Aquila. HOLDINGS

2023 Annual Report

Contents

1. Board of directors report

Aquila Holdings ASA ("Aquila" or the "Company") and its subsidiaries (together referred to as the "Group") is a seismic multi-client and investment company. The legacy seismic business manages a seismic ocean bottom node multi-client data library. The corporate headquarters of Aquila is Askekroken 11, 0277 Oslo, Norway. The Company is listed on Euronext Expand Oslo and traded under the ticker AQUIL. Following the Annual General Meeting on 24 May 2023, the Company changed its corporate name from Carbon Transition ASA to Aquila Holdings ASA.

The Company's investment arm may invest broadly in listed companies as well as companies expected to be listed in the near term. The Group's investment portfolio consists of two listed companies and one unlisted company. Aquila will selectively consider additional investments going forward.

The Company's legacy seismic business operates under the name Axxis Geo Solutions. The Company manages a seismic multi-client data library with assets in Norway and Egypt.

The seismic multi-client data business model is frequently the preferred way to access seismic data for petroleum exploration and production (E&P) companies. The seismic data is licensed by E&P companies to assist in the discovery and development of petroleum resources. The Group's return on investment from its multi-client library is seen through the life span of the data; from its early stage with revenues coming from the pre-funding by E&P companies during the execution of the program, through subsequent late sales after the seismic images are processed and available.

The Group's multi-client data is targeting near-field exploration, where production infrastructure is in place and where E&P companies need high-quality seismic data to unlock existing and new resources. In these production fields, oil and gas can be developed with lower cost, environmental impact and emissions.

With a sustained high oil price (in the range $75-85 per barrel of oil equivalent), it is expected that near-field exploration will continue to be considered highly attractive for the E&P companies. Aquila expects the investment in exploration and development in our core areas to be durable and reinforced by the attractive long-term demand outlook.

Accounting principles

The consolidated financial statements are prepared in accordance with IFRS as adopted by the European Union.

The Company has not adopted any standards, interpretations or amendments that have been issued but are not yet effective.

All financial statements in this report are presented on a going concern basis in accordance with the Norwegian Accounting Act section 3-3a, and the Board of Directors confirms that the prerequisites for going concern assumption are present.

Financial results, financial position and capitalization

Revenues related to multi-client data are recognized at the point of delivery of completed data to the customer, leading to relatively high volatility in results quarterly and annually. Revenues related to reprocessing of multi-client data is recognized over time and is booked according to percentage of completion.

Revenues in 2023 amounted to USD 8.2 million compared to USD 7.3 million in 2022. The increase is driven by revenues arising from the reprocessing of the Utsira data library in 2023.

A USD 1.0 million reduction in fair value of financial assets was recognized under other gains and losses in 2023 compared to a gain of USD 0.7 million in 2022.

Changes in the fair value of the investment portfolio in 2023 was a loss of USD 0.3 million compared to a loss of USD 13.4 million in 2022.

Cost of sales of USD 5.8 million for 2023 compares to USD 0.4 million during the same period in 2022. The cost increase is driven by costs related to the reprocessing of the Utsira data library.

The selling, general and administrative costs in 2023 are at the same level as in 2022.

The straight-line amortization of the multi-client library was USD 6.4 million for 2023 compared to USD 4.0 in 2022. The increase is the result of the amortization of the Gulf of Suez multi-client library which commenced in Q4 2022.

Operating loss for 2023 was USD 7.7 million compared to operating profit of USD 0.3 million in 2022.

Net financial items amounted to USD 0.4 million in 2023 compared to USD 0.1 million in 2022.

Income tax income of USD 7 thousand compared to USD 1.7 million for 2022. The tax income in 2022 of USD 1.4 million is related to the devaluation of the Egyptian Pound ("EGP") in addition to refunded taxes in India amounting to USD 0.3 million.

The Company has not recognized any deferred tax assets in the balance sheet as of 31 December 2023. Tax loss carried forwards for 31 December 2023 is estimated to be USD 44.8 million.

The Group has a net loss of USD 8.1 million in 2023 compared to a net profit of USD 1.4 million in 2022.

As of 31 December 2023, the Company had total assets of USD 43.9 million, compared to USD 52.8 million as of 31 December 2022.

Total non-current assets of USD 39.7 million as of 31 December 2023 compared to USD 47.3 million as of 31 December 2022. The reduction is driven by amortization of the multi-client library in 2023 and reduction of financial assets of USD 1.0 million.

Total current assets decreased from USD 5.4 million as of 31 December 2022 to USD 4.2 million as of 31 December 2023. The decrease is driven by a reduction in accrued income compared to 2022, partly offset by increased trade receivables. The Company's cash balance ended at USD 2.0 million on 31 December 2023.

The Group's net equity was USD 38.1 million at the end of December 2023, representing a net decrease of USD 9.5 million compared to 31 December 2022. Purchased own shares in 2023 account for USD 1.3 million of the net decrease. The equity ratio is 86.9% as of 31 December 2023 compared to 90.3% as of 31 December 2022.

Total current liabilities increased with USD 0.6 million compared to 2022, mainly dure to increase in trade payables. The tax accrual is related to estimated income tax liabilities arising from the operations in Egypt. A material part of other current liabilities is also related to estimated Egypt taxes.

Cash flow from operations, investments and financing

The Group's cash flow from operating activities in 2023 was USD 1.3 million compared to USD 1.1 million in 2022.

No investments have occurred in 2023. The Group's cash flow from investment activities in 2022 was negative with USD 1.5 million due to the investment in Dolphin Drilling of USD 2.0 million and USD 0.5 million received from the sale of the node business.

The Group's cash flow from financing activities in 2023 was mainly due to purchasing of own shares of USD 1.4 million compared to USD 0.4 million in 2022. Also, final payment on the TGS loan of USD 0.9 million was made in 2022.

Key financial indicators

Profit and loss	**2023**	**2022**
Revenue	8 237	7 258
Changes in fair value of investments (loss)	(251)	(13 447)
Operating profit (loss) (EBIT)	(7 686)	(264)
Cash earnings *	(26)	4 442
Net profit (loss)	(8 087)	1 396
Basic earnings (loss) per weighted average shares (in USD)	(0.04)	0.01

Financial position	**31.12.2023**	**31.12.2022**
Bank deposits	2 038	2 197
Available liquid funds **	8 457	8 688
Total assets	43 882	52 777
Total equity	38 120	47 652

Ratio analysis	**31.12.2023**	**31.12.2022**
Equity ratio	86.9 %	90.3 %
Net asset value per share (NOK) ***	1.76	2.00

* Revenue, cost of sales, SG&A
** Bank deposits, net trade receivable, marketable securities
*** Net asset value per share; total assets – total liabilities divided by number of shares

Risk management and internal control

Aquila's activities are dependent on the capital spending budgets of E&P companies in the oil and gas industry. These budgets are, in turn, largely a function of actual and/or expected shifts in oil and gas prices. Consequently, Aquila's activities, opportunities and profitability are linked to fluctuations in these prices.

The multi-client library is the Group's largest asset. The surveys in the library are subject to commercial risk. At times, Aquila will have to impair the values of the surveys if the future licensing potential diminishes because of market conditions, regulatory changes, lack of exploration success in the relevant area, changes in customers' strategic priorities, etc.

The Group is also exposed to capital markets developments resulting in fluctuations in the market values of investments in shares and non-listed shares. There is also a risk that the companies in the investment portfolio will need further capital to obtain profitability, and that such capital will be subject to reduced pricing compared to the current pricing.

Liquidity risk arises from a lack of correlation between free cash and financial commitments. As of 31 December 2023, Aquila held current assets of USD 4.2 million of which cash and cash equivalents represented USD 2 million, and current liabilities were USD 5.5 million. The Board considers the liquidity risk of the Group to be low.

Aquila is exposed to credit risk through sales and receivables and uses it best efforts to manage this risk by monitoring receivables and implementing credit checks and other actions as deemed appropriate in addition, excess cash is placed in either bank deposits or financial instruments that have a minimum rating of 'investment grade'.

The Group's maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets, such as account receivables, other short-term receivables, and non-current assets. Aquila evaluates the concentration of risk with respect to trade receivables as low due to the Group's credit rating procedures and because our customers generally are large energy companies considered to be financially sound. Aquila is focused on maintaining adequate internal controls.

Aquila is exposed to financial risk such as currency, liquidity, and credit risk. The operational exposure to currency risk is low as a significant portion of revenues earned and costs incurred are in USD. However, as a significant part of the Group's taxes are calculated and paid in NOK and EGP, fluctuations between NOK/EGP and the USD result in currency exchange gain or losses. Any potential dividends are likely to be paid in NOK and fluctuations between NOK and USD could result in currency exchange gains or losses.

Aquila operates in a range of tax jurisdictions with complex considerations and legislation concerning both indirect and direct taxation, especially in Egypt. Thus, uncertainties exist related to reported tax liabilities and exposures. Recognized taxes (both direct and indirect) are based on all known and available information and represent our best estimate as of the day of reporting.

The jurisdictions in which Aquila operates are also subject to changing tax regulations, which may impact assessments, for instance concerning the recoverability of credits. Furthermore, tax authorities may challenge the calculation of both taxes and credits from prior periods. Such processes and proceedings may result in changes to previously reported and calculated tax positions, which in turn may lead to Aquila having to recognize operating of financial expenses in the period of change.

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.

Aquila is exposed to different types of climate-related risks, which are addressed by the Board of Directors' sustainability strategy. Please refer to the sustainability report for more details.

The Group is exposed to risk associated with cybersecurity. Please refer to the sustainability report for more details.

Reference is made to Note 12 of the consolidated financial statements and to the more detailed information on risk management and Internal control in the corporate governance section of the annual report.

Organization, working environment and equal opportunity

At the end of 2023, Aquila employees 2.7 man-years compared to 3.5 in 2022.

The Board considers the working environment to be good. Please refer to the sustainability report for more details about the workforce.

Health, safety and environmental

Aquila is fully committed to safeguarding and maintaining the environment in which we operate and live, while also providing a safe and healthy workplace for our employees, contractors, vendors, and customers. Aquila manages and monitors these activities through corporate policies, procedures and guidelines.

More detailed information on Aquila's health, safety and environmental initiatives may be found in the sustainability report, included in a separate section of the annual report.

Sustainability and corporate social responsibility

Ensuring that Aquila's business operates in a sustainable way and provides sustainable solutions for our customers is high on the Board of Directors agenda.

Aquila is committed to minimizing and mitigating the potential disruption to the marine and onshore environment and climate that may be caused by its operations. Proper project planning and management as well as coordination with our vendors, partners and local communities play a significant role in ensuring that our operations do not have a detrimental impact on the environment.

For more information, including information on the Norwegian Transparency Act, please refer to the sustainability report, included in a separate section of this annual report.

Board structure and corporate governance

The Board of Directors consists of three directors serving until the annual general meeting in 2025. All the directors are independent. The audit committee consists of two members.

Aquila has an independent nomination committee consisting of two members elected by the shareholders.

No material transactions other than the remuneration disclosed in Note 18 of the consolidated financial statements have occurred in 2023 between Aquila and its management, directors and its shareholders.

Aquila emphasizes independence and integrity in all matters relating to the Board of Directors, management and its shareholders.

The Group conducts a compliance program designed to continually inform and educate employees on ethical and legal issues.

Aquila bases its corporate governance policies and practices on the Norwegian Code of Practice for Corporate Governance issued on 14 October 2021 (the "Code of Practice"). The Board of Directors believes that Aquila complies in all areas with the Code of Practice and will address compliance with any subsequent amendments. A more detailed description on how Aquila complies with the Code of Practice and the Norwegian Accounting Act's requirements for reporting on corporate governance is included in the report on corporate governance included in this annual report.

Salary and compensation

Aquila compensates its employees according to market conditions that are reviewed on an annual basis including base salary, insurance and retirement benefits programs. For further details, please refer to note 18 of the report on consolidated financial statements.

The members of the Board of Directors do not participate in any bonus plan, profit-sharing plan or stock incentive plan. The directors' compensation is based on a fixed fee. The remuneration is not related to the Group's financial results.

The Group has international liability insurance for the Board of Directors and management. The insurance coverage is up to NOK 50 million per year for total revenue of NOK 612 million.

Annual result for the parent company and allocation of result

In 2023, the Group's parent company Aquila Holdings ASA did not have any revenues compared to USD 153 thousand in 2022.

In 2023, Aquila reported a loss after tax of USD 2.8 million compared to a profit after tax of USD 3.8 million in 2022. The reported loss was caused by personnel and other expenses, in addition to a change in fair value of financial assets. Last year's profit was significantly impacted by the reversal of intercompany receivables net of USD 11.7 million, partly offset by the write-down of shares in subsidiaries with 5.1 million.

At year-end 2023, Aquila had total assets of USD 48.1 million compared to USD 48.9 million at the end of 2022. Investment in shares in subsidiaries increased with of USD 2.2 due to capital increases, financial asset reduced with USD 1.0 million due to the change in fair value of financial assets described above and reduction of intercompany receivables with USD 2.4 million. The bank balance at year end was USD 1.5 million, an increase of USD 0.6 million compared to last year.

As of 31 December 2023, Aquila has a net equity of USD 38.4 million, compared to USD 42.6 million at the end of 2022. The equity ratio 31 December 2023 was 81.8 % compared to 87.2% at the end of 2022. Total current liabilities have increased with USD 3.5 million compared to last year.

The Board of Directors has proposed the loss for the Company of USD 2.8 million to be allocated to accumulated earnings.

Outlook

Solid industry fundamentals will support historically high oil prices and continued investment in the E&P sector. Despite a robust sector outlook, the timing of multi-client late sales is unpredictable and dependent on licensing rounds as well as internal oil company scheduling. We should expect sales to be lumpy and this does not speak to the long-term underlying multi-client values and future sales potential. The uncertainties in Egypt will impact sales there in the near term.

With the company's revised strategic focus, we will evaluate new multi-client investment opportunities. We will also review potential strategic transactions.

Distributions to shareholders or share repurchases will continue to be considered to the extent this is believed to be the best allocation of capital.

Events after the reporting period

As of 31 December, the Company held a total of 19 148 168 own shares. In accordance with the Company's announced share buyback program of up to NOK 5 million, an additional 1 184 139 shares were purchased after year end 2023 and the Company currently holds 8.5% of its share capital. As of 6 February 2024, the Company completed its share buyback program.

On 22 February 2024, the Group announced USD 1.1 million in revenues relating to Utsira multi-client transfer fees.

On 29 February it was announced that the Group entered into a settlement agreement with TGS ASA, whereby TGS receives an ownership interest in the previously announced Utsira reprocessing project. In return, the Company receives an ownership interest in TGS' artificial intelligence geological interpretation project over Utsira, which is developed in collaboration with Earth Science Analytics. The settlement does not have an impact on the Company's book value or its net asset value per share.

Oslo, 18 April 2024

The Board of Directors and CEO of Aquila Holdings ASA

Nina Skage Chair	Ketil Skorstad Director	Torstein Sanness Director

Nils Haugestad
Interim CEO

2. Responsibility statement

Confirmation from the Board of Directors and general manager

The Board of Directors and the chief executive officer of Aquila Holdings ASA have today considered and approved the annual report and financial statements for the 2023 calendar year ended on 31 December 2023.

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

- The 2023 financial statements for the Group and the 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 the 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 the Group and the Company, together with a description of the principal risks and uncertainties that they face.

Oslo, 18 April 2024

The Board of Directors and CEO of Aquila Holdings ASA

Nina Skage Chair	Ketil Skorstad Director	Torstein Sanness Director

Nils Haugestad
Interim CEO

3. Corporate governance report

Implementation and reporting on corporate governance

The Company has established a corporate culture to build confidence and trust among its stakeholders. Key elements are open and honest communication, a system of internal controls and policies and a compliance program.

The Company's corporate governance is 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 to avoid conflicts of interests.
d. A clear division of work between the board, management and shareholders.
e. Good control and corporate governance mechanisms to achieve predictability and reduce the level of risks for shareholders and stakeholders.

The Company endorses and complies with the Norwegian Code of Practice of Corporate Governance (the “Code of Practice”) dated 14 October 2021 found at www.nues.no. The Code of Practice is based on a "comply or explain" principle, which means that listed companies must comply with the Code of Practice or explain why an alternative approach has been chosen. The Company will comply with the Code of Practice and any deviations will be listed below.

Business conduct

Policies for ethics and corporate social responsibility have been established.

It is important for the Company to be aware of potential problems as early as possible and procedures have been put in place to require employees to report any known or suspected ethical irregularities. The Company has in place appropriate whistleblower procedures for individuals to report concerns of non-compliance. A more detailed descriptions of our compliance program is included in our sustainability report which is included in our annual report.

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.

A summary of the strategic direction and a risk review is included in the board of directors report for 2023, which is part of the annual report 2023 and available on the company website.

Corporate social responsibility

The Company believes that sustainable business practices can fully support successful business development. A more detailed description of the Company’s sustainability practices is included in the sustainability report which is included in the annual report.

Business

Aquila is an investment company. The Company comprises an ocean bottom node multi-client company and an investment arm. The Company may invest broadly in listed companies as well as companies expected to be listed in the near term.

The Company's objectives and strategies are to create value for shareholders. When carrying out this work, the Company shall consider financial, social and environmental issues. The Company have policies for how it integrates the interests of the society at large into the value creation.

Equity and dividends

As of 31 December 2023, equity amounted to USD 38.1 million (including a share capital of USD 28.7 million). This corresponds to an equity ratio of 81.8%, which the Board of Directors ("Board") considers to be satisfactory. The adequacy of the Company's capital is monitored closely with respect to the Company's objectives, strategy and risk profile.

The Board proposes any distribution of dividends to the annual general meeting. The annual general meeting determines any distribution of dividends in accordance with Section 8-1 and Section 8-2 of the Norwegian Public Limited Companies Act. The grounds for any proposal to authorize the Board to approve the distribution of dividends shall be explained. The Board also considers share repurchases if this is deemed more attractive for our shareholders.

The annual general meeting in May 2023 approved repurchase of own shares up to 10% of nominal value. The Board has not proposed any dividends to be paid for the financial year 2023.

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.

The Board authorizations shall be limited in time to the date of the next annual general meeting, but in no event later than 30 June the same year. This also applies to any authorization to the Board for the Company to purchase its own shares.

Equal treatment of shareholders and transactions with close associates

The Company has only one class of shares. All shares have one vote each and otherwise equal rights in all respects.

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 the 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 on Euronext Expand Oslo and in any case at prevailing stock exchange prices. If there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment from 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 (NPLLCA). The Board shall obtain an independent third-party evaluation, unless the transaction, agreement or arrangement in question is immaterial or covered by the provisions of section 3-16 of the NPLLCA.

Freely negotiable shares

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

The annual general meeting is the ultimate corporate body. The Board and the chief executive officer are typically present at the annual general meeting, as well as the company's auditor. The minutes from the annual general meeting and any extraordinary general meeting are made available on the Company's website shortly after the date of any such general meeting and are also available for inspection at the Company's corporate office in Oslo.

The annual general meeting for 2024 will be held on 23 May 2024. The notices for the annual general meeting and any extraordinary meeting and all supporting documents are made available on the Company's website no later than three weeks in advance of the meeting. The notice is also mailed (post or email) to registered shareholders.

The last annual general meeting was on 24 May 2023, the minutes from which are available on the Company's website.

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 chair of the Board shall be present at general meetings. The auditor shall be present at general meetings where matters of relevance for the auditor is on the agenda. The Board shall 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 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.
- 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 that is responsible for the nomination of directors to the Board and recommend remuneration payable to the directors.

The nomination committee shall consist of up to 3 members elected by a general meeting for a period of up to two years unless the general meeting decides a shorter period. The nomination committee shall make recommendations and prepare proposals to the general meeting for:

- Election of members to the Board and remuneration of the directors of the Board 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 general meeting.

The nomination committee shall meet at least annually with the Board. The committee shall also consult with selected shareholders to ensure that the nomination committee has 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 annual 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 independent. Members of the Board are encouraged to own shares in the Company.

The Board consists of three members all of whom are deemed independent of Aquila's management, major shareholders, and material business contacts.

The work of the board of directors

The Board is responsible for the overall management and supervision of the Company. 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 chief executive officer shall follow 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.

In 2023, there were 8 Board meetings where the following were participating.

Nina Skage 7 of 8 meetings
Torstein Sanness 6 of 8 meetings
Ketil Skorstad 6 of 8 meetings (personal deputy was attending the 2 missing meetings)

In 2023, there were 4 audit committee meetings where the following were participating.

Nina Skage 4 of 4 meetings
Torstein Sanness 4 of 4 meetings

Board committees

The Board has established an audit committee but has not appointed a remuneration committee. A remuneration committee has not been deemed to be of importance by the Board. The Board has 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.

Audit committee

The Board has established an 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 follow the NCPLLA. 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.

The members of the audit committee are elected 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 a majority of the members should be independent of the Company. The mandate of the audit committee is subject to annual revision.

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 monitors Aquila's risk exposure and oversees the Company's internal control systems for risk management to ensure they are appropriate for the Company's activities in relation to the extent and nature of the Group's business activities.

The Board carries out an annual review of the Group's most important areas of exposure to risk and its internal control measures. The review pays 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 control 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 year which have, could have, or may have had a significant effect on the Group's financial results or financial standing.
- How well the Company's external reporting process functions.

Based on the instructions by the Board, the chief executive officer implements internal control measures and proposes the same to the Board.

The chief executive officer effectuates internal control measures based on the instructions by the Board and reports the results to the Board annually in accordance with the Board's annual plan. The report to the Board provides 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 are described and included in the corporate governance report and in the annual report. This account includes sufficient and properly structured information to make it possible for shareholders to understand how the Company's internal control system is organized. The account addresses 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.

Renumeration of the board of directors

The remuneration of the Board is designed to attract and retain an optimal Board structure in a competitive environment. The directors' compensation is recommended by the nomination committee and determined by the shareholders at 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.

Deviation from the Code of Practice: the Company has granted options to the Board in 2021.

Executives renumeration

The Company has prepared a policy for determining remuneration to the chief executive officer and other executive members in accordance with Section 6-16a of the NPLLCA, which is clear and easily understandable. The policy shall always support the prevailing strategy, long-term interests, financial sustainability and values of the Company.

The total remuneration to the chief executive officer 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 a policy for the remuneration of executive members. This policy includes the main principles for the Company's remuneration policy and contributes to aligning the interests of the shareholders and the executive members. These policies are communicated to the annual general meeting, and it is clearly stated which aspects of the policies are advisory and which, if any, are binding. The general meeting shall vote separately on each of these aspects of the policy.

Information and communication

Aquila's investor relations policy is designed to inform the stock market and stakeholders of the Company's activities and status in a timely and accurate manner in compliance with applicable listing rules. The Company submits quarterly and annual financial reports to Euronext Expand Oslo. In addition, any interim information significant for assessing the Company's value is distributed as stock exchange announcements through Newsweb. This information is also available on the Company's website.

The Company uses the Code of Practice for reporting of investor relations issued by Oslo Stock Exchange and the Norwegian Investor Relations Association as guideline for reporting. Announcements are published in English only, and the Company has been granted exemption from the Norwegian Tax Authority to publish its annual report in English only.

The Company's quarterly earnings presentations are made available on the Company's website.

The financial calendar setting out the dates for the coming year's interim reports and annual general meeting for shareholders is posted on the Aquila website.

Takeovers

Although it is recommended by the Code of Practice, 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 takeover bid, the Board will 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 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 after the announcement of the bid.

With respect to any agreements entered 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 an 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.
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 has determined the procedure for the external auditor's regular reporting to the Board. The auditor attends at least one meeting each year with the Board in executive session where the Company's management is not represented. In addition, the auditor participates in the meetings of the audit committee relating to the preliminary annual financial statements. If there are any significant changes from the preliminary accounts, the auditor may also participate in the meeting that approves the annual financial statements.

The Company's external auditor presents to the audit committee the primary features of the plan for the execution of the audit, and reports on the key accounting principles and estimates and the results of the audit to the audit committee and the Board. The auditor also presents any internal control weaknesses and improvement opportunities to the audit committee and the Board.

The Board reports the remuneration paid to the auditor at the annual general meeting, including details of the fees paid for audit work and any fees paid for other assignments. The audit fee is determined by the annual general meeting.

The auditor is required to attend a general meeting if the business to be transacted is of such nature that his or her attendance must be considered necessary. In addition, the auditor is in any case entitled to participate in the general meeting.

In accordance with applicable accounting regulations, the Company is required to tender its audit services each ten years. The Company is required to rotate its auditor after twenty years with the same audit firm.

4. Consolidated financial statement

Consolidated statement of comprehensive income

USD thousands	Note	2023	2022
Revenue	3,4	**8 237**	**7 258**
Changes in fair value of investments (loss)	3,11	(251)	(13 447)
Other gains (losses)	3,4	(1 000)	666
Cost of sales	5	(5 791)	(399)
Selling, general and administrative expenses	3,18	(2 472)	(2 417)
Amortization multi-client	10	(6 409)	(3 983)
Write-up multi-client (reversal of impairment)	10	-	12 618
Depreciation & impairment		-	(559)
Operating profit (loss) (EBIT)		**(7 686)**	**(264)**
Financial income	6	25	51
Financial expenses	6	(394)	(81)
Currency exchange gain (loss)	6	(39)	(69)
Profit (loss) before tax		**(8 093)**	**(362)**
Income tax (expense)	7	7	1 758
Profit (loss) for the period		**(8 087)**	**1 396**
Currency translation adjustments		-	-
Other comprehensive income (loss) for the period		**-**	**-**
Total comprehensive income (loss) for the period		**(8 087)**	**1 396**
Earnings (loss) per share			
Basic earnings per average share		(0.04)	0.01
Diluted earnings per average share		(0.04)	0.01

Consolidated statement of financial position

USD thousands	Note	31.12.2023	31.12.2022
Assets			
Non-current assets			
Multi-client library	10	31 082	37 491
Investments	11	6 570	6 821
Financial assets	12	2 029	3 029
Total non-current assets		**39 682**	**47 342**
Current assets			
Trade receivables		896	-
Other current assets	9	1 265	3 238
Bank deposits, cash in hand	8	2 038	2 197
Total current assets		**4 200**	**5 435**
Total assets		**43 882**	**52 777**

USD thousands	Note	31.12.2023	31.12.2022
Equity and Liabilities			
Equity			
Share capital and other paid in capital	16	79 909	79 909
Own shares	16	(1 799)	(489)
Other reserves	16	(39 991)	(31 769)
Total equity		**38 120**	**47 652**
Current liabilities			
Trade payables	13	545	88
Taxes payables		2 282	2 282
Other current liabilities	15	2 935	2 755
Total current liabilities		**5 762**	**5 125**
Total liabilities		**5 762**	**5 125**
Total equity and liabilities		**43 882**	**52 777**

Oslo, 18 April 2024

The Board of Directors and CEO of Aquila Holdings ASA

Nina Skage Chair	Ketil Skorstad Director	Torstein Sanness Director

Nils Haugestad
Interim CEO

Consolidated statement of change in equity

USD thousands	Share capital	Additional paid-in capital	Own shares	Accumulated earnings	Other equity/ Share based program	Total equity
Balance as of 01.01.2023	**28 739**	**51 170**	**(489)**	**(32 191)**	**422**	**47 652**
Profit (loss) for the period				(8 087)		(8 087)
Other comprehensive income (loss)				-		-
Purchase own shares			(1 310)	(138)		(1 448)
Share based payment					3	3
Balance as of 31.12.2023	**28 739**	**51 170**	**(1 799)**	**(40 415)**	**425**	**38 120**

USD thousands	Share capital	Additional paid-in capital	Own shares	Accumulated earnings	Other equity/ Share based program	Total equity
Balance as of 01.01.2022	**28 739**	**51 170**	**-**	**(33 611)**	**411**	**46 709**
Profit (loss) for the period				1 396		1 396
Other comprehensive income (loss)				-		-
Purchase own shares			(489)	24		(464)
Share based payment					11	11
Balance as of 31.12.2022	**28 739**	**51 170**	**(489)**	**(32 191)**	**422**	**47 652**

Consolidated statement of cash flow

USD thousands	Note	2023	2022
Cash flow from operating activities			
Profit (loss) before tax		(8 093)	(362)
Taxes refund (paid)		7	264
Depreciation, amortization and net impairment	10	6 409	(8 076)
Changes in fair value of investments	11	251	13 447
Changes in other gains (losses)	4	1 000	(666)
Other working capital changes		1 728	(3 496)
Net cash from operating activities		**1 302**	**1 112**
Cash flow from investing activities			
Disposal of property, plant and equipment		-	500
Cash received/paid from investments		-	(2 000)
Net cash flow from investment activities		**-**	**(1 500)**
Cash flow from financing activities			
Repayment of interest bearing debt		-	(896)
Investment in own shares	16	(1 448)	(464)
Interest paid		(13)	(59)
Net cash flow from financial activities		**(1 461)**	**(1 419)**
Net change in cash and cash equivalents		**(159)**	**(1 807)**
Cash and cash equivalents balance 01.10/01.01		2 197	4 005
Cash and cash equivalents balance 31.12	8	**2 038**	**2 197**

Notes to the consolidated financial statement

Note 1 Basis for presentation

The consolidated financial statements are prepared in accordance with IFRS® Accounting Standards as adopted by the 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 separate financial statements for the parent company have been prepared and presented in accordance with simplified IFRS as approved by Ministry of Finance 10 December 2019. In the separate statements the exception from IFRS for recognition of dividends and group contributions is applies. Otherwise, the explanations of the accounting policy for the group also apply to the separate statement, and the notes to the consolidate financial statements will to a large degree also cover the separate statements. Aquila also provides additional disclosures in accordance with requirements in the Norwegian Accounting Act related to remuneration to the board and the senior management.

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 provide comparative information in respect of the previous period and are presented in thousands of USD.

The income statement is presented by showing expenses by their nature. The statement of cash flows is presented using the indirect method.

The consolidated financial statements of the Group were authorized by the Board of Directors on 18 April 2024. The consolidated financial statements will be presented for approval at the annual general meeting on 23 May 2024. Until this date, the Board of Directors has the authority to amend the financial statements.

The annual financial statements have been prepared under a going concern assumption. These assumptions rest on financial forecasts and plans for the coming period and plans for coming years based on the assumptions made about future events and planned transactions.

Note 2 Key accounting estimates and assumptions.

The preparation of the group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the group's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognized in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year, are described in the individual notes to the related financial statement line below. The Group based its assumptions and estimated parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future development, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value measurement

Certain financial instruments are measured at fair value. Aquila uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement, and can be described as follows:

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).

In note number 11 the value measurement of financial instruments is categorized using the above description.

Impairment of intangible assets

The Group uses the discounted cash flow method to estimate the present value of the multi-client library, project Utsira including the reprocessing and project Egypt, based on expectations of future multi-client late sales according to the cash flow prognosis used by management for 2023.

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

The IFRS value of the Utsira multi-client survey was not impaired in 2023 or 2022. However, in March 2022, the Utsira survey was written up (reversal of a portion of the 2019 and 2020 impairment), which increased the value with USD 5.6 million based on expectation for future late sales. Further, in December 2022, due to a new reprocessing agreement, the Utsira survey was written up (reversal of a portion of the 2019 and 2020 impairment) with USD 7.0 million based on expectation for future late.

Note 3 Segment reporting

The Group operates two segments, Axxis and Investments, based on the two different revenue streams. The Group has a legacy seismic business operating under the name Axxis Geo Solutions, with a multi-client data library. The investment segment was new from 2021. The Group has a strategy to invest in listed companies as well as companies expected to be listed in the near term. Investments must meet the criteria for risk and return set by the board of directors.

The segment reporting is based on the same accounting principles as the financial statements.

Operating expenses are allocated to the segments based on the use of resources and assets. Unallocated items include revenue and expenses related to salaries for office personnel and other office expenses.

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

USD thousands	Segment reporting		Unallocated	Total
	Axxis	Investment		
Income statement	**2023**	**2023**	**2023**	**2023**
Total revenue	**8 237**	**-**	**-**	**8 237**
Changes in fair value of investments	-	(251)	-	(251)
Other gains (losses)	(1 000)	-	-	(1 000)
Cost of sales	(5 791)	-	-	(5 791)
Selling, general and administrative expenses	(1 034)	(8)	(1 430)	(2 472)
Amortization multi-client	(6 409)	-	-	(6 409)
Write-up multi-client (reversal of impairment)	-	-	-	-
Depreciation & impairment	-	-	-	-
Operating profit (loss) (EBIT) Segment	**(5 997)**	**(259)**	**(1 430)**	**(7 686)**

The ocean-bottom seismic contract node on a rope business was divested in March 2022, through an earnout agreement with Magseis Fairfield.

USD thousands	Segment reporting		Unallocated	Total
	Axxis	Investment		
Geographical markets	**2023**	**2023**	**2023**	**2023**
Norway	8 237	-	-	8 237
Total revenue	**8 237**	**-**	**-**	**8 237**

The geographical split is based on where the multi-client late sales occur.

USD thousands	Segment reporting		Unallocated	Total
	Axxis	Investment		
Major customers	**2023**	**2023**	**2023**	**2023**
Customer 1	3 720	-	-	3 720
Customer 2	3 720	-	-	3 720
Customer 3	458	-	-	458
Customer 4	340	-	-	340
Total revenue	**8 237**	**-**	**-**	**8 237**

USD thousands	Segment reporting		Unallocated	Total
	Axxis	Investment		
Income statement	**2022**	**2022**	**2022**	**2022**
Total revenue	**7 258**	**-**	**-**	**7 258**
Changes in fair value of investments	-	(13 447)	-	(13 447)
Other gains (losses)	666			666
Cost of sales	(399)	-	-	(399)
Selling, general and administrative expenses	(413)	(6)	(1 998)	(2 417)
Amortization multi-client	(3 983)	-	-	(3 983)
Write-up multi-client (reversal of impairment)	12 618			12 618
Depreciation & impairment	(548)	-	(11)	(559)
Operating profit (loss) (EBIT) Segment	**15 198**	**(13 453)**	**(2 009)**	**(264)**

The geographical split is based on where the seismic surveys have been performed and the late sales occur.

USD thousands	Segment reporting		Unallocated	Total
	Axxis	Investment		
Geographical markets	**2022**	**2022**	**2022**	**2022**
Norway	6 328	-	-	6 328
Egypt	1 596	-	-	1 596
Total revenue	**7 924**	**-**	**-**	**7 924**

USD thousands	Segment reporting		Unallocated	Total
	Axxis	Investment		
Major customers	**2022**	**2022**	**2022**	**2022**
Customer 1	2 522	-	-	2 522
Customer 2	1 764	-	-	1 764
Customer 3	1 596	-	-	1 596
Customer 4	1 368	-	-	1 368
Total revenue	**7 250**	**-**	**-**	**7 250**

Note 4 Revenue and cost from contract with clients

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount which reflects the considerations to which the Group expects to be entitled in exchange for those goods or services.

Pre-funding
Multi-client pre-funding contracts of unfinished data (i.e. contracts entered into prior to being ready for delivery) are considered to be 'right to use licenses' under IFRS 15, meaning that all revenues related to these contracts is recognized at the point in time when the license is transferred to the customer, which would typically be upon completion of processing of the survey and granting of access to the finished survey or delivery of the finished data, independent of services delivered to clients during the project phase. Aquila has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Late sales
Revenue for sale of finished data is recognized at a point in time, generally upon delivery of the processed data (i.e. the client has gained access to the data under a binding agreement). Through the binding agreement the customer is granted a non-exclusive license to use the finished data. Sales of finished data are presented as part of late sales revenue together with sales of unfinished data in cases where the relevant survey had already commenced when the contract was entered into.

USD thousands	Axxis	Investment	Total
Income statement	**2023**	**2023**	**2023**
Multi-client projects late sales	797		797
Multi-client projects pre-funding	7 440		7 440
Total revenue from contracts with customers	**8 237**		**8 237**
At a point in time	7 258		7 258
Total revenues from contracts with customers	**7 258**		**7 258**

USD thousands	Axxis	Investment	Total
Other gains (losses)	**2023**	**2023**	**2023**
Sale of node assets - earnout model	(1 000)		(1 000)
Total gain (losses)	**(1 000)**		**(1 000)**

USD thousands	Axxis	Investment	Total
Income statement	**2022**	**2022**	**2022**
Other income	8		8
Multi-client projects late sales	7 250		7 250
Total revenue from contracts with customers	**7 258**		**7 258**
At a point in time	7 258		7 258
Total revenues from contracts with customers	**7 258**		**7 258**

USD thousands	Axxis	Investment	Total
Other gains (losses)	**2022**	**2022**	**2022**
Sale of node assets - earnout model	666		666
Total gain (losses)	**666**		**666**

The ocean-bottom seismic contract node on a rope business was divested in March 2022, through an earnout agreement with Magseis Fairfield. The net gain is from the sales of the seismic node business to Magseis Fairfield. Under the agreement, Aquila received USD 0.5 million at closing and will receive earnout payments of up to a maximum of USD 12.0 million over the next three years, based on the use of the equipment. There is a minimum payment in year three of USD 1.5 million, subject to certain milestones.

As basis for the gain calculation, the Group has estimated total revenues, and the resulting payments to Aquila, for the three-year period. The Group has used a probability weighted cash flow and discounted with an appropriate WACC. The two scenarios have been calculated as high and as low scenarios. The calculated NPV as of 31.12.2022 is slightly above the low case scenario of USD 3.0 million. The calculated NPV has been offset by the sales net book value of the nodes sold at the time of divestment with a loss of USD 2.3 million, which resulted in a reported gain of USD 0.7 million in 2022. A USD 1.0 million reduction in the fair value of the financial assets has been recognized in 2023.

Note 5 Cost of sales

Cost of goods sold consists of direct costs related to proprietary contract work and other services revenue in which revenue is recognized over time. COGS also consists of costs related to delivery of geoscientific data.

USD thousands

Cost of sales	**2023**	**2022**
Reprocessing	(5 744)	-
Vessel cost	-	(1)
Crew & project management	-	(216)
Seismic, source and node equipment	-	(56)
Agent related expenses	(48)	(127)
Total cost of sales	**(5 791)**	**(399)**

Note 6 Financial items

USD thousands

Financial income	**2023**	**2022**
Interest income	(25)	7
Other financial income	-	45
Total financial income	**(25)**	**51**

Financial expenses	**2023**	**2022**
Interest expense	(286)	(69)
Other financial expenses	(108)	(12)
Total financial expenses	**(394)**	**(81)**

Currency exchange gain (loss)	**2023**	**2022**
Exchange gains	402	1 404
Exchange losses	(441)	(1 472)
Total exchange gain (loss)	**(39)**	**(69)**

Note 7 Tax

Tax (income) in 2023 was USD 7 thousand compared with USD 1 758 thousand tax (income) in 2022.

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at 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 Aquila operates and generates taxable income.

USD thousands	2023	2022
Specification of tax expense (income) for the year		
Changes from previous years	(7)	(1 758)
Total tax expense (income)	**(7)**	**(1 758)**
Reconciliation of actual against expected tax expense (income) at the income tax rate of 22%		
Profit (loss) before tax	(8 093)	(362)
22% tax	(1 781)	(80)
Tax effect from:		
Withholding tax and corporate tax abroad	-	83
Permanent differences	98	(1 503)
Currency effect	590	(701)
Difference in tax rate in foreign activities	-	5
Changes from previous years	584	(1 758)
Not booked deferred tax asset	501	2 196
Calculated tax expense (income)	**(7)**	**(1 758)**
Effective tax rate for the Company	0.09	485.47

USD thousands	31.12.2023	31.12.2022
Temporary differences		
Non current assets	(4 945)	(6 387)
Accumulated loss carried forward	(44 837)	(42 780)
Temporary differences at 31.12.	**(49 782)**	**(49 167)**
Deferred tax assets (liabilities)	**10 952**	**10 817**

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

Deferred taxes
The deferred tax liabilities or tax assets are recognized in the 2023 financial statement. The Group has substantial tax losses carried forward. All the tax losses carried forward are related to the Norwegian entities. However, no deferred tax assets have been recognized due to the uncertainties in being able to utilize the tax losses.

Note 8 Bank deposits, cash in hand

Cash and cash equivalents in the balance sheet include cash in bank accounts and on hand and short deposits with banks with an original maturity of three months or less.

USD thousands	**31.12.2023**	**31.12.2022**
Bank deposits	2 009	2 156
Restricted bank deposits	29	42
Total bank deposits	**2 038**	**2 197**

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	**31.12.2023**	**31.12.2022**
Prepayments	122	82
Accrued income	1 140	3 153
Other current receivables	3	3
Total other current assets	**1 265**	**3 238**

Note 10 Multi-client library

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. The library of multi-client seismic data and interpretations is presented at cost reduced by accumulated amortization and impairment.

Straight-line amortization
After a project is completed, a straight -line amortization is applied. The straight-line amortization is assigned over the remaining useful life. Each project is evaluated individually for a lifetime and the estimates are revised at least annually.

Accelerated amortization of seismic data
No amortization is recognized until the point in time when the license is transferred to the customer, which would typically be upon completion of processing of the survey and granting of access to the finished survey or delivery of the finished data. When a project is completed and after pre-funding is recognized, recognition of accelerated amortization may be necessary in the event the recoverable value (present value of expected late sales) is lower than net book value of the survey (capitalized cost of the survey).

Following the adoption of the straight-line amortization policy for completed surveys, recognition of accelerated amortization of a library may be necessary if sales on a survey is realized disproportionately sooner within that survey's useful life.

Impairment evaluation multi-client library
Before the library is completed, the Group tests for impairment at least annually. To ensure that value in use above net book value, the Group will perform an additional impairment test after each significant sale is recognized, as each customer will only acquire the full dataset once. Any impairment of the multi-client library is recognized immediately and presented as 'Impairment of the multi-client library' in the statement of profit and loss.

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 performs 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 10,10 % 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 1,5% would result in an impairment in the multi-client library. Similarly, an increase in WACC to 10,7% would result in an impairment in the multi-client library.

USD thousands	31.12.2023	31.12.2022
Cost as of 01.01	**92 881**	**92 881**
Additions	-	-
Cost as of 31.12	**92 881**	**92 881**
Accumulated amortization and impairment as of 01.01	**(55 390)**	**(64 025)**
Amortization for the period	(6 409)	(3 983)
Write-up (reversal of impairment)	-	12 618
Accumulated amortization and impairment as of 31.12	**(61 799)**	**(55 390)**
Carrying value at 01.01	37 491	28 856
Carrying value at 31.12	**31 082**	**37 491**

In March 2022, the Group's Utsira survey was written up (reversal of a portion of the 2019 and 2020 impairment), which increased the value with USD 5.6 million based on expectation for future late sales.

In December 2022, a reprocessing agreement for the Utsira project was signed with reprocessing from CGG and with pre-funding from two major oil companies. Due to this new reprocessing agreement, the Utsira was written up (reversal of a portion of the 2019 and 2020 impairment) with USD 7.0 million based on expectation for future late sales. Fair value less cost of disposal is used to determine this amount. Fair value less costs to sell is the arm's length sale price between knowledgeable willing parties less costs of disposal. The value in use of an asset is the expected future cash flows that the asset in its current condition will produce, discounted to present value using an appropriate discount rate. The Group used the same discounted rate as the WACC in the fair value calculation of 10.10%.

The company has no fully amortized intangible assets that are still in use per 31 December 2023.

The Group's Egyptian multi-client survey in the Suez has a cap of late sales.

The multi-client segment consists of multiple seismic data surveys that comprise the segment. As of 31 December 2023, the Group owns two multi-client surveys, each considered a separate CGU and impairment tested separately.

The multi-client survey of Utsira has so far been amortized from the date the processed data was ready to be transferred to customers in Q3 2020 with a lifetime of 4 years. From January 2022 the lifetime was changed from 4 to 10 years, with the remaining year of 8.5 from January 2022.

The multi-client survey in Egypt finalized processing per September 2022, and amortization started in Q3 2022 with a lifetime of 4 years.

The Group does not consider climate risk to have a significant impact on the estimates for the multi-client values per December 2023.

Note 11 Financial assets

The Group invests in financial assets as part of its core business. The financial investments are reflected at fair value and value adjustments are posted in the profit or loss statement.

Financial assets are measured at fair value using fair value hierarchy described in accounting principles.

USD thousands

Investments	Number of shares	Invested value	31.12.2023	31.12.2022
Listed securities				
Capsol Tehnologies ASA	3 636 363	4 693	4 824	4 246
Dolphin Drilling AS	1 714 568	2 000	1 427	2 245
Listed securities		**6 693**	**6 250**	**6 491**
Unlisted securities				
Arbaflame AS	3 920 294	3 426	320	330
Unlisted securities		**3 426**	**320**	**330**
Total investments		**10 119**	**6 570**	**6 821**

USD thousands

Pricing sensitivity Investments	31.12.2023	Gain/(loss) of 5% movement	Gain/(loss) of 10% movement
Capsol Technologies ASA	4 824	241	482
Dolphin Drilling AS	1 427	71	143
Arbaflame AS	320	16	32
Total Investments	**6 570**	**329**	**657**

Capsol Technologies ASA

The investment in Capsol Technologies is valued based on Level 1 inputs, quoted prices in active markets. Year-end closing price was NOK 13.50 (NOK 11.50 in 2022) per share.

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 the overall fair value of investments.

Dolphin Drilling AS

The investment in Dolphin Drilling AS is valued based on Level 1 inputs, quoted prices in active markets. Year-end closing price was NOK 8.47 (NOK 12.90 in 2022) per share.

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 the overall fair value of investments.

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

The Group does not consider climate risk to have a significant impact on the estimates for the fair value of investments per December 2023.

Note 12 Financial risk management

Aquila has various financial assets. These are primarily held in USD: The group's principal financial liabilities comprise trade payables and other current liabilities. Aquila does not hold any currency or interest swaps.

Capital management

For 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 adjusts considering changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares, repay or issue new debt.

The Group's capital management, among other things, aims to ensure that it fulfils if any borrowings that define capital structure requirements. Any breaches in meeting the financial terms if any would permit the borrower to immediately call borrowings.

Market risk – price risk

For information regarding market risk – price risk see note 11.

Credit risk

All placements of excess cash are bank deposits. Aquila is exposed to credit risk through sales and uses best efforts to manage the risk. Aquila considers the concentration of risk with respect to trade receivables as low due to the Group's credit rating policies and as its customers are large oil and gas companies considered to be financially sound.

All trade receivable was fully paid during 2023 and 2022, and therefore no provision for losses.

Liquidity risk

Liquidity risk arises from lack of correlation between cash flow from operations and financial commitments. Per the balance sheet date, Aquila held current assets of USD 4 200 thousand, of which cash and cash equivalents represented USD 2 038 thousand and other current assets represent USD 2 161 thousand. In addition, the group's financial assets represent USD 2 029 thousand. In comparison, current liabilities amounted to USD 5 762 thousand.

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 counterpart may claim earlier redemption, the amount is places in the earliest period and the payment may be required from the counterparty.

2023

	Remaining Term					
USD thousands	**0-3 months**	**3-6 months**	**6-9 months**	**9-12 months**	**1-2 years**	**Total**
Trade payables	545	-	-	-	-	545
Other current liabilities	886	-	-	4 331	-	5 217
Total	**1 431**	**-**	**-**	**4 331**	**-**	**5 762**

Currency risk

Substantial portions of Aquila's revenues and costs are in USD. Due to this, the group's operational exposure to exchange rate fluctuations is low. However, as the parent company pays taxes in Norwegian kroner (NOK) to the Norwegian Tax Authorities, salaries to employees and dividends to shareholders in NOK, fluctuations between the NO and USD impact currency exchange gain or losses in the tax expense and financial items of the consolidated accounts. A reasonably possible strengthening (weakening) of the USD against NOK on 31 December would have affected profit or loss with the following amounts:

USD thousands	**Change in exchange rate USD/NOK**	**Effect on profit before tax**	**Effect on OCI**
2023	+ 10 %	(471)	-
	- 10 %	576	-
2022	+ 10 %	(21)	-
	- 10 %	25	-

The Group also have operations in Egypt. However, currently the activity level is at the minimum and the currency risk is mainly exposed on the tax liabilities to the Egyptian Tax Authorities (which are reflected in the balance sheet).

Note 13 Categories of financial instruments

The Group's exposure to various risks associated with 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.

USD thousands

ASSETS	31.12.2023	31.12.2022
Financial assets at amortized cost		
Bank deposits, cash in hand	2 038	2 197
Financial assets at fair value through profit and loss		
Investments	6 570	6 821
Financial assets	2 029	3 029
Total financial assets	**10 638**	**12 048**

LIABILITIES	31.12.2023	31.12.2022
Financial liabilities at amortized cost		
Trade payables	545	88
Other current liabilities	2 935	5 037
Total financial liabilities	**3 480**	**5 125**

Fair value

Due to the short-term nature of bank deposits, cash in hand, 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. The TGS loan was settled during the first quarter of 2022. 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 the TGS loan was settled during 2021.

Financial assets are from the ocean-bottom seismic contract node on a rope business that was divested in March 2022 through an earnout agreement with Magseis Fairfield. Under the agreement, Aquila Holdings received USD 0.5 million at closing and will receive earnout payments of up to a maximum of USD 12.0 million over the next three years, based on the use of the equipment. There is a minimum payment in year three of USD 1.5 million, subject to certain milestones. This is level 3-inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). An entity shall include in the transaction price some or all of an amount of variable consideration estimated only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Group used best estimates and discounted to net present value. As basis for the gain calculation, the Group has estimated total revenues, and the resulting payments to Aquila, for the three-year period. The group has used a probability weighted cash flow and discounted with a WACC of 9.15%.. Two scenarios have been calculated as high and as low scenario. The NPV per 31.12.2023 of USD 2.0 million is just above the low case.

The Group does not hold any financial derivatives.

Note 14 Leases and commitments

Leases

Only office rental comes under the classification of leases. As of 31 December 2023, and 2022, the Group has no lease liabilities. The reason is that the commitment related to office rent expires in September 2024.

Commitments

As of December 2023, the Group had commitments related to office rent for the Oslo office until September 2024. As of December 2022, the Group had commitments related to office rent for the Oslo Office until September 2023. The cost for short term leases of office rent for 2023 was USD 0.1 million and USD 0.1 million for 2022.

Note 15 Other current liabilities

USD thousands	**31.12.2023**	**31.12.2022**
Holiday pay owed	65	68
Egyptian tax *	2 077	2 121
Other accrued costs	836	127
VAT settlement	(43)	440
Total other current liabilities	**2 935**	**2 755**

* These taxes payables are related to Egyptian taxes for withholding and crew related tax originally in EGP. The Group expects the Egyptian tax to be reduced, but since the taxes is not settled as of December 2023, the Group has decided to keep same tax level in EGP as for 2022. However, due to currency exchange development in Egypt EGP vs USD, the amount in USD is reduced.

Note 16 Share capital and shareholder information

The Company's share capital per 31.12.2023 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	1.0

The Company has one class of shares, all shares provide equal rights, including the right to any dividends in line with 2022. Each of the shares carries one vote in line with 2022.

Aquila Holdings ASA has in 2023 purchased 13 885 011 own shares at USD 1.4 million. In 2022, 5 263 157 own shares were purchased at USD 0.5 million. The subsidiaries directly or indirectly do not own shares or treasury shares in the Company.

Changes in number of shares	Shares
Number of shares 01.01.2023	**239 760 117**
Own shares 31.12.2023	**19 148 168**
Number of shares 31.12.2023	**220 611 949**

Paid/proposed dividend

The board has decided not to propose any dividend for 2023.

The major shareholders in Aquila Holdings ASA 31 December 2023 were as follows:

Name	Total shares	Ownership share	Voting share
INVESTERINGSFONDET VIKING AS	23 717 632	9.89%	9.89%
AQUILA HOLDINGS ASA	19 148 168	7.99%	7.99%
TIGERSTADEN AS	16 250 000	6.78%	6.78%
F2 FUNDS AS	11 848 719	4.94%	4.94%
F1 FUNDS AS	11 608 263	4.84%	4.84%
ALDEN AS	11 265 384	4.70%	4.70%
DNB BANK ASA	9 300 000	3.88%	3.88%
GINNY INVEST AS	7 750 230	3.23%	3.23%
SIX SIS AG	7 012 000	2.92%	2.92%
Em Kapital As	6 816 846	2.84%	2.84%
URTIVEN AS	6 400 000	2.67%	2.67%
BALLISTA AS	6 323 231	2.64%	2.64%
PHILIP HOLDING AS	5 750 230	2.40%	2.40%
KING KONG INVEST AS	5 500 000	2.29%	2.29%
LIVERMORE INVEST AS	4 693 060	1.96%	1.96%
Q CAPITAL AS	4 369 230	1.82%	1.82%
Johansson Eric	4 007 553	1.67%	1.67%
TTC INVEST AS	4 000 000	1.67%	1.67%
BECK ASSET MANAGEMENT AS	3 294 675	1.37%	1.37%
Nordnet Bank AB	3 259 804	1.36%	1.36%
Total 20 largest shareholders	172 315 025		71.87%
Total other shareholders	67 445 092		28.13%
Total number of shares	239 760 117		100.00%

Shares owned or controlled by members of the Board of Directors, chief executive officer and other executive officers **31 December 2023** were as follows:

Board of Directors	Position	Total shares	Ownership share	Voting share	Number of options
Torstein Sanness	Board member	285 000	0.0 %	0.0 %	800 000

Share and options owned by management **31 December 2023** were as follows:

Executive management	Position	Number of shares	Number of options
Nils Haugestad	Interim CEO and CFO	-	-

Note 17 Related parties

The ultimate parent of the Group is Aquila Holdings ASA.

The Group transactions and balances with other Group companies in 2022 were related to consultancy fees from companies representing some of the largest shareholders. There were no transactions with related parties in 2023.

Transactions with related parties

USD thousands	2023	2022
Consultancy services:		
Citadell AS controlled by Fredrik Sneve	50	68
Middelborg AS controlled by Lars Eriksen	2	70

Balances with related parties

USD thousands	31.12.2023	31.12.2022
Account payables / Other current liabilities:		
Citadell AS	-	5
Middelborg AS	-	5

As of 1st July 2021, an agreement related to consultancy services was entered with Citadell AS and Middelborg AS representing some of the largest shareholders of the parent company, in addition to participate in the nomination committee from 23 June 2021. The payment related the consultancy services started in 2022. The agreement to deliver consultancy services with these companies was cancelled by end of January 2023.

Note 18 Personnel expenses and board remunerations

USD thousands	2023	2022
Wages and salaries	677	842
Social Security costs	110	176
Pension costs	53	89
Other remuneration	10	34
Share based payment expense (refer to note 19)	3	11
Refund salary	(16)	(20)
Total personnel expense	**838**	**1 132**

Number of man-years at 31.12	**2023**	**2022**
Group companies in Norway	2.7	3.5
Group companies abroad	-	-

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.

The Group has not granted any loan or collateral to the Chair of the Board or other related parties.

Key management personnel compensation

USD thousands	**2023**	**2022**
Base salary	227	337
Pension	18	19
Other Benefits	2	12
Number of options held	-	-

For detailed information about executive officers and Board of Directors compensation, see the remuneration report 2023.

See note 16 for shares held by the executive officers and Board of Directors.

Note 19 Share based payments programs

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 an 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 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

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

	2023		2022	
	Average exercise price per share option (NOK)	Number of options	Average exercise price per share option (NOK)	Number of options
As at 01.01	2.6657	802 800	3.4538	1 625 667
Granted during the year	-	-	-	-
Adjusted during the year	-	-	-	-
Terminated during the year	250.00	(2 800)	4.2227	(822 867)
As at 31.12	1.8000	800 000	2.6657	802 800
Vested 31.12	1.8000	800 000	3.4260	402 800
Exercisable 31.12		800 000		402 800

	2023	2022
Share based payment cost (revenue) recognized in the period USD thousand	3	10

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

Grant date	Expiry date	Exercise price	Share options 31 December 2023	Share options 31 December 2022
30.09.2021	30.09.2028	1.70	400 000	400 000
30.09.2021	30.09.2028	1.90	400 000	400 000
01.05.2019	01.05.2024	250.00	-	2 800
Total number of options			**800 000**	**802 800**

Outstanding instruments overview					
Strike Price	Number of instruments	Weighted Average remaining contractual life	Weighted Average Strike Price	Vested instruments 31.12.2023	Weighted Average Strike Price
	Outstanding instruments			**Vested instruments**	
1.70	400 000	3.50	1.70	400 000	1.70
1.90	400 000	4.50	1.90	400 000	1.90
	800 000			**800 000**	

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.

Note 20 Auditors fees

USD thousands

Expensed audit fee (excluding VAT)	**2023**	**2022**
Statutory audit	133	128
Tax advice (incl. technical assistance with tax return)	54	63
Other attestation services	3	28
Total auditors fee	**190**	**219**

The auditor of the Group and the Norwegian entities is PricewaterhouseCoopers (PwC).

Ernst & Young Egypt (EY) is the auditor for the subsidiary Axxis Geo Solutions Egypt LLC.

Note 21 Subsidiaries and associated companies

The Group comprise of the same legal entities as of 31 December 2023.

Subsidiary of Aquila Holdings ASA:	Jurisdiction	Voting rights %
Neptune Seismic AS	Norway	100%
Axxis Geo Solution Inc.	USA	100%
Axxis Multi Client AS	Norway	100%
Axxis Production AS	Norway	100%
Aquila Holdings Investment AS	Norway	100%
Axxis Geo Solutions Egypt LLC*	Egypt	100%

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

Note 22 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 21, are not included in the number of dilutive shares for 2023 or 2022 due to the options is out of money.

Basic earnings (loss) per weighted average number of share	2023	2022
Profit (loss) attributable to the ordinary equity holders of the company	(8 087)	1 396
Average number of outstanding shares	222 215 233	234 496 960
Basic earnings (loss) per weighted average share (USD)	**(0.04)**	**0.01**

Diluted earnings (loss) per share	2023	2022
Profit (loss) attributable to the ordinary equity holders of the company	(8 087)	1 396
Average number of outstanding shares	222 215 233	234 496 960
Diluted earnings (loss) per share (USD)	**(0.04)**	**0.01**

Note 23 Climate risk

The Group does face risks related to both transition risk (market-related, technological, and changes in regulatory requirements), and in physical risk (extreme weather) as a result of climate change. The risks are assessed to be a medium to long-term risk. For consolidated accounts for fiscal year 2023, climate related considerations did not materially affect the Group's estimates and assumptions.

Note 24 Events after reporting period

As of 31 December, the Company held a total of 19 148 168 own shares. In accordance with the Company's announced share buyback program of up to NOK 5 million, an additional 1 184 139 shares were purchased after year end 2023 and the Company currently holds 8.5% of its share capital. As of 6 February 2024, the Company completed its share buyback program.

On 22 February 2023, the Group announced USD 1.1 million in revenues relating to Utsira multi-client transfer fees.

On 29 February it was announced that the Group entered into a settlement agreement with TGS ASA, whereby TGS receives an ownership interest in the previously announced Utsira reprocessing project. In return, the Company receives an ownership interest in TGS' artificial intelligence geological interpretation project over Utsira, which is developed in collaboration with Earth Science Analytics. The settlement does not have an impact on the Company's book value or its net asset value per share.

5. Financial statement Aquila Holdings ASA

Statement of comprehensive income

USD thousands	Note	2023	2022
Revenue	1	**-**	**153**
Other gains (losses)	1	**(1 000)**	**666**
Cost of sales	2	(43)	208
Personnel expenses	3	(806)	(957)
Other operating expenses		(624)	(1 486)
Depreciation		-	(549)
Reversal of impairment intercompany expenses		-	11 682
Operating profit (loss) (EBIT)		**(2 473)**	**9 716**
Financial income	4	15	9
Financial expenses	4	(100)	(5 109)
Currency exchange gain (loss)	4	(214)	(849)
Profit (loss) before tax		**(2 772)**	**3 767**
Income tax (expense)	5	7	-
Profit (loss) for the period		**(2 765)**	**3 767**
Currency translation adjustments		-	-
Other comprehensive income (loss) for the period		**-**	**-**
Total comprehensive income (loss) for the period		**(2 765)**	**3 767**

Statement of financial position

USD thousands **Assets**	**Note**	**31.12.2023**	**31.12.2022**
Non-current assets			
Investment in subsidiaries	6	32 493	30 322
Financial assets	7	2 029	3 029
Total non-current assets		**34 522**	**33 351**
Current assets			
Receivables from group companies	8	12 133	14 507
Other current assets	9	99	108
Bank deposits, cash in hand	7,10	1 486	912
Total current assets		**13 718**	**15 526**
Total assets		**48 240**	**48 877**

USD thousands **Equity and Liabilities**	**Note**	**31.12.2023**	**31.12.2022**
Equity			
Share capital	11	28 739	28 739
Additional paid-in capital		51 171	51 171
Own shares		(1 799)	(489)
Total paid-in capital		**78 111**	**79 422**
Accumulated earnings and other equity		(39 712)	(36 812)
Total Equity		**38 399**	**42 609**
Current liabilities			
Trade payables		48	77
Liabilities to group companies	8	9 658	6 001
Other current liabilities	12	135	190
Total current liabilities		**9 841**	**6 269**
Total equity and liabilities		**48 240**	**48 877**

Oslo, 18 April 2024

The Board of Directors and CEO of Aquila Holding ASA

Nina Skage Chair	Ketil Skorstad Director	Torstein Sanness Director

Nils Haugestad
Interim CEO

Statement of changes in equity

USD thousands	Share capital	Additional paid-in capital	Own shares	Accumulated earnings	Total equity
Balance as of 01.01.2023	**28 739**	**51 171**	**(489)**	**(36 812)**	**42 609**
Profit (loss) for the period				(2 765)	(2 765)
Other comprehensive income (loss)				-	-
Purchase own shares			(1 310)	(138)	(1 448)
Share based payment				3	3
Balance as of 31.12.2023	**28 739**	**51 171**	**(1 799)**	**(39 712)**	**38 399**

USD thousands	Share capital	Additional paid-in capital	Own shares	Accumulated earnings	Total equity
Balance as of 01.01.2022	**28 739**	**51 171**	**-**	**(35 852)**	**44 057**
Profit (loss) for the period				3 767	3 767
Other comprehensive income (loss)				-	-
Purchase own shares			(489)	24	(464)
Group contribution to and from subsidiary				(4 762)	(4 762)
Share based payment				11	11
Balance as of 31.12.2022	**28 739**	**51 171**	**(489)**	**(36 812)**	**42 609**

Statement of cash flow

USD thousands	Note	2023	2022
Cash flow from operating activities			
Profit before tax		(2 772)	3 767
Taxes refund (paid)		7	-
Depreciation		-	549
Reversal of impairment intercompany expenses	8	-	(11 682)
Write-down subsidiaries	4	-	5 106
Changes in other gains and losses	1	1 000	(666)
Share based payment cost	15	3	11
Other working capital changes		3 784	59
Net cash from operating activities		**2 022**	**(2 855)**
Cash flow from investing activities			
Disposal of property, plant and equipment	1	-	500
Net cash flow from investment activities		**-**	**500**
Cash flow from financing activities			
Investment in own shares		(1 448)	(464)
Net cash flow from financial activities		**(1 448)**	**(464)**
Net change in cash and cash equivalents		**574**	**(2 820)**
Cash and cash equivalents balance 01.01	10	912	3 732
Cash and cash equivalents balance 31.12	10	**1 486**	**912**

Notes to the financial statements

Note 1 Revenue and cost from contract with clients

There was no revenue in 2023 as there was no operation.

Revenue of USD 0.2 million in 2022 partly relates to intercompany invoices to Axxis Geo Solutions Inc for compensation for the node business, and partly from the close-down of the subsidiary PT Axxis Geo Solutions in Indonesia (reversal of accruals).

Other gains (losses) represent a change of fair value of USD 1.0 million of financial assets. The financial asset resulted from the sale of the node on a rope business to Magseis Fairfield in March 2022 through an earnout agreement. In 2022 a net gain of USD 0.7 million was recognized from the sale to Magseis Fairfield. Under the agreement, Aquila received USD 0.5 million at closing and will receive earnout payments of up to a maximum of USD 12.0 million over the next three years, based on the use of the equipment. There is a minimum payment in year three of USD 1.1 million, subject to certain milestones.

Note 2 Cost of sales

USD thousands		
Cost of sales	**2023**	**2022**
Crew & project management	-	22
Seismic, source and node equipment	-	(9)
Agent related expenses	(43)	(117)
Withholding tax refund	-	312
Total operating expenses	**(43)**	**208**

Note 3 Personnel expenses and board remunerations

USD thousands	**2023**	**2022**
Wages and salaries	646	695
Social Security costs	110	165
Pension costs	53	89
Other remuneration	10	17
Share based payment expense (refer to note 21 Group)	3	11
Refund salary	(16)	(20)
Total personnel expense	**806**	**957**

Number of man-years at 31.12	**2023**	**2022**
Companies in Norway	2.5	3.5

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.

The Company has not granted any loan or collateral to the chair of the Board or other related parties.

Key management personnel compensation

USD thousands	**2023**	**2022**
Base salary	227	249
Pension	18	19
Other Benefits	2	2
Number of options held	-	-

For detailed information of executive officers and Board of Directors compensation, see the remuneration report 2023.

See note 19 for the Group for shares held by the executive officers and Board of Directors.

Note 4 Financial items

USD thousands		
Financial income	**2023**	**2022**
Interest income	15	4
Other financial income	-	5
Total financial income	**15**	**9**

Financial expenses	**2023**	**2022**
Other financial expenses	(100)	(3)
Write-down shares in subsidiaries	-	(5 106)
Total financial expenses	**(100)**	**(5 109)**

Currency exchange gain (loss)	**2023**	**2022**
Exchange gains	312	406
Exchange losses	(526)	(1 255)
Total currency exchange gain (loss)	**(214)**	**(849)**

Note 5 Tax

USD thousands	2023	2022
Specification of tax expense (income) for the year		
Withholding tax and corporate tax abroad	(7)	-
Total tax expense (income)	**(7)**	**-**

Reconciliation of actual against expected tax expense (income) at the income tax rate of 22%		
Profit (loss) before tax	(2 772)	3 767
22% tax	(610)	829
Tax effect from:		
Withholding tax abroad	(7)	-
Permanent differences	118	6 696
Not booked deferred tax assets	179	(7 820)
Currency effect	313	285
Receive Group contribution	-	10
Calculated tax expense (income)	**(7)**	**(0)**
Effective tax rate for the Company	0.2	(0.0)

USD thousands	31.12.2023	31.12.2022
Temporary differences		
Non current assets	(3 873)	(5 002)
Accruals	(1 072)	(1 385)
Gain/loss account	(2)	(2)
Accumulated loss carried forward	(10 806)	(8 551)
Temporary differences at 31.12.	**(15 752)**	**(14 940)**
Deferred tax assets (liabilities)	**3 466**	**3 287**

Deferred tax assets are not recognized per December 2023. 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 6 Subsidiaries and associated companies

Aquila Holdings ASA (AH ASA) comprise of the following legal entities as at 31 December 2023:

USD thousands

Subsidiary of Aquila Holdings ASA:	**Jurisdiction**	**Total Equity**	**Net Income/ (loss)**	**Carrying value**
Neptune Seismic AS	Norway	(13)	(0)	-
Axxis Geo Solution Inc.	USA	15	(10)	-
Axxis Multi Client AS	Norway	30 961	(1 866)	25 971
Axxis Production AS	Norway	(9 401)	148	-
Aquila Holdings Investment AS	Norway	11 239	(293)	6 522
Axxis Geo Solutions Egypt LLC*	Egypt	942	(2 804)	1
Total		**33 743**	**(4 825)**	**32 493**

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

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

Aquila Holdings ASA (AH ASA) comprise of the following legal entities as of 31 December 2022

USD thousands

Subsidiary of Aquila Holdings ASA:	**Jurisdiction**	**Total Equity**	**Net Income/ (loss)**	**Carrying value**
Neptune Seismic AS	Norway	(13)	(4)	-
Axxis Geo Solution Inc.	USA	25	(118)	-
Axxis Multi Client AS	Norway	32 827	15 399	25 971
Axxis Production AS	Norway	(9 550)	367	-
Aquila Holdings Investment AS	Norway	9 361	(13 437)	4 351
Axxis Geo Solutions Egypt LLC*	Egypt	3 713	500	1
Total		**36 364**	**2 707**	**30 322**

Note 7 Categories of financial instruments

USD thousands

Financial assets at amortized cost	31.12.2023	31.12.2022
ASSETS		
Financial assets	2 029	3 029
Cash and cash equivalents	1 486	912
Total financial assets	**3 515**	**3 941**

Financial liabilities at amortized cost	31.12.2023	31.12.2022
LIABILITIES		
Trade payables	48	77
Other current liabilities	135	190
Total financial liabilities	**183**	**267**

Aquila Holdings ASA exposure to various risks associated with the financial instruments is discussed in note 14 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.

Transaction price

Financial assets is from the ocean-bottom seismic contract node on a rope business, which was divested in March 2022 through an earnout agreement with Magseis Fairfield. Under the agreement, Aquila received USD 0.5 million at closing and will receive earnout payments of up to a maximum of USD 12.0 million over the next three years, based on the use of the equipment. There is a minimum payment in year three of USD 1.5 million, subject to certain milestones. A reduction in fair value of USD 1.0 million has been recognized in 2023. An entity shall include in the transaction price some or all of an amount of variable consideration estimated only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Group used best estimates and discounted to net present value.

Note 8 Related parties intercompany

USD thousands		
Current receivables group companies	**31.12.2023**	**31.12.2022**
Axxis Production AS	11 727	11 878
Axxis Geo Solutions Egypt LLC	395	395
Aquila Holdings Investment AS	-	2 223
Neptune Seismic AS	11	11
Total receivables group companies	**12 133**	**14 507**

USD thousands		
Current liabilities group companies	**31.12.2023**	**31.12.2022**
Aquila Holdings Investment AS	4 670	4 762
Axxis Multi Client AS	4 971	1 214
Axxis Geo Solutions Inc.	18	25
Total liabilites group companies	**9 658**	**6 001**

USD thousands		
Revenue from group companies	**2023**	**2022**
Axxis Geo Solutions Inc.	-	96
Axxis Multi Client AS *	-	41 682
PT Axxis Geo Solutions	-	52
Total revenue group companies	**-**	**41 830**

USD thousands		
Cost from group companies	**2023**	**2022**
Axxis Geo Solutions Inc.	-	445
Total cost group companies	**-**	**445**

Prior years impairment of intercompany receivables to Axxis Multi Client AS were during 2022 net reversed by USD 11.7 million presented as a gain in the statement of comprehensive income.

For more information on related parties see note 17 for the Group.

Note 9 Other current assets

USD thousands	31.12.2023	31.12.2022
Prepayments	68	56
VAT settlement	30	51
Total other current assets	**99**	**108**

Note 10 Bank deposits, cash in hand

USD thousands	**31.12.2023**	**31.12.2022**
Bank deposits	1 457	870
Restricted bank deposits	29	42
Total bank deposits	**1 486**	**912**

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 11 Share capital and shareholder information

Please see note 16 in the Group for more information.

Note 12 Other current liabilities

USD thousands	**31.12.2023**	**31.12.2022**
Holiday pay owed	74	77
Other accrued costs	61	113
Total other current liabilities	**135**	**190**

Note 13 Financial risk management

Capital Management – see note 12 in the Group for more information

Financing risk – see note 12 in the Group for more information

(i) Credit risk– see note 12 in the Group for more information

(ii) Market risk - interest rate– see note 12 in the Group for more information

(iii) Liquidity risk

Liquidity risk arises from lack of correlation between cash flow from operations and financial commitments. Per the balance sheet date, Aquila held current assets of USD 13 718 thousand, of which cash and cash equivalents represented USD 1 486 thousand and other current assets represent USD 99 thousand. In addition, the group's financial assets represent USD 2 029 thousand. In comparison, current liabilities amounted to USD 9 841 thousand.

The table below provides an overview of the maturity profile of all financial liabilities excluding intercompany receivables and liabilities:

2023

	Remaining Term					
USD thousands	**0-3 months**	**3-6 months**	**6-9 months**	**9-12 months**	**1-2 years**	**Total**
Trade payables	48	-	-	-	-	48
Other current liabilities	135	-	-	-	-	135
Total	**183**	**-**	**-**	**-**	**-**	**183**

(iv) Currency risk

Substantial portions of Aquila's revenues and costs are in USD. Due to this, the group's operational exposure to exchange rate fluctuations is low. However, as the parent company pays taxes Iin Norwegian kroner (NOK) to the Norwegian Tax Authorities, salaries to employees and dividends to shareholders in NOK, fluctuations between the NOK and USD impact currency exchange gain or losses in the tax expense and financial items of the consolidated accounts. A reasonably possible strengthening (weakening) of the USD against NOK on 31 December would have affected profit or loss with the following amounts:

USD thousands	Change in exchange rate USD/NOK	Effect on profit before tax	Effect on OCI
2023	+ 10 %	(251)	-
	- 10 %	307	-
2022	+ 10 %	(193)	-
	- 10 %	236	-

Note 14 Auditors fees

USD thousands		
Expensed audit fee (excluding VAT)	**2023**	**2022**
Statutory audit	77	74
Tax advice (incl. technical assistance with tax return)	-	4
Other attestation services	-	28
Total auditors fee	**77**	**105**

The auditor of the Company is PricewaterhouseCoopers (PwC).

Note 15 Share based payments programs

Please see note 19 in the Group for more information.

Note 16 Commitments

As of December 2023, the Group had commitments related to office rent for the Oslo office until September 2024. As of December 2022, the Company had commitments related to office rent for the Oslo office until September 2023. The cost for short term leases of office rent for 2023 was USD 0.1 million and USD 0.1 million for 2022.

Note 17 Events after reporting period

See note 24 in the Group for more information.

6. Auditors report

To the General Meeting of Aquila Holdings ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aquila Holdings ASA, which comprise:

- the financial statements of the parent company Aquila Holdings ASA (the Company), which comprise the statement of financial position as at 31 December 2023, the statements of comprehensive income, changes in equity and 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 Aquila Holdings ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2023, the statements of comprehensive income, change in equity and cash flow for the year then ended, and notes to the financial statements, including material accounting policy information.

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 2023, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

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

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 relevant laws and regulations in Norway 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 3 years from the election by the general meeting of the shareholders on 23 June 2021 for the accounting year 2021.

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.

The Group's business activities are largely unchanged compared to last year, however *Valuation of investments* carries less risks as the Group now invests mainly in listed securities. Consequently, *Valuation of investments* is no longer considered to be a key audit matter. *Valuation of multi-client library* has the same characteristics and risks as in the prior year, and therefore continues to be an area of focus this year.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Key Audit Matters	How our audit addressed the Key Audit Matter
Valuation of multi-client library	
Valuation of multi-client library has been an area of focus as it accounts for approximately 71% of the Group' total assets per 31 December 2023. Management applied judgment in determining whether the carrying amount of the multi-client library exceeded the recoverable amount. Specifically, judgement was applied when determining assumptions such as expected discounted future cash flows. Furthermore, 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, Even small changes in assumptions, including the applied discount rate, may impact the value of the multi-client library. We refer to note 10 to the consolidated financial statements, where management explains how the multi-client library is valued under IAS 36 and IAS 38.	We obtained and gained an understanding of management's impairment assessment of the multi-client library. We evaluated and found that the valuation method applied was reasonable. 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's and senior sales personnel's assumptions regarding the current market, licensing rounds and exploration activities. We also inspected supporting documentation, and assessed and tested the basis for key assumptions. We found no significant deviations. Furthermore, we assessed the discount rate by comparing its key components to 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. We also tested mathematical accuracy of the fair value less cost of disposal calculations by recalculating the fair value less cost of disposal. We found the calculation to be mathematically accurate. We evaluated the disclosures in note 10 and found them to appropriately describe management's valuation of the multi-client library.

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 statutory 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 of the Company that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible 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 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 and 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's 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 matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Aquila Holdings ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name Aquila_Holdings_ASA-2023-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

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, 18 April 2024
PricewaterhouseCoopers AS

Martin Henrik Alexandersen
State Authorised Public Accountant
(This document is signed electronically)

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7. Sustainability report

The Group’s sustainability targets are focused on both its investment business as well as the seismic multi-client business.

The Group is exposed to climate-related risks associated with its legacy business as well as investments.

Governance and risk management

The Board and the 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.

The Company’s sustainability strategy is embedded in the overall corporate strategy and is overseen by the Board. The Company oversees sustainability risks as part of the annual risk assessment evaluation. The Company relies upon policies, procedures, and guidelines to measure progress in mitigating risks. Additionally, each investment decision or significant commercial project undertaken by the Group incorporates risk analyses that evaluate key operational, health and safety, environmental, compliance and other risks prior to review and approval by the Company.

The Company 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.

Supply chain

The Company 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 Company’s intent is to conduct our business in a way which minimizes any impact our business may have on the environment.

The Company 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 Company works with partners and third parties to stress the importance of operating sustainably, ethically and in compliance with the law. Key areas of focus in evaluating third parties include providing a safe environment, ensuring compliance with the law, including anticorruption, labor, and human rights laws, when engaging in areas that represent a higher risk.

The Company operates in accordance with the Transparency Act. The company has put in place procedures to determine potential impacts on human rights and decent working conditions in the supply chain. The company conducts a risk-based due diligence approach with respect to its supply chain that considers the scope of services to be performed, where the services are to be performed and the nature of the third party.

The Company is dedicated to incorporating human rights laws, labor, environment and anti-corruption in our strategy, culture and operations. The Company conducts its operations through a limited pool of suppliers, many of which have worked with the Group for an extended period of time. Geophysical operations require a skilled and certified workforce and the Company is of the opinion that measures put in place properly mitigates risks related to these suppliers.

Financial investments

The Group measures two indicators with respect to financial investments

- Investment companies should have reasonable environment, social and governance guidelines in place.
- Appropriate corporate governance policies should have been implemented.

The company has not made any new financial investments in 2023.

People

The Company 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 Company 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 three at the end of 2023, compared to four at the end of 2022. The Group employed one woman and two men in 2023 and two women and two men in 2022. No employees have been on parental leave in 2023 (one in 2022). The Group has one part-time employee at 70% in 2023. In 2023 one part-time employee at 50% from October 2023.

The Board of Directors consists of three members in 2023 as well as in 2022.

There have not been any significant personnel injuries or accidents in the current or prior years. The average sick day percentage for the work force was 0.6% in 2022, and increased to 8.8% in 2023.

The company has established a target for absence due to illness to be lower than 2% annually. The company achieved this target in 2022. Absence due to illness in 2023 was 8.8%. The company has also established recruitment processes and hiring decisions to be based on the Group's standards for equal treatment. There has been no hiring of new full-time employees in 2023.

Business ethics

The Group is committed to prevent bribery, illegal influence, fraud, and money laundering. The Group achieves this through committing to operating 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 and travel.

All the employees completed anticorruption training in 2023 in addition to confirming review of the corporate policies on health and safety, ethics and social responsibility.

Aquila had no confirmed instances of corruption in 2023.

Cybersecurity

Risk related to cyber criminality is increasing globally. This threat is relevant for all devices connected to the internet. 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.

Climate impact

The Group is exposed to climate-related risks primarily associated with its legacy business. This business may face reduced customer demand because of a growing focus on more environmentally attractive alternatives. Given the strong demand for oil and gas, the Group does not evaluate this risk as high in the coming year.

This business may also be exposed to increasingly stringent environmental regulations. Considering the growing focus on energy security, the Group does not evaluate this to be a high risk in the coming year.

The Group is not invested in exploration and production companies. However, its investments in the oil and gas sector are contributing to the production of emissions and the related effects on the environment. This could potentially be a risk for the Group's reputation in the investment community. The Group considers this to be a low risk in the coming year.

The Group also invests in companies which may be negatively impacted by increasingly stringent environmental regulations. The Group evaluates this risk prior to making any investment decision. However, increasing environmental regulations may have a significant adverse effect on the investment portfolio.

Transparency act

This statement represents the Company's account of due diligence pursuant to section 5 of the act related to enterprises' transparency and work on fundamental human rights and decent working conditions (the "Transparency Act"). The Transparency Act entered into effect on 1 July 2022.

The reporting period covered in this report is from 1 January 2023 to 31 December 2023.

There is a general desire for more transparency regarding the production of goods and the provision of services, especially relating to how businesses respect fundamental human rights and decent working conditions. It is hoped that the Transparency Act will lead to improvements in these areas and that the information available will allow consumers to make more informed choices.

Operations and locations

Aquila Holdings ASA is a public limited investment company. The Company's registered main office is at Askekroken 11, 0277 Oslo, Norway. Aquila comprises an ocean bottom node multi-client company and an investment arm. The Company may invest broadly in listed companies as well as companies expected to be listed in the near term.

Aquila has a legacy seismic business operating under the name Axxis Geo Solutions. Under Axxis Geo Solutions, the Company manages a seismic OBN multi-client data library with assets in Norway and Egypt.

Responsibility

The Board is responsible for the Company's implementation of applicable laws and regulations, including the Transparency Act.

All employees in the Company have a responsibility to protect human rights and decent working conditions.

If the Company causes, contributes to, or is linked to adverse impacts on human rights, the Company will take necessary steps to cease, prevent and/or mitigate the adverse impacts.

Vendors of Aquila

There are two categories of vendors;

a) Vendors with a material value chain and subcontractors
b) Vendors without a material value chain and primarily delivering their own services or goods, not relying in a significant way on subcontractors

In 2023 Aquila categories their vendors as follows:

c) Vendors from Axxis multi-client business
d) Vendors from the investment business
e) Vendors from being a listed company and general office services

A. Vendors from Axxis muti-client business

Aquila did not have new multi-client projects in 2023. The Utsira survey was finalized in 2020. A reprocessing of the Utsira survey was commenced in 2022 and this work continued through 2023. The Company performed an evaluation of its vendors for this work.

The Gulf of Suez survey in Egypt was finalized in Q3 2022, and the processing was performed by the Company's business partner, Schlumberger. Schlumberger is following their own transparency requirements and Aquila did therefore not do any further due diligence on this vendor.

The multi-client data is stored electronically and the vendor providing this service does not significantly rely on third parties for data storage.

B. Vendors from the investment business

Aquila made no new investments in 2023.

C. Vendors from being a listed company and general office services

The vendors for the Group are only business partners, as they are not generally dependent on subcontractors in delivering their services. The Group works with a number of business partners which generally provide consulting services, IT solutions, office services, insurance, pension, capital markets and other services.

After the review of the Group's three categories of vendors the Group classified all their vendors as business partners.

These business partners are evaluated as low risk in accordance with the evaluation criteria outlined in the table below. In 2023, the Group had 53 vendors which were evaluated according to the following criteria;

Provision of services	Services from vendors in Norway	Services from vendorsers in EU/EA	Services from vendorss in US	Services from vendors in Egypt
Production of goods	Production of goods from Norway	Production of goods from EU	Production of goods from US	Production of goods from Egypt
	Delivered in Norway, EU/EA or low-cost country	Delivered in EU/EA, US or low-cost country	Delivered in US, EU/EA or low-cost country	Delivered in Egypt or low-cost country

To determine potential adverse impacts on human rights and decent working conditions a combination of the following factors was evaluated; vendors locations and country of origin, industry of the vendor, the spend values, knowledge of the vendor and web search.

All vendors were then evaluated according to low, medium or high risk for both human rights violation and breach of working conditions.

Result for 2023 evaluation

After review of the 72 vendors, 7 of the vendors in Egypt ended on medium risk due to locations and country of origin. Following further investigation of these vendors through web searches and knowledge of worldwide consulting services, the Group assessed the risk as acceptable for all vendors in Egypt.

Consequence if negative risk by any of the vendors

If there had been any negative risk on any vendor after the assessment, the Group would have tried to change to a “green vendor”, if possible.

If it would have been difficult to change and use another vendor, the Group would have contacted the vendor for more information about the vendor’s actions to avoid human rights violation and avoid breach of working conditions in their company. Based on this review, a conclusion would have been made.

Going forward

The Group intends to continue its vendor evaluation policies in line with the structure highlighted above. The Group performs periodic evaluations to make sure its vendors have an acceptable status. All new vendors will be separately evaluated.

The Company recognizes that risk of adverse impact on human rights cannot categorically be ignored based on the above risk-reducing factors alone, and therefore considers regular risk assessment and continuous monitoring to be important to prevent, detect and respond to potential adverse impacts on human rights.

About Aquila Holdings ASA

Aquila Holdings ASA ("AQUIL") is a Norwegian seismic multi-client and investment company listed on Euronext Expand. Aquila Holdings specializes in 3D ocean bottom node seismic multi-client data for near-field exploration. The company holds two key seismic multi-client assets, one in Norway and one in Egypt. Aquila Holdings also has an investment arm, with focus on investments in listed companies as well as companies expected to be listed.

More information on www.aquilaholdings.no

The information included herein contains certain forward-looking statements that address activities, events, or developments that the Company expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, which are beyond its control and are subject to certain additional risks and uncertainties. The Company is subject to many risk factors including, but not limited to, the demand for data from our multi-client data library, the attractiveness of our technology, unpredictable changes in governmental regulations affecting our markets. For a further description of other relevant risk factors, we refer to our Annual Report for 2022. As a result of these and other risk factors, actual events and our actual results may differ materially from those indicated in or implied by such forward-looking statements. The reservation is also made that inaccuracies or mistakes may occur in the information given above about the status of the Company or its business. Any reliance on the information above is at risk of the reader and the Company disclaims all liability in this respect.

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