

Aquila.

HOLDINGS

Q1 2024
Earnings
Release



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1. CEO Statement

Oil prices continued to increase during the last quarter and oil demand has remained at record levels. Given global political unrest and economic uncertainty, it is reasonable to expect prices to be volatile for the foreseeable future. Nevertheless, to the extent oil prices remain within the band of historical highs, spending on exploration and production should remain healthy.

The Utsira reprocessing project is on track and is expected to be completed in the third quarter of this year. The priority area which was delivered late last year showed a significant uplift in image quality and we believe our reprocessed data product will be an attractive addition to the underlying Utsira seismic survey.

We had two change of control payments from Utsira in the first quarter. We expect that there will be more M&A activity in the area going forward and that this will trigger additional transfer fee payments. With respect to other license sales, activity has been slower than expected. Utsira data sales will largely be driven by new drilling activity and development of licenses. There is significant interest in the area, but we expect sales to be lumpy and less predictable.

In Egypt, the recent devaluation of the Egyptian Pound as well as the IMF financial support should be helpful to the economy. The economic situation has been a challenge for local industry and we believe it has contributed to reduced activity in the oil services sector. The financial steps recently taken should help investment into oil services and improve overall activity. However, it is likely that it will take time for the situation to stabilize and there is still uncertainty. We do expect sales from our Gulf of Suez survey but assume that license activity will be pushed out in time.

We continue to explore alternatives to create shareholder value. In February of this year, we completed the NOK 5 million share buyback program initiated in July 2023. We will continue to evaluate share repurchases to the extent this is the most attractive use of capital. The company currently holds 20.3 million own shares, representing 8.5% of total shares outstanding. The share repurchases have all been executed at prices significantly below the company's net asset value and are highly accretive to shareholders.

Nils Haugestad
Interim CEO & CFO



2. Key events in the quarter

- Multi-client revenues USD 2.3 million
 - Late sales USD 1.1 million
 - Utsira reprocessing USD 1.2 million
- Fair value of multi-client library USD 29.5 million
- Fair value of investment portfolio USD 5.7 million
- Available liquid funds of USD 8.7 million*
- Cash earnings (loss) for the quarter USD 0.3 million**
- Net asset value NOK 1.77 per share

* Bank deposits, net trade receivable and marketable securities

** Revenue, cost of sales, SG&A

3. Key financial indicators

USD thousands

Profit and loss	Q1 2024	Q1 2023
Revenue	2 263	2 905
Changes in fair value of investments (loss)	(683)	814
Operating profit (loss) (EBIT)	(2 003)	(503)
Cash earnings *	282	286
Net profit (loss)	(2 127)	(412)
Basic earnings (loss) per weighted average shares (in USD)	(0.01)	(0.00)

Financial position	31.03.2024	31.12.2023
Bank deposits	2 114	2 038
Available liquid funds **	8 681	2 038
Total assets	41 798	43 882
Total equity	35 883	38 120

Ratio analysis	31.03.2024	31.12.2023
Equity ratio	85.8 %	86.9 %
Net asset value per share (NOK) ***	1.77	1.76

* 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

4. Business overview

4.1 Multi-client

The supportive macro environment is leading E&P operators to make long-cycle investments offshore, where advances in efficiency have significantly improved project economics for exploration and development activity. Looking at drilling activity, the trend is clearly pointing towards longer duration projects. Seismic data plays a key role in determining drilling locations and plan for new frontier exploration activity, and we anticipate that the seismic data demand follows similar trendlines as the drillers for the years to come. We also expect exploration for new play-types which result in additional drillable prospects and commercial discoveries. This will often include new partners that need to acquire ownership in the original dataset.

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.

The Company works actively to maximize the value of its seismic assets.

Norwegian North Sea – Utsira

The Utsira ocean bottom node multi-client survey is located to the west of the Utsira high in the Norwegian North Sea and covers an area of approximately 2,000 square kilometers of highly prospective acreage with high-definition 3D seismic ocean bottom node data.

The survey was acquired during 2018 and 2019 with support from Aker BP, Equinor and TGS. The Utsira area holds several important fields, including Edvard Grieg, Ivar Aasen, Balder, Gina Krog, Gudrun, and Johan Sverdrup, along with a number of undeveloped discoveries and exploration targets. The OBN data has extremely high sampling density. This helps our clients obtain new information and aids in making new discoveries previously unavailable with legacy broadband streamer data.

Norwegian North Sea – Utsira reprocessing

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

CGG is currently reprocessing the Utsira survey together with financial support from the main operators in the area. CGG's latest advances in OBN processing and imaging technology is already providing valuable insights into the data and subsurface, by including time-lag full-waveform inversion and reverse time migration technology.

The reprocessed product will substantially advance the Utsira OBN survey and better assist clients with existing petroleum production as well as new nearby reserves and resources and reservoir management. During the fourth quarter, we delivered a priority area to clients, along with certain additional deliverables and an increased scope based on client demand. Final data for the complete survey will be delivered to clients in the summer of 2024. The project is running according to schedule and cost.

The Utsira multi-client library generated USD 2.3 million in revenues to the group in the first quarter of 2024, split in USD 1.1 million in late sales resulting from M&A activity and USD 1.2 million from the CGG reprocessing project.

Egypt – Gulf of Suez

The Gulf of Suez is a mature petroleum basin which has been in production since the 1980s. The Western Desert and the Gulf of Suez are the two main oil producing areas in Egypt and has received considerable attention by Egyptian authorities in the context of energy security for the nation. Significant investments will be required for Egypt to obtain a net balance in energy export vs imports, and we are seeing increased license round activity along with increasing investment commitments by operators in the area.

Exploration in the Gulf of Suez has traditionally been impeded by complex geology and the presence of salt bodies that complicate seismic imaging. The Gulf of Suez multi-client data was acquired during 2019 with support from Neptune Energy and Schlumberger (Western Geco) and covers an area of approximately 300 square kilometers. The multi-client survey was acquired in a hybrid survey configuration, combining high-density ocean bottom nodes with short 3D streamers for near-surface imaging. The multi-client area is near the Ramadan oil fields and several drilling campaigns are planned during the coming years.

There is ongoing drilling activity in the survey area and the areas surrounding the survey which demonstrates the willingness by the Egyptian E&P players to invest and explore. Egypt has active license rounds that will provide dynamics in the area and new clients for the seismic library. The merger of Neptune Energy and ENI may lead to a relinquishment of significant parts of the area, and in turn leave the area available for licensing by other operators in upcoming license rounds.

4.2 Investments

Capsol Technologies

In the first quarter of 2024, the group invested USD 0.5 million in additional shares in Capsol Technologies ASA. The closing share price on 31 March 2024 was NOK 13.05, which values the Group's total investment at USD 4.9 million (NOK 52.6 million).

Dolphin Drilling

In the first quarter of 2024, the group divested USD 0.7 million of its holdings in Dolphin Drilling AS. The closing share price on 31 March 2024 was NOK 6.63, which values the Group's current investment at USD 0.5 million (NOK 5.7 million).

Arbaflame

The estimated fair value of the Group's investment in Arbaflame was USD 0.3 million (NOK 3.3 million) on 31 March 2024.

Summary

The Group classifies its investments as non-current assets. The fair value of the total investments was USD 5.7 million (NOK 61.6 million) on 31 March 2024:

Capsol Technologies	USD 4.9 million
Dolphin Drilling	USD 0.5 million
Arbaflame	<u>USD 0.3 million</u>
Total	<u>USD 5.7 million</u>

After the effect of investment in shares in Capsol Technologies and divestment in shares in Dolphin Drilling, the change in fair value in the first quarter of 2024 was a non-cash loss of USD 0.7 million.

5. Outlook

Growing oil demand will support historically high oil prices and continued investment in the E&P sector. However, the timing of multi-client late sales will be driven by drilling decisions and field development plans. 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.

We will 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.

6. Board of directors' financial review

Revenue

The revenue for the first quarter of 2024 was USD 2.3 million compared to USD 2.9 million for the first quarter of 2023. The revenue in Q1 2024 is related to Utsira reprocessing and late sales from Utsira multi-client survey. The revenue in Q1 2023 was related to late sales from Utsira multi-client survey.

Changes in fair value of investments

Changes in fair value of investments in first quarter 2024 was a non-cash loss of USD 0.7 million compared to a non-cash gain of USD 0.8 million in the first quarter of 2023.

Cost of sales

Cost of sales (COS) in the first quarter of 2024 was USD 1.5 million compared to a cost of USD 2.1 million in the first quarter of 2023, both mainly representing the Utsira reprocessing cost.

Selling, general and administrative expenses

SG&A in the first quarter of 2024 amounted to USD 0.5 million compared to USD 0.5 million in the first quarter of 2023. Approximately USD 0.1 million is non-recurring cost in the first quarter 2024, related to legal and external consultants.

Amortization of intangible assets

Amortization in the first quarter of 2024 is USD 1.6 million compared to USD 1.6 million in the fourth quarter of 2023.

- The Utsira multi-client amortization was USD 0.9 million which was the same as the first quarter of 2023.
- Amortization related to the Group's multi-client data in the Gulf of Suez was USD 0.7 million in the first quarter which was the same as the first quarter of 2023.

Impairment

The company has performed impairment evaluations of the multi-client assets as of 31 March 2024. No impairment charges have been made in the first quarter of 2024 of the Utsira multi-client survey or the Gulf of Suez multi-client survey in Egypt.

Financial items

Net financial expenses was USD 124 thousand for the first quarter of 2024, compared to net financial income of USD 84 thousand in the first quarter of 2023. The net financial expense the first quarter of 2024 relates to interest expenses and currency exchange losses. The net income for the first quarter 2023 mainly consists of currency exchange gains.

Income taxes

Income tax for the first quarter of 2024 is zero, whereas the income tax for the same period in 2023 was USD 7 thousand. The income tax (revenue) in the first quarter of 2023 is related to paid withholding tax for the former operations in India.

The Company has no deferred tax assets booked as of 31 March 2024.

Result for the period

The Company had a loss of USD 2.1 million for the first quarter of 2024 compared to a loss of USD 0.4 million for the first quarter of 2023.

Financial position and cash flow

As of 31 March 2024, the Company had total assets of USD 41.8 million, compared to total assets of USD 43.9 million as of 31 December 2023.

Total non-current assets is USD 37.2 million as of 31 March 2024 compared to USD 39.7 million as of 31 December 2023. This is attributed to multi-client library of USD 29.5 million compared to USD 31.1 million as of 31 December 2023 where the change is entirely related to amortization for the first quarter of 2024. The reduction in the investments to USD 5.7 million from USD 6.6 million as of 31 December 2023 represents further investment in shares in Capsol Technologies and divestment in shares in Dolphin Drilling as well as a non-cash loss of USD 0.7 million.

Total current assets increase from USD 4.2 million as of 31 December 2023 to USD 4.6 million as of 31 March 2024. The increase is mainly driven by an increase in trade receivables. The Company's cash balance on 31 March 2024 was USD 2.1 million.

The Group's equity of USD 35.9 million at the end of March 2024 represents a net decrease of USD 2.2 million compared to 31 December 2023. Reduction of the equity is related to the loss for the period of USD 2.1 million and the purchase of our own shares of USD 0.1 million. The equity ratio is 85.8% as of 31 March 2024 compared to 86.9% as of 31 December 2023.

Total current liabilities increased from USD 5.8 million as of 31 December 2023 to USD 5.9 million as of 31 March 2024. Trade payables increased by USD 0.2 million compared to December 2023. Taxes payable remain at the same level as of 31 December 2023 whereas other current liabilities have decreased by USD 0.1 million. The tax payable is relating to corporate tax in Egypt of USD 2.3. Total tax exposure in Egypt is USD 4.3 million including corporate tax of USD 2.3 million.

Cash flow from operating activities in the first quarter of 2024 was negative with USD 0.2 thousand compared to positive USD 2.8 million in the same period in 2023.

Cash flow from investing activities in the first quarter of 2024 was positive due to the net effect of the divestment in shares in Dolphin Drillings and investment in shares in Capsol Technologies. Cash flow from financing activities in the first quarter of 2024 was negative USD 0.1 million compared to negative USD 1.1 million in the same period in 2023 both because of investment in own shares.

7. Financial statements

7.1 Interim consolidated statement of comprehensive income

USD thousands	Note	Q1 2024	Q1 2023
Revenue	1	2 263	2 905
Changes in fair value of investments (loss)	2	(683)	814
Cost of sales	1	(1 452)	(2 106)
Selling, general and administrative expenses	1	(529)	(513)
Amortization multi-client	3	(1 602)	(1 602)
Depreciation & impairment		-	-
Operating profit (loss) (EBIT)		(2 003)	(503)
Financial income		1	-
Financial expenses		(58)	(26)
Currency exchange gain (loss)		(68)	109
Profit (loss) before tax		(2 127)	(419)
Income tax (expense)		0	7
Profit (loss) for the period		(2 127)	(412)
Currency translation adjustments		-	-
Other comprehensive income (loss) for the period		-	-
Total comprehensive income (loss) for the period		(2 127)	(412)
Earnings (loss) per share			
Basic earnings per average share		(0.01)	(0.00)
Diluted earnings per average share		(0.01)	(0.00)

7.2 Interim consolidated statement of financial position

USD thousands	Note	31.03.2024	31.12.2023
Assets			
Non-current assets			
Multi-client library	3	29 480	31 082
Investments	2	5 682	6 570
Financial assets		2 029	2 029
Total non-current assets		37 191	39 682
Current assets			
Trade receivables		1 498	896
Other current assets		994	1 265
Bank deposits, cash in hand		2 114	2 038
Total current assets		4 606	4 200
Total assets		41 798	43 882
Equity and Liabilities			
Equity			
Share capital and other paid in capital		79 909	79 909
Own shares		(1 911)	(1 799)
Other reserves		(42 115)	(39 991)
Total equity		35 883	38 120
Current liabilities			
Trade payables		760	545
Taxes payables		2 282	2 282
Other current liabilities		2 873	2 935
Total current liabilities		5 915	5 762
Total liabilities		5 915	5 762
Total equity and liabilities		41 798	43 882

7.3 Interim consolidated statement of changes in equity

USD thousands	Share capital	Additional paid-in capital	Own shares	Accumulated earnings	Other equity/ Share based program	Total equity
Balance as of 01.01.2024	28 739	51 170	(1 799)	(40 415)	425	38 120
Profit (loss) for the period				(2 127)		(2 127)
Other comprehensive income (loss)				-		-
Purchase own shares			(113)	2		(111)
Share based payment					-	-
Balance as of 31.03.2024	28 739	51 170	(1 911)	(42 540)	425	35 883

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				(412)		(412)
Other comprehensive income (loss)				-		-
Purchase own shares			(946)	(142)		(1 088)
Share based payment					1	1
Balance as of 31.03.2023	28 739	51 170	(1 435)	(32 745)	423	46 153

7.4 Interim consolidated statement of cash flow

USD thousands	Note	Q1 2024	Q1 2023
Cash flow from operating activities			
Profit (loss) before tax		(2 127)	(419)
Taxes refund (paid)		0	7
Depreciation, amortization and net impairment	3	1 602	1 602
Changes in fair value of investments	2	683	(814)
Other working capital changes		(178)	2 447
Net cash from operating activities		(20)	2 823
Cash flow from investing activities			
Cash received/paid from investments		206	-
Net cash flow from investment activities		206	-
Cash flow from financing activities			
Investment in own shares		(111)	(1 088)
Net cash flow from financial activities		(111)	(1 088)
Net change in cash and cash equivalents		75	1 735
Cash and cash equivalents balance 01.01		2 038	2 197
Cash and cash equivalents balance 31.03		2 114	3 932

8. Notes to the interim consolidated financial statements

Note 1 Segment

USD thousands Q1 2024/2023	Segment reporting				Unallocated		Total	
	Axxis		Investment					
Income statement	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023
Revenue	2 263	2 905	-	-	-	-	2 263	2 905
Changes in fair value of investments (loss)	-	-	(683)	814	-	-	(683)	814
Other gains (losses)	-	-	-	-	-	-	-	-
Cost of sales	(1 452)	(2 106)	-	-	-	-	(1 452)	(2 106)
Selling, general and administrative expenses	(15)	(49)	(2)	(5)	(512)	(459)	(529)	(513)
Amortization multi-client	(1 602)	(1 602)	-	-	-	-	(1 602)	(1 602)
Depreciation & impairment	-	-	-	-	-	-	-	-
Operating profit (loss) (EBIT)	(806)	(852)	(685)	809	(512)	(459)	(2 003)	(503)

Note 2 Investment

USD thousands		31.03.2024	31.12.2023
Investments			
Listed securities			
Capsol Tehnologies ASA		4 853	4 824
Dolphin Drilling AS		529	1 427
Listed securities		5 382	6 250
Unlisted securities			
Arbaflame AS		300	320
Unlisted securities		300	320
Total investments		5 682	6 570

Capsol Technologies ASA

The investment in Capsol Technologies is valued based on Level 1 inputs, quoted prices in active markets. Closing price on 31 March 2024 was NOK 13.05 per share.

Dolphin Drilling AS

The investment in Dolphin Drilling is valued based on Level 1 inputs, quoted prices in active markets. Closing price on 31 March 2024 was NOK 6.63 per share.



Arbaflame AS

The investment in Arbaflame is measured based on Level 3 inputs. The estimated fair value of the Group's investment in Arbaflame was USD 0.3 million (NOK 3.3 million) on 31 March 2024.

Note 3 Multi-client library

Norwegian North Sea – Utsira

The Group's net book value as of 31 March 2024 is USD 23.5 million.

The Group's amortization of Utsira was USD 0.9 million during the first quarter.

Egypt – Gulf of Suez

The Group's net book value as of 31 March 2024 is USD 5.9 million.

The Group's amortization of the Gulf of Suez was USD 0.7 million during the first quarter.

Note 4 General information

Aquila Holdings ASA ("AQUIL" or the "Company") is a public company listed on Euronext Expand Oslo and traded under the ticker AQUIL. The address of its registered office is Askekroken 11, 0277 Oslo, Norway. For more information, please see www.aquilaholdings.no.

Note 5 Basis of presentation

The Company is a Norwegian public limited company which prepares its annual financial statements in accordance with IFRS[®] Accounting Standards as adopted by the EU as well as additional requirements of the Norwegian Securities Trading Act. These consolidated condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") number 34 'Interim Financial Reporting'. The consolidated condensed interim financial statements are presented in thousands of US Dollars ("\$" or "dollars"), unless otherwise indicated. The interim financial information has not been subject to audit or review.

Profit and loss for the interim period are not necessarily indicative of the results that may be expected for any subsequent interim period or year. The condensed interim consolidated financial statements should be read in conjunction with the Group's annual report for the year ended 31 December 2023, which is available at www.aquilaholdings.no.

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's consolidated financial statements for the year ended 31 December 2023.



Oslo, 7 May 2024

The Board of Directors and Interim CEO of Aquila Holdings ASA

Nina Skage
Chair

Ketil Skorstad
Director

Torstein Sanness
Director

Nils Haugstad
Interim CEO

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 2023. 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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