B	16 418	-	10 048	6 370
Lease liabilities	B	-	1 286	4 955	6 241
Tax payable		931	-	-	931
Other current liabilities	A	21 813	-	714	21 099
Total current liabilities		52 483	1 286	5 347	48 421
Total liabilities		99 595	6 784	-	142
Total equity and liabilities		212 844	6 282	-	142

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	139	-	15 272
Intangible assets	C	6 835	- 40	-	6 795
Property, plant & equipment		130 300	-	-	130 300
Right-of-use assets	B	47 126	5 668	- 12 442	40 352
Other non-current assets		738	-	-	738
Total non-current assets		200 132	5 767	- 12 442	193 457
Current assets					
Inventories		238	-	-	238
Trade receivables	A	22 288	-	6 956	29 244
Cash and cash equivalents		38 832	-	-	38 832
Other current assets	A	15 003	-	6 956	8 047
Total current assets		76 360	-	-	76 361
Total assets		276 492	5 767	- 12 442	269 818
Equity and liabilities					
Equity					
Share capital		741	-	-	741
Other paid-in equity		83 948	-	-	83 948
Other reserves		1 132	-	-	1 132
Retained earnings	C	57 132	- 493	-	56 639
Total equity		142 953	- 493	-	142 460
Liabilities					
Non-current liabilities					
Borrowings		61 795	-	- 22 903	38 892
Lease liabilities	B	-	4 652	12 090	16 742
Deferred tax liabilities		-	-	-	-
Provisions		796	-	- 796	-
Other non-current liabilities		18 081	-	- 2 285	15 796
Total non-current liabilities		80 672	4 652	- 13 894	71 430
Current liabilities					
Trade payables	A	9 178	-	- 724	9 902
Borrowings		21 254	-	- 7 928	13 326
Lease liabilities	B	-	1 609	6 327	7 935
Tax payable		-	-	-	-
Other current liabilities	A	22 437	-	- 2 329	24 766
Total current liabilities		52 869	1 609	1 452	55 929
Total liabilities		133 539	6 260	- 12 442	127 359
Total equity and liabilities		276 492	5 767	- 12 442	269 819

Effect of transition on statement of comprehensive income for 2022

(amounts in NOK 1000)	Note	NGAAP	Adjust-ments	Reclassi-fications	IFRS
Revenue		177 073	-	-	177 073
Other operating income		1 097	-	-	1 097
Total operating income		178 170	-	-	178 170
Cost of materials		35 220	-	-	35 220
Personnel expenses		88 383	-	-	88 383
Depreciation and amortisation	A, B	14 799	1 232	-	16 032
Other operating expenses	A, B	17 372	1 515	-	15 857
Total operating expenses		155 775	- 283	-	155 492
Operating profit (loss)		22 396	283	-	22 678
Net foreign exchange gains (losses)		-	-	-	-
Financial income		1 214	-	-	1 214
Financial expenses	A	4 819	272	-	5 091
Net financial items		3 605	- 272	-	3 877
Profit (loss) before tax		18 791	11	-	18 802
Income tax expense		4 143	2	-	4 145
Profit (loss) for the period		14 648	9	-	14 656
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Currency translation differences		-	-	-	-
Income tax relating to these items		-	-	-	-
Net other comprehensive income		-	-	-	-
Total comprehensive income for the period		14 648	-	-	14 656

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	139	142	
Retained earnings	493	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